

ANNUAL REPORT 2023

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MESSAGE FROM THE CEO



BFL is a relational bank, the one for life and business projects, which follows, supports, and advises its customers in their best interests, by combining expertise, tailor-made and innovation.

Innovation in the banking sector has become a key, not only in terms of digital solutions, but also through the advice that we propose to our customers. What we want to put at the heart of our action is a better understanding of our customer's projects, in order to build proximity and strong partnership with our customers, through dedicated Personal Bankers, reactivity to their questions and tailor-made solutions.

Despite numbers of challenges in 2023 especially, the battling of the post-pandemic period, fuel shortage, recorded high inflation rate, BFL was able to take advantage of the recovery by developing its commercial offering and increased our portfolio by 15% reaching 15,000 customers.

We have joined LAPNet and launched instant domestic transfers and payments to 15 domestic banks using QR CODE.

We have also made a new, very innovative E-Banking available to our Corporate and Institutional customers.

We have also created the first Company Savings plan marketed in Laos (SMART PLAN).

With positive financial results, BFL has once again demonstrated its ability to provide constant support to all its stakeholders – customers, employees, and partners – without ever neglecting our values that underpin our economic and social purpose.

We believe that it is our role to be an actor in the development of the territory in which we operate. We make every effort to finance projects that contribute to the growth of Lao PDR.

Grateful and thank you to customers, staff and partners

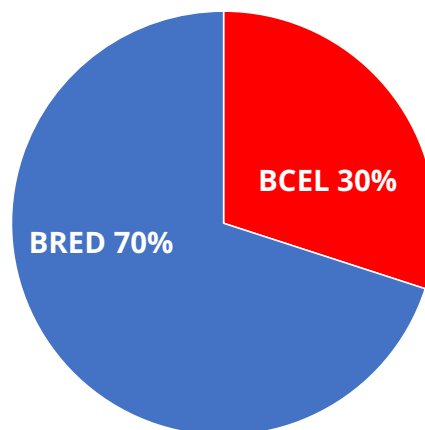
Best regards,

Stéphane URBAIN
Chief Executive Officer

INTRODUCTION

BFL (Banque Franco-Lao) has been created in 2010 and is born as a partnership between BRED & BCEL. Headquartered in Vientiane Capital, BFL services its 15,000 Retail & Corporate customers in the main economic centers of the country, through a network of 10 Service Units.

Our core business is commercial banking, offering to the Lao market daily banking and financing products, and an array of corporate financial services. BFL products & services offering includes competitive daily banking options, attractive pricing on transactions, innovative digital tools and dedicated Relationship Manager to each of our customers.



Registered name in Lao

Banque Franco-Lao Limited

Abbreviated name

BFL BRED Group / BFL

Date of establishment

16 July 2010

Business License

12/BOL, Dated 16 July 2010, issued by the Bank of Lao PDR

Investment License

Investment License No. 1211-09/MPI, dated 26 August 2009, issued by Ministry of Planning and Investment

Investment Capital

500,000,000,000 Lao Kip

Five Hundred Billion Lao Kip

Lastest amended Investment License
No. 124-10/MPI, Dated 7 September 2010
issued by Ministry of Planning and Investment

Headquarter

Lane Xang Avenue,
Hatsady Village, Chanthabouly District,
P.O Box 5720, Vientiane Capital, Lao PDR

