

JOINT DEVELOPMENT BANK LIMITED



FINANCIAL STATEMENTS

31 DECEMBER 2021



JOINT DEVELOPMENT BANK LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2021

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JOINT DEVELOPMENT BANK LIMITED

GENERAL INFORMATION (CONTINUED)

THE BANK

Joint Development Bank Limited ("the Bank") is a limited liability bank incorporated and registered in Lao PDR.

The Bank was established under a joint venture agreement dated 2 February 1989 between Bank of the Lao PDR ("the BOL") and Phomsouvanh Silo & Drying Ltd, a Company incorporated in Thailand. Under the agreement, Phomsouvanh Silo & Drying Ltd and the BOL owned 70% and 30% of the Bank's capital respectively. In 2010, the BOL transferred all its contributed capital to Phomsouvanh Silo & Drying Ltd. In 2012, Phomsouvanh Silo & Drying Ltd sold 100% its contributed capital to three individual domestic investors.

The Bank operated under Decision No. 04/PMA of the President of Ministerial Assembly and Decision No. 04/BOL of the Bank of the Lao PDR dated 21 January 1989, which were amended by Investment License No. 133/10 dated 23 September 2010 issued by Ministry of Planning and Investment and Enterprise Registration Certificate No.0234/ERU dated 3 May 2013 issued by the Ministry of Industry and Commerce.

The principal activities of the Bank are to provide services on mobilizing and receiving short, medium and long term deposit funds from various organisations and individuals; lending on a short, medium and long term basis to various organisation and individuals up to the nature and ability of the Bank's capital resources; conducting foreign currency transactions; internal trade finance services, discounting of commercial notes, bonds and valued documents; providing transaction services between customers; and other banking services as approved by the BOL.

The Head office of the Bank is located at No. 82, Lane Xang Road, Vientiane, Lao PDR. As of 31 December 2021, the Bank has one Head office, fifty-six service units and other three sub-unit services.

The initial paid-up capital of the Bank was LAK 33,882,440,000. The actual paid-up capital of the Bank as of 31 December 2021 is LAK 424,666,100,000 (31 December 2020: LAK 404,666,100,000).

BOARD OF DIRECTORS (BoD)

Members of the Board of Directors for the year ended 31 December 2021 and at the date of this report are as follows:

Name	Title	Date of appointment
Mr. Ekaphanh Phaphithack	Chairman	Re-appointed on 29 September 2020
Mr Sounthorn Chanthavong	Vice Chairman	Re-appointed on 5 October 2020
Mr. Vilay Siphaphone	Member	Re-appointed on 5 October 2020
Mr. Bounsavang Philasayphithak	Member	Re-appointed on 5 October 2020
Phd. Bouavone Chanthanileuth	Member	Re-appointed on 5 October 2020
Mrs. Phonesamay Soukhaphon	Member	Appointed on 5 October 2020
Mr. Sakkhone Yorphanxay	Member	Appointed on 5 October 2020
Mr. Khamsing Sonesinnavong	Member	Appointed on 5 October 2020
Mr. Bounsoum Sysavath	Member	Appointed on 5 October 2020

JOINT DEVELOPMENT BANK LIMITED

GENERAL INFORMATION (CONTINUED)

MANAGEMENT

Members of the Management during the year ended 31 December 2021 and at the date of this report are as follows:

Name	Title	Date of appointment/resignation
Mr. Vilay Siphaphone	General Director	Appointed on 19 July 2019
Mrs Phonesamay Soukhaphon	Deputy General Director	Re-appointed on 5 October 2020
Mr. Khamsing Sonesinnavong	Deputy General Director	Re-appointed on 5 October 2020
Mr. Chansana Singhavong	Deputy General Director	Re-appointed on 5 October 2020
Mr. Sakkhone Yorphanxay	Deputy General Director	Re-appointed on 5 October 2020
Mr. Khamsu Yang	Deputy General Director	Re-appointed on 5 October 2020
Mr. Vilarndeth Vayyasomsack	Deputy General Director	Re-appointed on 5 October 2020

LEGAL REPRESENTATIVE

The legal representative of the Bank from 1 January 2021 to 29 April 2022 is Mr. Vilay Siphaphone – General Director.

