

Reference: 60956549/21506503-LAS

INDEPENDENT AUDITORS' REPORT

To: The Owners of Joint Development Bank Limited

Opinion

We have audited the financial statements of Joint Development Bank Limited ("the Bank"), which comprise the Statement of Financial Position as at 31 December 2019, and the income statement, statement of changes in equity and Statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Bank are prepared, in all material respects, in accordance with the Accounting Law of Lao PDR and with the regulations stipulated by Bank of the Lao PDR relevant to preparation and presentation of financial statements.

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 *Auditors' 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 (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in Lao PDR, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2 to the financial statements, which describes the accounting policies adopted by the Bank. These accounting policies are not intended to present the financial position, the results of operations and cash flows of the Bank in accordance with international generally accepted accounting principles.

We also draw attention to Note 23 – Taxation to the financial statements, which describes the request of the Ministry of Finance for commercial banks to recalculate profit tax for the years from 2016 to 2019 and the potential impact to deductible expenses for profit tax calculation during this period subject to pending clarification and detailed implementation guidance from authorized agencies.

Our opinion is not modified in respect of these matters.

Responsibilities of the Bank's Management for the Financial Statements

The Bank's management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Law of Lao PDR and with the regulations stipulated by Bank of the Lao PDR relevant to preparation and presentation of financial statements, and for such internal control as management determines is necessary to enable the preparation of the 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.
- ▶ 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 appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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.

Ernst & Young Lao Co., Ltd.



Saman Wijaya Bandara
Partner
Audit Practising Registration
Certificate No. 014/LCPAA-APT-2019

Vientiane, Lao PDR.

20 May 2020

Joint Development Bank Limited

INCOME STATEMENT

for the year ended 31 December 2019

Code	ITEMS	Notes	2019 LAK	2018 LAK
A.	OPERATING INCOME AND EXPENSES			
1	Interest and similar income	4	238,383,764,017	200,333,287,891
2	Interest and similar expense	4	(184,152,289,220)	(131,688,650,330)
I.	NET INTEREST AND SIMILAR INCOME		54,231,474,797	68,644,637,561
3	Fee and commission income	5	99,250,348,481	60,753,850,616
4	Fee and commission expense	5	(9,207,260,176)	(9,511,552,385)
5	Net gain from securities investment	6	4,382,666,667	11,107,333,333
6	Net gain/(loss) from dealing in foreign currencies		12,127,020,674	3,351,977,727
II.	NET OPERATING INCOME		160,784,250,443	134,346,246,852
B.	OTHER INCOME AND EXPENSES			
7	Other operating income	7	2,181,384,088	3,343,318,224
8	Administration expenses		(83,045,051,566)	(78,311,736,331)
8.1	Payroll and other staff costs	8	(43,700,802,760)	(41,290,168,016)
8.2	Other administration expenses	9	(39,344,248,806)	(37,021,568,315)
9	Depreciation and amortization charges	17	(24,293,402,766)	(42,995,781,905)
10	Other operating expenses	10	(4,741,454,675)	(6,011,317,542)
11	Net provision for non-performing loans	15	271,755,361	(93,166,730)
III.	TOTAL PROFIT BEFORE TAX		51,157,480,885	10,277,562,568
12	Current Profit Tax Expense	23.1	(11,495,662,665)	(2,439,643,581)
IV.	PROFIT AFTER TAX		39,661,818,220	7,837,918,987

Prepared by:



Mr. Khamsing Sonesinnavong
Accounting and Finance Manager



Approved by:
Mr. Vilay Siphaphone
General Director

Vientiane, Lao PDR

20 May 2020

Joint Development Bank Limited

STATEMENT OF FINANCIAL POSITION as at 31 December 2019

<i>Code</i>	<i>ASSETS</i>	<i>Notes</i>	<i>31/12/2019 LAK</i>	<i>31/12/2018 (restated) LAK</i>
I	Cash on hand and balances with Bank of the Lao PDR ("BOL")		869,843,706,547	707,457,130,952
1	Cash on hand	11	395,293,690,118	249,266,853,456
2	Balances with the BOL	12	474,550,016,429	458,190,277,496
II	Due from banks	13	260,456,344,730	226,610,687,279
1	Demand deposits		204,214,554,457	189,871,122,856
2	Term deposits		17,686,000,000	10,000,000,000
3	Saving deposits		38,555,790,273	26,739,564,423
III	Investments in securities	14	53,250,000,000	82,175,050,000
1	Available-for-sale securities		3,380,000,000	4,300,000,000
2	Held-to-maturity securities		49,870,000,000	77,875,050,000
IV	Loans to customers, net of specific provision for credit activities	15	3,314,709,075,162	2,190,460,919,638
V	Investment in a joint-ventures	16	514,440,000	-
VI	Fixed assets	17	231,913,316,264	243,521,905,322
1	Constructions in progress		1,183,081,956	7,559,538,223
2	Intangible fixed assets		145,664,365,355	156,584,854,723
3	Tangible fixed assets		85,065,868,953	79,377,512,376
VII	Other assets		287,355,743,732	181,960,169,096
1	Accrued interest receivable		27,631,186,213	21,688,786,228
2	Other assets	18	259,724,557,519	160,271,382,868
	TOTAL ASSETS		5,018,042,626,435	3,632,185,862,287

Joint Development Bank Limited

STATEMENT OF FINANCIAL POSITION (continued)
as at 31 December 2019

Code	LIABILITIES AND CAPITAL	Notes	31/12/2019 LAK	31/12/2018 (restated) LAK
I	Due to banks and other financial institutions	19	115,057,536,226	123,830,646,506
1	Demand deposits		4,313,536,226	6,059,646,506
2	Term deposit		110,744,000,000	117,771,000,000
II	Due to customers	20	4,240,094,658,789	2,925,231,774,666
1	Demand and saving deposits		1,291,309,508,575	888,508,742,066
2	Term deposits		2,948,783,187,593	2,036,719,311,630
3	Other payables to customers		1,962,621	3,720,970
III	Other liabilities		157,407,034,201	119,838,350,400
1	Accrued interest payable		131,868,440,476	90,978,463,963
2	Other payables	21	25,538,593,725	28,859,886,437
	TOTAL LIABILITIES		4,512,559,229,216	3,168,900,771,572
IV	Capital and reserves			
1	Paid-up capital		404,666,100,000	404,666,100,000
2	Regulatory reserve fund		391,685,038	391,685,038
3	Business expansion fund		550,517,242	550,517,242
4	Revaluation reserve		94,029,775,080	94,029,775,080
5	Provision for performing loans		16,488,032,405	13,951,544,121
6	Accumulated losses	22	(10,642,712,546)	(50,304,530,766)
	TOTAL CAPITAL		505,483,397,219	463,285,090,715
	TOTAL LIABILITES AND CAPITAL		5,018,042,626,435	3,632,185,862,287

Joint Development Bank Limited

STATEMENT OF FINANCIAL POSITION (continued)
as at 31 December 2019

Code	OFF STATEMENT OF FINANCIAL POSITION ITEMS	Notes	31/12/2019 LAK	31/12/2018 LAK
I	Commitments			
A	Commitments for financing		76,728,588,680	143,934,362,666
1	Commitments for financing given to customers		76,728,588,680	143,934,362,666
B	Commitment for guarantees		11,340,818,475	24,132,080,988
1	Commitments for guarantees given to customers		11,340,818,475	24,132,080,988
	TOTAL COMMITMENTS		88,069,407,155	168,066,443,654
II	Collaterals and Mortgages			
A	Collaterals and Mortgages for loans		4,334,983,424,148	2,796,461,389,514
1	Collaterals and Mortgages for loans to customers		4,334,983,424,148	2,796,461,389,514
	COLLATERALS AND MORTGAGES		4,423,052,831,303	2,952,013,818,973

Prepared by:



Mr. Khamsing Sonesinnavong
Accounting and Finance Manager



Mr. Vilay Siphaphone
General Director

Vientiane, Lao PDR

20 May 2020