Contact information

Tel: +856 21 285 444

Email: contact@bfl.la

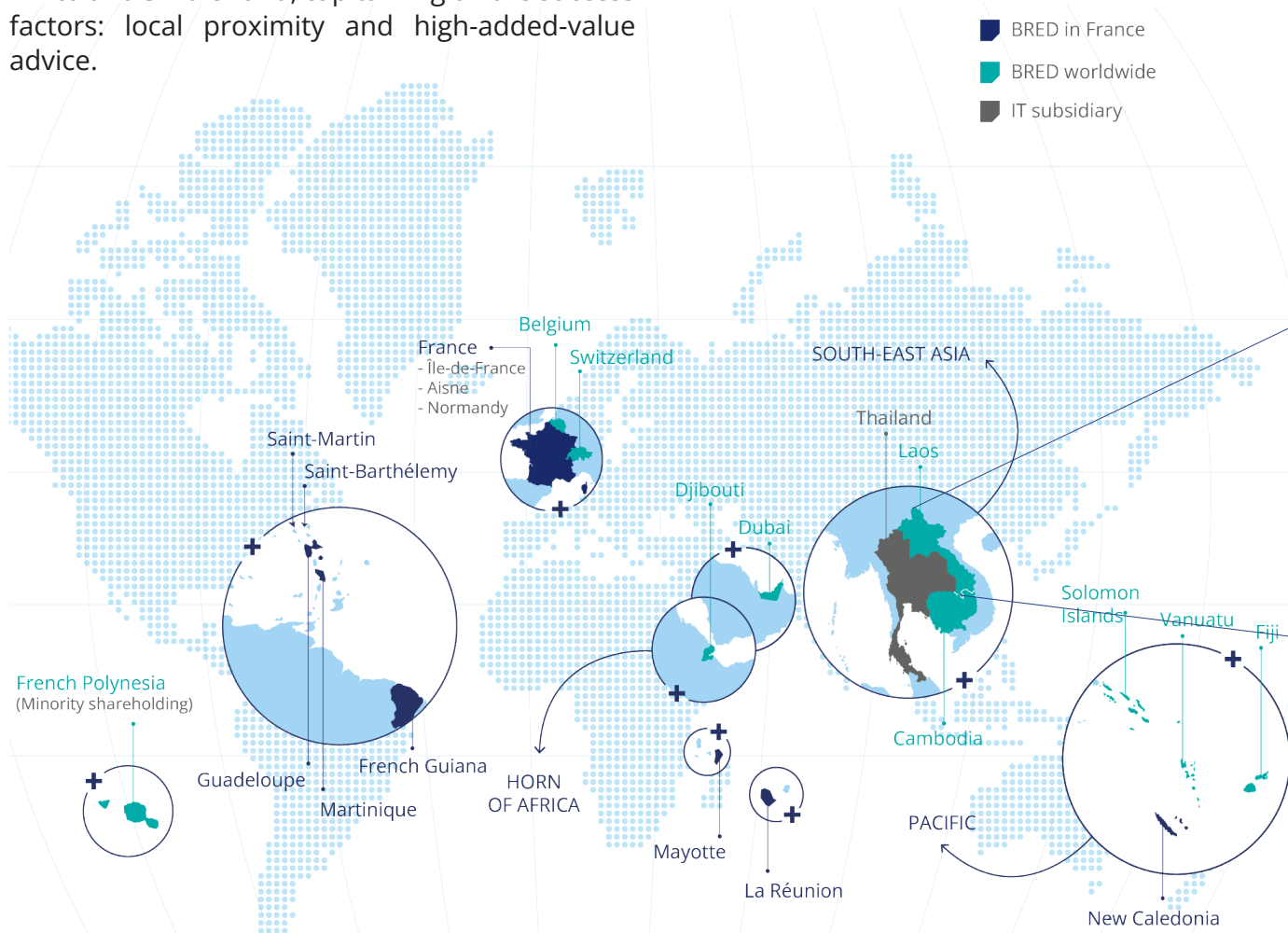
Website: www.bfl-bred.com

Social Media pages: BFL BRED Group (Facebook, Instagram, LinkedIn, Youtube and TikTok)

ABOUT BRED GROUP

BRED is a cooperative bank, supported by its 200,000 members and 6.2 billion euros of equity.

Its core business is commercial banking in France and French overseas Collectivities. BRED continues to develop its activities internationally in South Pacific, South-East Asia, the horn of Africa and Switzerland, capitalizing on the success factors: local proximity and high-added-value advice.



BRED GROUP IS A MEMBER OF GROUPE BPCE

GROUPE BPCE is the second largest banking group in France. With 100,000 employees, it serves 36 million customers worldwide, including individuals, professionals, businesses, investors and local authorities. The group operates across the banking and insurance sectors, in France. It also carries out asset and management activities worldwide.