AUDITORS

The auditors of the Bank are PricewaterhouseCoopers (Lao) Sole Company Limited.

JOINT DEVELOPMENT BANK LIMITED

REPORT OF MANAGEMENT

The Management of Joint Development Bank Limited (“the Bank”) is pleased to present its report and the Bank’s financial statements as at and for the year ended 31 December 2021.

MANAGEMENT’S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Bank’s Management is responsible for the financial statements of each interim financial period which give a true and fair view of the financial position of the Bank and of its operational results and its cash flows for the period. In preparing those financial statements, management is required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgments and estimates that are reasonable and prudent;
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ▶ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue its business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Bank and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying interim financial statements.

STATEMENT OF MANAGEMENT

Management does hereby state that, in its opinion, the accompanying financial statements as at 31 December 2021 are prepared, in all material respects, in accordance with the relevant regulations and notifications of the Bank of Lao People’s Democratic Republic and the accounting policies described in Note 2 to the financial statements.

For and on behalf of Management:



Mr. Vilay Siphaphone
General Director

Vientiane, Lao PDR

29 April 2022



INDEPENDENT AUDITOR'S REPORT

To: The Owners of Joint Development Bank Limited

Opinion

In our opinion, the financial statements of Joint Development Bank Limited ("the Bank") for the year ended 31 December 2021 are prepared, in all material respects, in accordance with the relevant regulations and notifications of the Bank of Lao People's Democratic Republic and the accounting policies described in Note 2 to the financial statements.

What we have audited

The Bank's financial statements comprise:

- the statement of income for the year then ended;
- the statement of financial position as at 31 December 2021;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Emphasis of Matter - Basis of accounting and restriction on distribution and use

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the Bank's accounting policies described in Note 2 to the financial statements. As a result, the financial statements may not be suitable for another purpose.

Our report is intended solely for the Bank and the Bank of Lao People's Democratic Republic and should not be distributed to or used by parties other than the Bank and the Bank of Lao People's Democratic Republic. Our opinion is not modified in respect to this matter.



Responsibilities of the Board of Director of the Bank for the financial statements

The Board of Director of the Bank are responsible for the preparation and presentation of the financial statements in accordance with the relevant accounting regulations and notifications of the Bank of Lao People's Democratic Republic and the accounting policies described in Note 2 to the financial statements, and for such internal control as the directors determine 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, the Board of directors are 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 the directors either intend to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Auditor's 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 auditor's 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 scepticism throughout the audit. We are 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 the directors.
- Conclude on the appropriateness of the directors' 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.



We communicate with the audit committee 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 PricewaterhouseCoopers (Lao) Sole Company Limited


