

Reference: 60956549/22224723-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 2020, 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.**



Anh Hoang Trinh  
Partner  
Audit Practising Registration  
Certificate No. 014/LCPAA-APT-2019

Vientiane, Lao PDR.

27 May 2021

# Joint Development Bank Limited

## INCOME STATEMENT

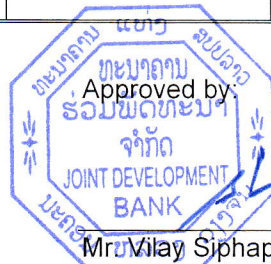
for the year ended 31 December 2020

Code	ITEMS	Notes	2020 LAK	2019 LAK
<b>A.</b>	<b>OPERATING INCOME AND EXPENSES</b>			
<b>1</b>	<b>Interest and similar income</b>	<b>3</b>	<b>329,731,830,822</b>	<b>238,383,764,017</b>
<b>2</b>	<b>Interest and similar expense</b>	<b>3</b>	<b>(259,603,257,712)</b>	<b>(184,152,289,220)</b>
<b>I.</b>	<b>NET INTEREST AND SIMILAR INCOME</b>		<b>70,128,573,110</b>	<b>54,231,474,797</b>
<b>3</b>	<b>Fee and commission income</b>	<b>4</b>	<b>141,232,161,868</b>	<b>99,250,348,481</b>
<b>4</b>	<b>Fee and commission expense</b>	<b>4</b>	<b>(9,434,253,380)</b>	<b>(9,207,260,176)</b>
<b>5</b>	<b>Net (loss)/gain from securities investment</b>	<b>5</b>	<b>(930,000,000)</b>	<b>4,382,666,667</b>
<b>6</b>	<b>Net gain from dealing in foreign currencies</b>	<b>8</b>	<b>26,515,104,641</b>	<b>12,127,020,674</b>
<b>II.</b>	<b>NET OPERATING INCOME</b>		<b>227,511,586,239</b>	<b>160,784,250,443</b>
<b>B.</b>	<b>OTHER INCOME AND EXPENSES</b>			
<b>7</b>	<b>Other operating income</b>	<b>6</b>	<b>8,487,552,820</b>	<b>2,181,384,088</b>
<b>8</b>	<b>Administration expenses</b>		<b>(95,100,281,034)</b>	<b>(83,045,051,566)</b>
8.1	Payroll and other staff costs	7	(48,330,262,130)	(43,700,802,760)
8.2	Other administration expenses	9	(46,770,018,904)	(39,344,248,806)
<b>9</b>	<b>Depreciation and amortization charges</b>	<b>17</b>	<b>(21,034,031,212)</b>	<b>(24,293,402,766)</b>
<b>10</b>	<b>Other operating expenses</b>	<b>10</b>	<b>(12,768,250,609)</b>	<b>(4,741,454,675)</b>
<b>11</b>	<b>Net provision for non-performing loans</b>	<b>15</b>	<b>2,076,211,390</b>	<b>271,755,361</b>
<b>III.</b>	<b>TOTAL PROFIT BEFORE TAX</b>		<b>109,172,787,594</b>	<b>51,157,480,885</b>
<b>12</b>	<b>Current Profit Tax Expense</b>	<b>23.1</b>	<b>(23,489,074,122)</b>	<b>(11,495,662,665)</b>
<b>IV.</b>	<b>PROFIT AFTER TAX</b>		<b>85,683,713,472</b>	<b>39,661,818,220</b>

Prepared by:



Mr. Khamsing Sonesinnavong  
Deputy General Director cum Chief  
Accountant  
Vientiane, Lao PDR



Approved by:

Mr. Vilay Siphaphone  
General Director

27 May 2021

# Joint Development Bank Limited

## STATEMENT OF FINANCIAL POSITION as at 31 December 2020

Code	ASSETS	Notes	31/12/2020 LAK	31/12/2019 LAK
<b>I</b>	<b>Cash on hand and balances with Bank of the Lao PDR ("BOL")</b>		<b>2,186,223,607,571</b>	<b>869,843,706,547</b>
1	Cash on hand	11	720,715,407,800	395,293,690,118
2	Balances with the BOL	12	1,465,508,199,771	474,550,016,429
<b>II</b>	<b>Due from banks</b>	<b>13</b>	<b>236,012,927,446</b>	<b>260,456,344,730</b>
1	Demand deposits		173,200,203,737	204,214,554,457
2	Term deposits		18,502,000,000	17,686,000,000
3	Saving deposits		44,310,723,709	38,555,790,273
<b>III</b>	<b>Investments in securities</b>	<b>14</b>	<b>29,350,000,000</b>	<b>53,250,000,000</b>
1	Available-for-sale securities		2,350,000,000	3,380,000,000
2	Held-to-maturity securities		27,000,000,000	49,870,000,000
<b>IV</b>	<b>Loans to customers, net of specific provision for credit activities</b>	<b>15</b>	<b>4,595,516,104,427</b>	<b>3,314,709,075,162</b>
<b>V</b>	<b>Investment in a joint-ventures</b>	<b>16</b>	<b>854,440,000</b>	<b>514,440,000</b>
<b>VI</b>	<b>Fixed assets</b>	<b>17</b>	<b>233,469,119,490</b>	<b>231,913,316,264</b>
1	Constructions in progress		2,751,157,513	1,183,081,956
2	Intangible fixed assets		137,921,992,665	145,664,365,355
3	Tangible fixed assets and Right-of-use assets		92,795,969,312	85,065,868,953
<b>VII</b>	<b>Other assets</b>		<b>397,622,772,236</b>	<b>287,355,743,732</b>
1	Accrued interest receivable		33,723,803,830	27,631,186,213
2	Other assets	18	363,898,968,406	259,724,557,519
	<b>TOTAL ASSETS</b>		<b>7,679,048,971,170</b>	<b>5,018,042,626,435</b>

# Joint Development Bank Limited

STATEMENT OF FINANCIAL POSITION (continued)  
as at 31 December 2020

Code	LIABILITIES AND CAPITAL	Notes	31/12/2020 LAK	31/12/2019 LAK
<b>I</b>	<b>Due to banks and other financial institutions</b>	<b>19</b>	<b>943,108,026,948</b>	<b>115,057,536,226</b>
1	Demand deposits		1,448,026,948	4,313,536,226
2	Term deposit		168,360,000,000	110,744,000,000
3	Borrowing		773,300,000,000	-
<b>II</b>	<b>Due to customers</b>	<b>20</b>	<b>5,945,354,898,355</b>	<b>4,240,094,658,789</b>
1	Demand and saving deposits		1,552,200,736,325	1,291,309,508,575
2	Term deposits		4,393,152,311,830	2,948,783,187,593
3	Other payables to customers		1,850,200	1,962,621
<b>III</b>	<b>Other liabilities</b>		<b>223,783,535,954</b>	<b>157,407,034,201</b>
1	Accrued interest payable		188,469,815,564	131,868,440,476
2	Other payables	21	35,313,720,390	25,538,593,725
	<b>TOTAL LIABILITIES</b>		<b>7,112,246,461,257</b>	<b>4,512,559,229,216</b>
<b>IV</b>	<b>Capital and reserves</b>			
1	Paid-up capital		404,666,100,000	404,666,100,000
2	Regulatory reserve fund		8,960,056,385	391,685,038
3	Business expansion fund		4,834,702,916	550,517,242
4	Revaluation reserve		94,029,775,080	94,029,775,080
5	Provision for performing loans		22,695,329,628	16,488,032,405
6	Retained earnings /(accumulated losses)	22	31,616,545,904	(10,642,712,546)
	<b>TOTAL CAPITAL</b>		<b>566,802,509,913</b>	<b>505,483,397,219</b>
	<b>TOTAL LIABILITIES AND CAPITAL</b>		<b>7,679,048,971,170</b>	<b>5,018,042,626,435</b>

# Joint Development Bank Limited

STATEMENT OF FINANCIAL POSITION (continued)  
as at 31 December 2020

Code	OFF STATEMENT OF FINANCIAL POSITION ITEMS	Notes	31/12/2020 LAK	31/12/2019 LAK
<b>I</b>	<b>Commitments</b>			
<b>A</b>	<b>Commitments for financing</b>		<b>5,273,070,000</b>	<b>76,728,588,680</b>
1	Commitments for financing given to customers		5,273,070,000	76,728,588,680
<b>B</b>	<b>Commitment for guarantees</b>		<b>100,972,973,970</b>	<b>11,340,818,475</b>
1	Commitments for guarantees given to customers		100,972,973,970	11,340,818,475
	<b>TOTAL COMMITMENTS</b>		<b>106,246,043,970</b>	<b>88,069,407,155</b>
<b>II</b>	<b>Collaterals and Mortgages</b>			
<b>A</b>	<b>Collaterals and Mortgages for loans</b>		<b>4,055,061,701,122</b>	<b>4,334,983,424,148</b>
1	Collaterals and Mortgages for loans to customers		4,055,061,701,122	4,334,983,424,148
	<b>TOTAL COLLATERALS AND MORTGAGES</b>		<b>4,161,307,745,092</b>	<b>4,423,052,831,303</b>

Prepared by:



Mr. Khamsing Sonesinnavong  
Deputy General Director cum  
Chief Accountant

Approved by:



Mr. Vilay Siphaphone  
General Director

Vientiane, Lao PDR

27 May 2021

# Joint Development Bank Limited

## STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2020

	Paid-up capital LAK	Regulatory reserve fund LAK	Business expansion fund LAK	Revaluation reserve LAK	General provision for credit activities LAK	(Accumulated Losses)/Retained Earnings LAK	Total LAK
<b>Balances as at 31 December 2019</b>	<b>404,666,100,000</b>	<b>391,685,038</b>	<b>550,517,242</b>	<b>94,029,775,080</b>	<b>16,488,032,405</b>	<b>(10,642,712,546)</b>	<b>505,483,397,219</b>
Net profit for the year	-	-	-	-	-	85,683,713,472	85,683,713,472
Regulatory reserve fund	-	8,568,371,347	-	-	-	(8,568,371,347)	-
Business expansion fund	-	-	4,284,185,674	-	-	(4,284,185,674)	-
Dividend paid to shareholder	-	-	-	-	-	(30,571,898,001)	(30,571,898,001)
Net general provision for credit activities during the year	-	-	-	-	5,389,741,999	-	5,389,741,999
Foreign exchange difference	-	-	-	-	817,555,224	-	817,555,224
<b>Balances as at 31 December 2020</b>	<b>404,666,100,000</b>	<b>8,960,056,385</b>	<b>4,834,702,916</b>	<b>94,029,775,080</b>	<b>22,695,329,628</b>	<b>31,616,545,904</b>	<b>566,802,509,913</b>

Prepared by:



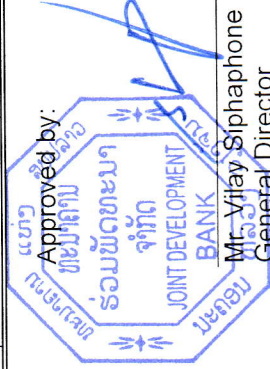
Mr. Khamasing Sonesinnavong

Deputy General Director cum Chief  
Accountant

Vientiane, Lao PDR

27 May 2021

Approved by:



Mr. Vilay Siphaphone  
General Director

# Joint Development Bank Limited

## STATEMENT OF CASH FLOWS for the year ended 31 December 2020

	Notes	2020 LAK	2019 LAK
<b>OPERATING ACTIVITIES</b>			
<b>Profit before tax</b>		<b>109,172,787,594</b>	<b>51,157,480,885</b>
<i>Adjustments for:</i>			
Profit from investments		-	(5,142,666,667)
Depreciation and amortization charges		21,034,031,212	24,293,402,766
Net provision expense		5,296,646,888	2,791,783,516
Interest income		(329,731,830,822)	(238,383,764,017)
Interest expense		259,603,257,712	184,152,289,220
<b>Cash flows from operating profit before changing in operating assets and liabilities</b>		<b>65,374,892,584</b>	<b>18,868,525,703</b>
(Increase)/Decrease in operating assets			
Balances with other banks		(28,102,013,935)	(62,622,931,444)
Loans to customers		(1,279,835,625,107)	(1,124,478,225,058)
Other financial assets		22,870,000,000	27,490,610,000
Other assets		(88,604,479,796)	(98,452,286,469)
Increase/(Decrease) in operating liabilities			
Deposits from other banks		828,050,490,722	(8,773,110,280)
Customer deposits and other amounts due to customers		1,705,260,532,811	1,314,862,884,123
Other liabilities		10,498,717,028	411,879,351
Interest received		313,947,329,508	225,070,589,848
Interest paid		(203,001,882,624)	(143,262,312,702)
Profit tax paid	23	(24,542,623,702)	(14,334,060,426)
<b>Net cash flows from operating activities</b>		<b>1,321,915,337,489</b>	<b>134,781,562,646</b>
<b>INVESTING ACTIVITIES</b>			
Payments to acquire and construct new fixed assets		(27,388,303,140)	(1,339,187,044)
Proceeds from disposals of assets	6	119,333,456	6,926,000
Dividends received		100,000,000	160,000,000
Investment in Joint-venture		(340,000,000)	-
<b>Net cash flows used in investing activities</b>		<b>(27,508,969,684)</b>	<b>(1,172,261,044)</b>
<b>FINANCING ACTIVITIES</b>			
Dividends payment to shareholders		(30,571,898,000)	-
<b>Net cash flows from financing activities</b>		<b>(30,571,898,000)</b>	<b>-</b>
<b>Net change in cash and cash equivalents</b>		<b>1,263,834,469,805</b>	<b>133,609,301,602</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>924,180,695,282</b>	<b>790,571,393,680</b>
<b>Cash and cash equivalents at the end of the year</b>	24	<b>2,188,015,165,087</b>	<b>924,180,695,282</b>

Prepared by:



Mr. Khamsing Sonesinnavong

Deputy General Director cum Chief  
Accountant  
Vientiane, Lao PDR

Approved by:



Mr. Vilay Siphaphone  
General Director