Standard & Poor's

A / A-1 18/01/2024

Moody's

A1 / P-1 16/01/2024

Fitch Rating

A+ / F1 19/01/2024

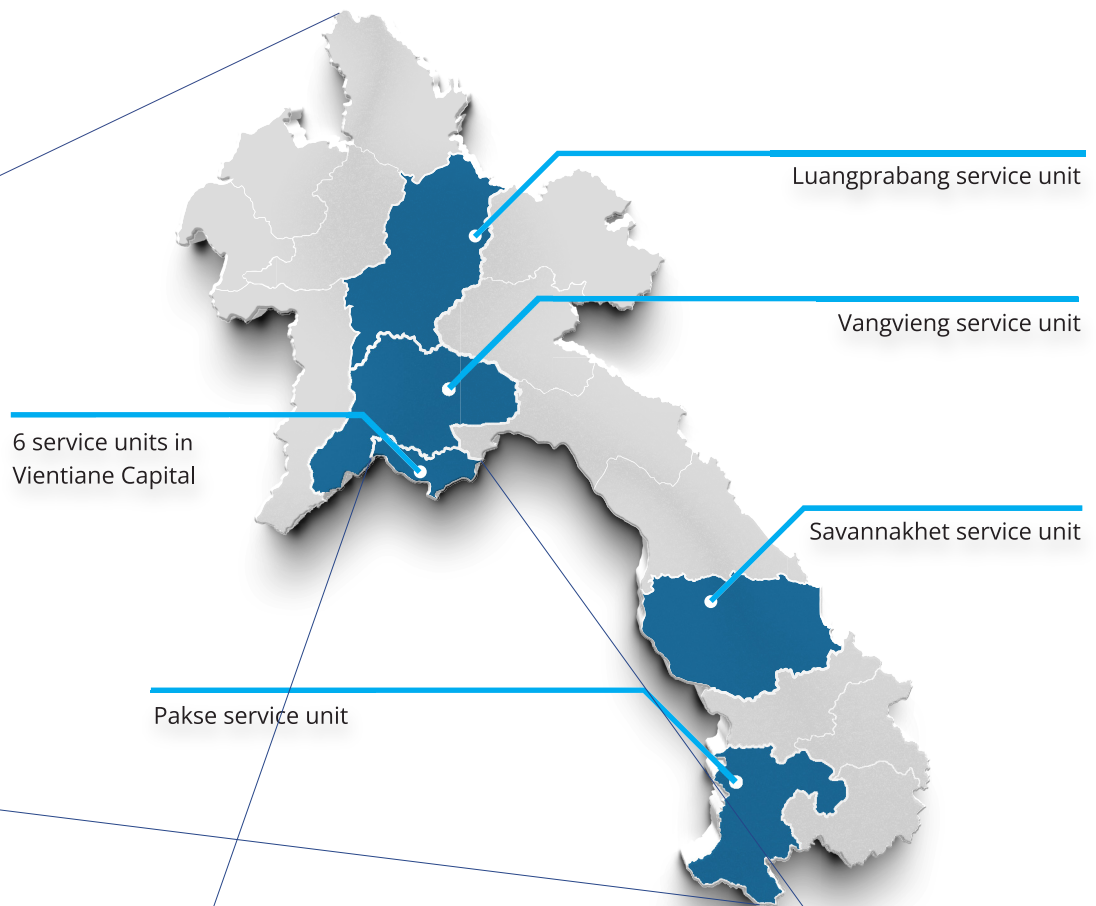
OUR LOCATIONS

BFL has 10 Service Units across the country, 4 provincial and 6 in Vientiane Capital.

Provincial Service Units include

1. Luang Prabang
2. Vang Vieng
3. Savannakhet
4. Pakse

Lao PDR



Vientiane Capital Service Units include

1. Headquarter
2. Wattay
3. Mixay
4. 103 Hospital
5. ITECC
6. Suanmone



OUR HIGHLIGHTS



New Wattay Service Unit

Our brand new Wattay service unit is operational since December 2023. The opening ceremony was held on Tuesday March 5, 2024 in the presence of H.E. Siv-Leng CHHUOR, Ambassador of France to Laos, Mr. Khouanta PHALIVONG, independant BFL board member, Mr. Litthikay PHOUMMASAK from the Lao PME Association, Mr. Francis CHAGNAUD, President of the French Chamber of Commerce, representatives of the Bank of Lao PDR, customers and partners.

The new Wattay Service unit provides exciting opportunities for growth and development.

The decision to create this service unit comes from the desire to increase visibility, accessibility and the service offered to our customers and our teams.

BFL will continue to improve its Service Units, always with the idea of offering places conducive to welcoming and listening to our customers in a comfortable and confidential manner.



New Corporate Service Space

In order to improve the reception of our corporate customers and better working environment for our corporate team, BFL has completed the renovation of the corporate office in August 2023.

The working space provides better working atmosphere and support customers in both open space area and meeting room areas.

NEW PARTNERSHIPS



LAPNet

BFL BRED Group has become an active member of Lao National Payment Network (LAPNet) in 2023 and now offers instant domestic transfers, and

especially payment by multi-bank LAO QRCode which has taken a dominant place on the local market.



GPS LAO

BFL BRED GROUP and GPS LAO signed a partnership agreement in September 2023.

GPS LAO will provide the option for installing GPS monitoring devices on the cars financed by BFL bank.

Customers will benefit from this service which can be very useful in the event of vehicle theft.

According to statistics, 95% of vehicles equipped with GPS trackers are found less than 48 hours after their disappearance.

OUR COMMERCIAL CAMPAIGNS



Build Your Future Campaign

BFL launched a Build Your Future Campaign (BYF) from Jan - Feb 2023. BYF is a saving plan preparing for children's future. 50 customers who opened BYF account received red envelopes starting from LAK 100,000 to LAK 1,000,000.



Refinancing Campaign

BFL launched a refinancing campaign between Mar - May 2023. Customers gained benefits of very competitive rates making this campaign a great success.



Term Deposit Online Account

1st quarter of 2023, BFL allowed its customers to open Term Deposit accounts online with BFL Connect application.

Simple and easy, even from your sofa!



Water Payment

Pay your water bills in Vientiane Capital and Luang Prabang with BFL Connect Application



Domestic Instant Transfer

BFL has rolled out the new domestic instant transfer service on 12 May 2023. This new feature allows BFL customers to transfer or receive money instantly from 15 banks in Laos under the LAPNet membership network easier and faster, 24/7.



SMART Plan

In the last quarter of 2023, BFL rolled out SMART Plan, a company savings plan created by BFL to promote mutual benefits between employers and employees in a practical and flexible approach.

Keys for companies to:

- Reduce employee turnover, hampering the company growth.
- Make your company more attractive.
- Help create a good working atmosphere by demonstrating the company interest in the well-being of its employees.

Keys for employees to:

- Save for the future or save for retirement without being tempted to use the funds.
- Get a good and secure return on investment thanks to the company's contribution and the investment products proposed by BFL.
- View on the BFL application the amount of your savings which increases month after month.