By : Apisit Thiengtrongpinyo
Partner

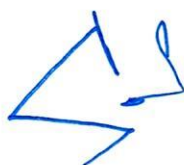
Vientiane, Lao PDR
Date 29 April 2022

JOINT DEVELOPMENT BANK LIMITED

STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 LAK	2020 LAK
A. OPERATING INCOME AND EXPENSES			
1.	Interest and similar income	4 524,715,359,547	329,731,830,822
2.	Interest and similar expenses	4 (385,379,538,559)	(259,603,257,712)
I. NET INTEREST AND SIMILAR INCOME		139,335,820,988	70,128,573,110
3.	Fee and commission income	5 156,402,282,832	141,232,161,868
4.	Fee and commission expenses	5 (15,388,848,120)	(9,434,253,380)
5.	Net (loss)/gain from securities investment	6 7,947,669,420	(930,000,000)
6.	Net gain from dealing in foreign currencies	9 32,134,036,671	26,515,104,641
II. NET OPERATING INCOME		320,430,961,791	227,511,586,239
B. OTHER INCOME AND EXPENSES			
7.	Other operating income	7 5,106,808,165	8,487,552,820
8.	Administration expenses	(106,585,915,934)	(95,100,281,034)
8.1.	Payroll and other staff costs	8 (54,317,781,282)	(48,330,262,130)
8.2.	Other administrative expenses	10 (52,268,134,652)	(46,770,018,904)
9.	Depreciation and amortization charges	19, 20 (27,932,538,925)	(21,034,031,212)
10.	Other operating expenses	11 (21,942,013,015)	(12,768,250,609)
11.	Net provision for non-performing loans charged to expense	292,064,730	2,076,211,390
III. TOTAL PROFIT BEFORE TAX		169,369,366,812	109,172,787,594
12.	Current profit tax	27 (35,178,995,109)	(23,489,074,122)
IV. PROFIT AFTER TAX		134,190,371,703	85,683,713,472

Prepared by:



Mr. Khamsing Sonesinnavong
Deputy General Director – Chief Accountant

Approved by:



Mr. Vilay Siphaphone
General Director

Vientiane, Lao PDR
29 April 2022

The accompanying notes on pages 14 to 37 form an integral part of these financial statements.

JOINT DEVELOPMENT BANK LIMITED

STATEMENTS OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 LAK	2020 LAK
ASSETS			
I Cash and accounts with the BOL		1,912,677,709,346	2,186,223,607,571
1. Cash on hand	12	759,710,458,567	720,715,407,800
2. Balance with BOL	13	1,152,967,250,779	1,465,508,199,771
II Due from other banks	14	309,597,231,965	236,012,927,446
1. Demand deposits		160,550,196,180	173,200,203,737
2. Term deposits		80,000,000,000	18,502,000,000
3. Saving deposits		69,047,035,785	44,310,723,709
III Investment in securities	15	382,368,143,544	29,350,000,000
1. Available-for-sale securities		2,350,000,000	2,350,000,000
2. Held-to-maturity securities		380,018,143,544	27,000,000,000
IV Loans to customers, net of specific provision for credit activities	16	7,566,038,980,897	4,595,516,104,427
V Investments in associates and joint ventures	17	1,187,780,000	854,440,000
VI Fixed assets		261,166,854,777	233,469,119,490
1. Construction in progress and fixed assets in transit	18	8,094,624,961	2,751,157,513
2. Intangible fixed assets	19	150,445,255,563	137,921,992,665
3. Tangible fixed assets	20	102,626,974,253	92,795,969,312
VII Other assets		537,214,153,695	397,622,772,236
1. Accrued interest receivable		107,858,827,015	33,723,803,830
2. Other assets	21	429,355,326,680	363,898,968,406
TOTAL ASSETS		<u>10,970,250,854,224</u>	<u>7,679,048,971,170</u>

The accompanying notes on pages 14 to 37 form an integral part of these financial statements.

JOINT DEVELOPMENT BANK LIMITED

STATEMENTS OF FINANCIAL POSITION (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 LAK	2020 LAK
LIABILITIES AND CAPITAL			
I Due to other banks and financial institutions	22	1,166,258,757,310	943,108,026,948
1. Demand and saving deposits		8,296,295,035	1,448,026,948
2. Term deposits		255,587,360,000	168,360,000,000
3. Borrowings		901,902,617,128	773,300,000,000
4. Other payables		472,485,147	-
II Due to customers	23	8,727,580,548,918	5,945,354,898,355
1. Demand, saving and margin deposits		2,022,939,282,416	1,552,200,736,325
2. Term deposits		6,704,639,766,502	4,393,152,311,830
3. Other payables		1,500,000	1,850,200
III Other liabilities		402,539,492,652	223,783,535,954
1. Accrued interests payable		291,125,871,465	188,469,815,564
2. Other liabilities		111,413,621,187	35,313,720,390
TOTAL LIABILITIES		10,296,378,798,880	7,112,246,461,257
IV Capital and reserves			
1. Charter capital	24	424,666,100,000	404,666,100,000
2. Regulatory reserve fund	25	17,351,998,475	8,960,056,385
3. Business expansion fund	25	9,030,673,961	4,834,702,916
4. General provision for credit activities	16.3	37,906,011,116	22,695,329,628
5. Provision for unrecoverable assets		94,029,775,080	94,029,775,080
6. Retained earnings		90,887,496,712	31,616,545,904
TOTAL CAPITAL		673,872,055,344	566,802,509,913
TOTAL LIABILITIES AND CAPITAL		10,970,250,854,224	7,679,048,971,170