Lao QR Code for Customers

After becoming a LAPNet member, BFL launched an update to LAO QR Code for merchants and individuals allowing BFL customers to make/to receive payment to/from another bank (LAPNet members) via LAO QR Code.

Sport Clubs



BFL ensures the health and well-being of employees by providing dedicated sports sites and activities for employees.

There are two major sports that employees have access to with the support of BFL: badminton and football.

Our teams regularly participate in friendly competitions, thus strengthening ties with our customers and partners.





Bank of the Lao PDR event

On 7 October 2023, BFL team also took part in the special sport event organised by the Bank of the Lao PDR to commemorate the 55th Anniversary of the Bank of the Lao PDR.



BFL Family Day - Christmas Party

At the end of the year, BFL hosted a family day where employees and their families are invited to join the celebration.

At the event, all children of employees were gifted with special toys such as, bicycle, rollerblade, and skateboard.



Backed by solid and reference shareholders, BFL is now fully capable of accelerating its commercial development and enhancing its profitability in a particularly difficult economic context. 13 years after its creation, BFL must grow to reach a size that positions us in the essential banks of the Lao market.

The Business Plan is based on three strategic priorities (1. Conquering, 2. Safe, and 3. Profitable) and displays strong ambitions for each of its businesses (retail and corporate banking).

- Conquering, BFL intends to accelerate its commercial development in all markets. Due to its identity as an international bank, BFL legitimately positions itself on financing and deposits in foreign currencies.
- Profitable, Financial performance is at the heart of the ambitions of the business plan.
- Safe, By the solidity of its balance sheet, in its business ethics, by its control of risks

Development

BFL will pursue a strategy of expanding and diversification its portfolio. BFL will develop new products to dynamize the market and strengthen its position on the market. We are looking for a balanced development, with customer deposits largely covering the clientele loans.

Finally, BFL will continue to focus on Individual and SME Loans to support the growth of the Lao Economy.

New Products

We plan to distribute insurance to protect our customers. We should start with auto insurance to cover car loans.

The Ebanking solutions will still be constantly improved to offer our customers both more services and an increasingly streamlined experience.

Finally, on payments, BFL should continue to innovate being part of cross border QR CODE payment solutions, developed by LapNET. We are also working to implement e-commerce solution.



Strategic plan

BFL will continue its strategy to support the growth of the Lao PDR through innovation (e-banking services, interbank system) and credit to the economy (SME and retail customers).

Capital increase and use of registered capital

Capital has been increased by LAK40Bn in the last quarter of 2023 in accordance with BOL regulation. Registered capital should be used only for customer and bank activities.

Risk Management plan

BFL will keep focusing on Credit Risk in 2024. BFL is strengthening its risk framework process continuously to be in line with the highest banking standards, under the guidance of its shareholders, and the BOL Banking Supervision Department.

BFL Risk Department is holding quarterly committees about Compliance and Audit.

As in 2023, BFL will monitor closely its liquidity and

FX risks to ensure the continuity of its activity and protect its customers. The liquidity and FX risks are managed daily, and a dedicated committee is held on a quarterly basis.

The Risk Department of BFL will work closely with all the departments on the update of the existing procedures and the creation of new procedures. Internal training regarding fraud and anti-money laundering are conducted. The Risk Department will also monitor closely the recommendations from BOL and the compliance with BOL regulations.

Plan to develop the technology system to enhance efficiency in connection with domestic and international banks

We are planning to implement in 2024 the new SWIFT message format (MX- ISO 20022)

GOVERNANCE

Board of Directors



Stephane MANGIAVACCA
Chairman
Bred Banque Populaire (France)



Nanthalath KEOPASEUTH
Vice - Chairman
Banque Pour Le Commerce
Exterieur Lao Public



Jean Paul JULIA
Member
Bred Banque Populaire (France)



Somphorn HOUNGACHITH
Member
Banque Pour Le Commerce
Exterieur Lao Public



Guillaume PERDON
Member
Bred Banque Populaire (France)



Khouanta PHALIVONG
Independent Member



Bernard RAMANANTSOA
Independent Member



Bernard CARAYON
Independent Member

Governance Committee



Stephane MANGIAVACCA
Chairman
Bred Banque Populaire (France)



Jean Paul JULIA
Member
Bred Banque Populaire (France)



Guillaume PERDON
Member
Bred Banque Populaire (France)

Risk Management Committee



Bernard CARAYON
Chairman
Independant Member



Guillaume PERDON
Member
Bred Banque Populaire (France)



Somphorn HOUNGACHITH
Member
Banque Pour Le Commerce
Exterieur Lao Public

Audit Committee



Bernard RAMANANTSOA
Chairman
Independant Member



Stephane MANGIAVACCA
Member
Bred Banque Populaire (France)



Somphorn HOUNGACHITH
Member
Banque Pour Le Commerce
Exterieur Lao Public

ORGANISATIONAL STRUCTURE



Stephane URBAIN
Chief Executive Officer

COMMERCIAL MANAGEMENT TEAM



Aphixay PHOUMAVONG
Head of Corporate Banking



Chanthanom ONEVANTHANA
Head of Retail Banking



Stephane URBAIN
Head of Business Development
and Support

Daloune SOUTHAMMAVONG
Deputy Chief Executive Officer



SUPPORT MANAGEMENT TEAM



Omar MAROTTOLI
Chief Credit Officer



Michael DE CLERCQ
Chief Financial Officer



Emilie SAVES
Head of Risk and Compliance



Bounsai CHANTHONG
Head of Human Resources



Phetdala PHOUMALAVONG
Head of Legal and Corporate Affairs



Sirivone PHIMMASONE
Chief Operating Officer



Chintana CHANTHABOURY
Head of IT



BFL KAONA Training

BFL successfully organized two BFL KAONA Training courses in 2023 providing SME owners a thorough understanding of how to plan for business growth, financial management, and access to the right financial solution.

Participants representing a range of business industries got the chance to work on their individual project and business plan, with the help of experienced trainers and the BFL team. It was also a great opportunity to share experiences between trainees from different sectors of activity.

At BFL, we believe that SMEs play significant role in driving Laos' economic growth. That's why providing them with the right and useful tools and resources is essential to support their business growth. We take great pride in contributing to participants' excellent experiences and helping them manage their businesses successfully.

BFL KAONA training is designed to help SME owners in Laos develop the skills and knowledge needed to successfully grow their business and access the right financial solutions.



Celebration of the International Day of the Girl Child

BFL BRED Group took part in the celebration of the International Day of the Girl Child and 7th Anniversary of Noi's Framework on 31 October 2023 at Muong Thanh Hotel, Vientiane Capital.

Initiated in Savanakheth Province in 2017 by the UNFPA in collaboration with the Department of Non Formal Education of the Ministry of Education and Sports and later extended to Bokeo and Oudomxay provinces, BFL BRED Group is proud to be part of Nang Noi Project initiative that focuses on common sustainable development values and support to the Nang Noi framework, which highlights the need to protect women and girls from violence and harmful practices such as child marriage while ensuring that basic rights such as adequate nutrition and education are met.

Protecting the rights of girls is an important key to Laos' overall social economic progress in the long run.

Together let's empower girls to be a force for positive change, "Invest in Girls' Right: Our Leadership, Our Well-being".



BFL advises French and Lao businesses on investment opportunities in Lao PDR

Mr Stephane URBAIN, Managing Director Banque Franco – Lao (BFL) delivered an overview of financial sector in Lao PDR on the finance situations of the Lao PDR at the France-Laos Economic Forum on 8-10 Nov 2023 at Lao Plaza Hotel, Vientiane Capital.

Minister of Industry and Commerce, H.E Malaithong KOMMASITH, Governor of Bank of Laos Mr Bounleua SINXAYVORAVONG, the Ambassador of France in Laos Mrs Siv-Leng CHHUOR, the special Representatives, high level delegates, business owners and executives from both Lao and French companies attended the opening ceremony of the France-Laos Economic Forum, three enriching days of networking and fruitful discussions.

“Entrepreneurs and investors interested in Lao market should not limit yourself to macroeconomic factor alone.” said Mr Stephane URBAIN, Managing Director BFL

“Laos is a great gateway for those seeking to establish themselves in Southeast Asia, a region with great potential and an attractive investment-risk ratio.”

BFL has consistently been recognized as the top bank for Lao SMEs and actively contributes to empowering women entrepreneurs.

With a wide range of products and services, advanced digital solutions, and valuable advisory services, the bank places a strong emphasis on understanding its clients’ aspirations and projects.



Distribution of educational supplies in Luang Prabang

NK SEEDS’ solidary tour reached out to 160 children and students in Sob Khing Village, Ngoy District, Luang Prabang Province with full bags of vocabulary books and educational supplies supported by BFL.

At BFL, we believe that access to quality education is an important key to the long-term economic and social progress.

NK SEEDS is a non-profit organization helping children and students to develop their English abilities for greater job prospects. A school called “NK English School” was built in 2019 in Nong Khiaw, a small village in the north of Laos.

Congratulations to the NK SEEDS volunteers to organize such an amazing program.

Discover and support NK SEEDS at <https://www.nkseeds.org/>



The Human Resources (HR) department has several key missions in alignment with the company vision, missions, values and strategies:

In 2023, BFL recruited almost 30 employees. At the end of 2023, 155 employees are working at BFL.

Below the highlights of the year 2023:

Training and Development

BFL recruited a HR Business Partner Manager to oversee the training programs and strengthen the training function. The objectives are to enhance employees' skills and knowledge, as well as career development initiatives to help employees grow within the organization.

Throughout 2023, BFL provided different trainings such as language trainings (Lao, English and French), all the mandatory regulatory trainings, brand new in house personal bankers training and Service Unit Managers trainings, an external training "Change Management and Leading Team Effectively".

Compensation and Benefits

The BFL continually works to improve employee compensation and benefits programs. In 2023, the annual salary review was carried out taking into account not only the position held, the employee's experience and performances but also the specific context of high inflation.

With benefits such as food allowance, preferential rates for loans, exchange facilities, free sports activities, and health insurance benefits, the BFL has also set from October 2023 a SMART PLAN (company saving plan) to help its staff to supplement their retirement income.

The 2024 plan provides for stable teams in number (Budget 160). On the other hand, we will intensifying our internal training. As tasks are digitized, we arbitrate positions in favor of salespeople to continue our growth. Our concerns once again will focus on training, diversity in career opportunities, participatory management, active listening and improvement of working conditions.

BANQUE FRANCO - LAO LIMITED

Financial statements for the year ended
31 December 2023
by Independent Auditors

KEY FINANCIAL PERFORMANCE

NET BANKING INCOME

175,446 MLAK
(+36.2% vs 2022)

COST TO INCOME RATIO

71.88%
(77.66% in 2022)

NET PROFIT

+52,764,000,000
(28.11% vs 20.45% in 2022)

CAPITAL ADEQUACY RATIO

44.60%
(minimum required 8%)

NON-PERFORMING LOAN

0.70%
(1.85% in 2022)



KPMG Lao Co., Ltd.
10th Floor, Royal Square Office Building,
Samsenthai Road, Nongduong Nua Village,
Sikhotabong District, P.O.Box 6978,
Vientiane, Lao PDR
Tel: +856 (21) 454240-7
Website: kpmg.com/la

ບໍລິສັດ ເຄມີເອັມຈີລາວ ຈຳກັດ
ຊັ້ນ 10, ອາຄານ ໂຮໂຢລສະແຄລ
ຖະໜົນ ສາມແສນໄທ, ບ້ານ ຫອງດ້ວງເໜືອ,
ເມືອງ ສີໂຄດຕະບອງ, ຕູ້ ປ.ນ. 6978,
ນະຄອນຫຼວງວຽງຈັນ, ສປປ ລາວ
ໂທ: +856 (21) 454240-7
ເວັບໄຊ: kpmg.com/la

INDEPENDENT AUDITORS' REPORT

**To: The Board of Directors
Banque Franco - Lao Limited**

Opinion

We have audited the financial statements of Banque Franco - Lao Limited (the "Bank"), which comprise the statement of financial position as at 31 December 2023, the statements of comprehensive income, changes in equity and of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with the accounting regulations of the Bank of Lao PDR and accounting rules in the Lao PDR.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence standards) ("IESBA Code") that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting regulations of the Bank of Lao PDR and accounting rules in the Lao PDR, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material



misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For and on behalf of KPMG Lao Co., Ltd.



Jedsada Leelawatanasuk
Statutory Auditor
ID No. SA0061/2024

Vientiane Capital, Lao PDR
Date: 22 March 2024

Statement of Position

as of 31 Dec 2023

Items	31 Dec 2023 Million LAK	31 Dec 2022 Million LAK
Assets		
Cash	86,897	62,229
Statutory deposits with Central Bank	301,748	214,796
Amounts due from other banks	1,220,764	575,093
Investment in securities	-	-
Loans and advances, net of specific provision	1,606,845	1,439,619
Intangible assets	13,237	9,739
Right of use assets	16,231	17,930
Property and equipment	23,799	20,076
Other assets	50,598	45,019
Total Assets	3,320,119	2,384,501
Liabilities, Capital and other reserves		
Liabilities		
Interbank and money market items		
Amounts due to other banks	175,840	188,225
Deposits from customers	2,517,212	1,689,403
Other liabilities	82,331	55,784
Total liabilities	2,775,383	1,933,412
Paid up-share capital and other reserves		
Paid up-share capital	500,000	460,000
Legal reserve	5,009	1,482
General provision for credit activities	7,989	7,106
Accumulated profit/(losses)	31,738	(17,499)
Total Capital and other reserves	544,736	451,089
Total liabilities, Capital and other reserves	3,320,119	2,384,501

Statement of Income

as of 31 Dec 2023

Items	31 Dec 2023 Million LAK	31 Dec 2022 Million LAK
Interest and similar income	141,210	101,795
Interest and similar expenses	(34,572)	(29,740)
Net interest and similar income	106,638	72,055
Fee and commission income	26,565	19,613
Fees and commission expenses	(19,426)	(11,371)
Net gain from dealing in foreign exchange transactions	61,669	48,475
Net operating income	175,446	128,772
Other income and expenses		
Other operating income	12,292	13,218
Administration expenses	(108,077)	(77,664)
Payroll and other staff costs	(42,100)	(34,464)
General administration expenses	(65,977)	(43,200)
Depreciation and amortization charges	(11,528)	(12,462)
Other operating expenses	(6,507)	(9,883)
Provision for non-performing loans	4,329	(5,689)
Provision for loan losses	(17,014)	(29,467)
Reversal of provision for loan losses	21,343	23,778
Profit before tax	65,955	36,292
Income tax expense	(13,191)	(7,259)
Profit after tax	52,764	29,033

Statement of Change in Equity

as of 31 Dec 2023

Items	Paid up share capital	Legal reserve	General Provision for credit activities	Accumulated profit/ (losses)	Total
	(Million LAK)	(Million LAK)	(Million LAK)	(Million LAK)	(Million LAK)
Balance as at 1 January 2022	420,000	1,482	5,022	(46,532)	379,972
Increase in paid up capital	40,000	-	-	-	40,000
Profit for the year	-	-	-	29,033	29,033
Net increase (decrease) in general provision	-	-	2,084	-	2,084
Total Asset	460,000	1,482	7,106	(17,499)	451,089
Increase in paid up capital	40,000	-	-	-	40,000
Profit for the year	-	-	-	52,764	52,764
Net increase (decrease) in general provision	-	-	883	-	883
Transfer to legal reserve	-	3,527	-	(3,527)	-
Balance as at 31 December 2023	500,000	5,009	7,989	31,738	544,736

Statement of Income

as of 31 Dec 2023

Items	31 Dec 2023 Million LAK	31 Dec 2022 Million LAK
Interest and similar income	141,210	101,795
Interest and similar expenses	-34,572	-29,740
Net interest income	106,638	72,055
Fee and commission income	26,565	19,613
Fees and commission expenses	-19,426	-11,371
Net fee and commission income	7,139	8,242
Gain on foreign exchange	86,672	95,423
Other income	655	20
Total operating income	201,104	175,922
Operating Expenses		
Personnel expenses	-42,100	-34,464
Depreciation and Amortization Expenses	-11,528	-12,462
Other operating expenses	-66,084	-45,751
Expected credit loss	-22,619	-39,148
Profit after tax	-142,331	-131,825
Profit before income tax expense	58,773	44,097
Income tax (expense)/benefit	-7,932	-1,821
Profit for the year	50,841	42,276
Other comprehensive income		
Total comprehensive income for the year, net of tax	50,841	42,276

Statement of Cash Flows

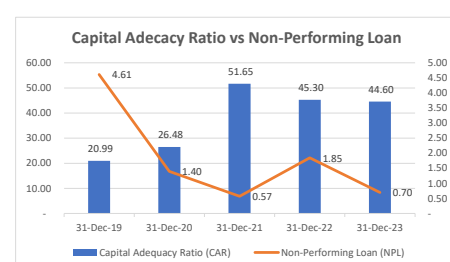
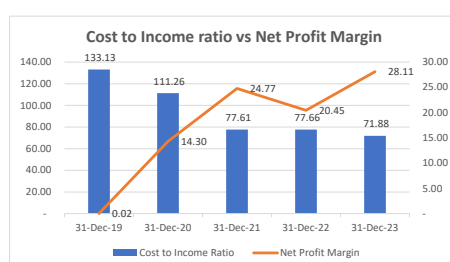
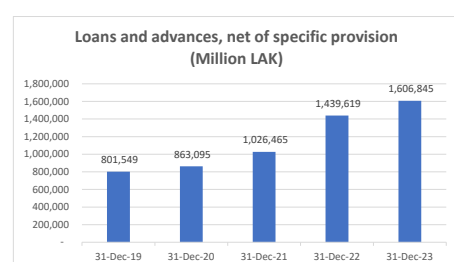
as of 31 Dec 2023

Items	31 Dec 2023 Million LAK	31 Dec 2022 Million LAK
<i>Cash flows from operating activities</i>		
Profit before income tax	65,955	36,292
<i>Adjustments for</i>		
Interest income	(141,210)	(101,795)
Interest expense	34,572	29,740
Allowance for doubtful debts	(3,446)	7,773
Depreciation and amortisation	11,528	12,462
Gain from fixed assets disposal	(407)	(2)
Loss from operations before change in operating assets and liabilities	(33,008)	(15,530)
<i>Change in operating assets / liabilities</i>		
Change in statutory deposits	(59,767)	(40,534)
Change in loans and advances to customers	(163,671)	(418,747)
Change in other assets	(1,355)	(18,722)
Change in deposits from customers	827,809	491,275
Change in deposits from banks	(38,377)	44,517
Change in other liabilities	20,775	16,806
Interest received	137,761	101,689
Interest paid	(28,801)	(24,606)
Income tax paid	(6,757)	-
Change in income tax payable	(6,434)	(7,259)
Net cash generated from operating activities	648,175	128,889
<i>Cash flows from investing activities</i>		
Acquisition of property and equipment	(15,871)	(3,941)
Addition of Intangibles	(6,002)	(3,248)
Change in investment in securities	-	16,769
Proceeds from disposal of assets	7,032	1,478
Addition of Right of use assets	(1,802)	(10,052)
Net cash generated from (used in) investing activities	(16,643)	1,006
<i>Cash flows from financing activities</i>		
Additional capital contribution	40,000	40,000
Loan from related party	25,992	32,503
Net cash generated from financing activities	65,992	72,503
Net change in cash and cash equivalents	697,524	202,398
Cash and cash equivalents at 1 January	739,103	536,705
Cash and cash equivalents at 31 December	1,436,627	739,103

Financial Ratio

as of 31 Dec 2023

Items	31-Dec-19 (%)	31-Dec-20 (%)	31-Dec-21 (%)	31-Dec-22 (%)	31-Dec-23 (%)
Capital Adequacy Ratio (CAR)	20.99	26.48	51.65	45.30	44.60
Cost to Income Ratio	133.13	111.26	77.61	77.66	71.88
Non-Performing Loan (NPL)	4.61	1.40	0.57	1.85	0.70
Net Profit Margin	0.02	14.30	24.77	20.45	28.11

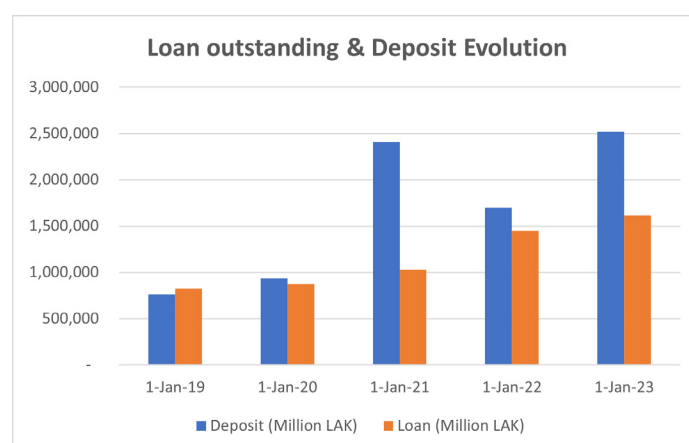


Balance Sheet

In LAK

	31 DEC 2019	31 DEC 2020	31 DEC 2021	31 DEC 2022	31 DEC 2023
TOTAL IN LAK					
Exchange Rate					
INDIVIDUAL LOANS	(311,653,248,806)	307,558,697,127	347,514,482,585)	(500,503,252,203)	(541,484,510,160)
BUSINESS LOANS	(480,774,245,046)	(548,023,627,709)	(674,635,634,715)	(944,525,397,858)	(1,061,531,117,736)
EMPLOYEE LOANS	(6,311,723,472)	(5,939,045,405)	(11,549,697,835)	(16,673,141,602)	(18,317,013,288)
CAR LOANS	(25,893,832,579)	(10,645,881,494)	(5,589,827,872)	(5,469,834,346)	(14,996,277,729)
ACCRUED INTERESTS			(3,518,845,563)	(10,155,874,370)	(6,334,352,369)
PROVISION FOR IMPAIRED LOANS	15,609,075,188	5,507,197,188	3,265,067,514	8,857,697,640	5,303,060,142
(>90D) B+C+D+E					
LOAN SUSPENS			9,562,034,955	18,695,405,083	24,180,452,508
CUSTOMER ASSETS	(809,023,974,715)	(866,660,054,547)	(1,029,981,386,102)	(1,449,774,397,655)	(1,613,179,758,632)

Loan (Million LAK)	824,633	872,167	1,029,728	1,448,476	1,612,148
Loan growth (%)		5.76	18.07	40.67	11.30



Statement of Position

as of 31 Dec 2023

Items	31-Dec-19 (Million LAK)	31-Dec-20 (Million LAK)	31-Dec-21 (Million LAK)	31-Dec-22 (Million LAK)	31-Dec-23 (Million LAK)
Assets					
Cash	32,813	33,779	31,072	62,229	86,897
Statutory deposits with Central Bank	102,986	132,458	263,940	214,796	301,748
Amounts due from other banks	135,246	205,591	314,174	575,093	1,220,764
Investment in securities	-	13,904	16,769	-	-
Loans and advances, net of specific provision (Million LAK)	801,549	863,095	1,026,465	1,439,619	1,606,845
Intangible assets	10,182	10,054	10,074	9,739	13,237
Right of use assets	9,167	14,881	11,584	17,930	16,231
Property and equipment	22,053	22,474	23,109	20,076	23,799
Other assets	17,849	20,186	25,962	45,019	50,598
Total Asset	1,131,845	1,316,422	1,723,149	2,384,501	3,320,119
Liabilities, Capital and other reserves					
Liabilities					
Interbank and money market items					
Amounts due to other banks	130,520	48,960	111,205	188,225	175,840
Deposits from customers	751,375	926,114	1,198,128	1,689,403	2,517,212
Other liabilities	32,634	29,314	33,844	55,784	82,331
Total liabilities	914,529	1,004,388	1,343,177	1,933,412	2,775,383
Paid up-share capital and other reserves					
Paid up-share capital	300,000	380,000	420,000	460,000	500,000
Legal reserve	1,482	1,482	1,482	1,482	5,009
General provision for credit activities	3,790	4,241	5,022	7,106	7,989
Accumulated profit/(losses)	(87,956)	(73,689)	(46,532)	(17,499)	31,738
Total Capital and other reserves	217,316	312,034	379,972	451,089	544,736
Total liabilities, Capital and other Reserves	1,131,845	1,316,422	1,723,149	2,384,501	3,320,119



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