Prepared by:



Mr. Khamsing Sonesinnavong
Deputy General Director – Chief Accountant

Approved by:



Mr. Vilay Siphaphone
General Director

Vientiane, Lao PDR
29 April 2022

The accompanying notes on pages 14 to 37 form an integral part of these financial statements.

JOINT DEVELOPMENT BANK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Share capital LAK	Regulatory reserve fund LAK	Business expansion fund LAK	General provision for credit activities LAK	Surplus on revaluation of assets LAK	Retained earnings LAK	Total LAK
Balance as at 31 December 2021	404,666,100,000	8,960,056,385	4,834,702,916	22,695,329,628	94,029,775,080	31,616,545,904	566,802,509,913
Net profit for the year	-	-	-	-	-	134,190,371,703	134,190,371,703
Share paid-up (Note 24)	20,000,000,000	-	-	-	-	-	20,000,000,000
Appropriation to reserve for the year (Note 25)	-	-	4,195,971,045	-	-	(4,195,971,045)	-
Dividend paid (Note 26)	-	-	-	-	-	(62,331,507,760)	(62,331,507,760)
Changes of regulatory reserve fund General provision changed in the year (Note 25)	-	8,391,942,090	-	-	-	(8,391,942,090)	-
Balance as at 31 December 2021	424,666,100,000	17,351,998,476	9,030,673,961	37,906,011,116	94,029,775,080	90,887,496,712	673,872,055,344

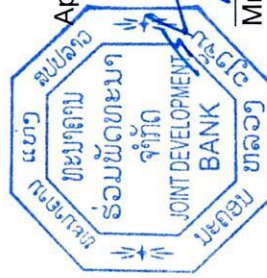
Prepared by:



Mr. Khamxing Sonesinnavong
Deputy General Director – Chief Accountant

Vientiane, Lao PDR
29 April 2022

Approved by:



Mr. Vilay Siphaphone
General Director

The accompanying notes on pages 14 to 37 form an integral part of these financial statements.

JOINT DEVELOPMENT BANK LIMITED

STATEMENT OF CHANGE IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

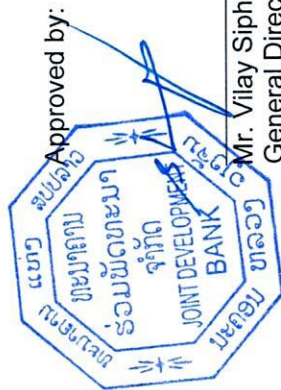
	Share capital LAK	Regulatory reserve fund LAK	Business expansion fund LAK	General provision for credit activities LAK	Surplus on revaluation of assets LAK	Retained earnings LAK	Total LAK
Balance as at 31 December 2020	404,666,100,000	391,685,038	550,517,242	16,488,032,405	94,029,775,080	(10,642,712,546)	505,483,397,219
Net profit for the year	-	-	-	-	-	85,683,713,472	85,683,713,472
Appropriation to reserve for the year (Note 25)	-	-	4,284,185,674	-	-	(4,284,185,674)	-
Dividend paid	-	-	-	-	-	(30,571,898,001)	(30,571,898,001)
Changes of regulatory reserve fund (Note 25)	-	8,568,371,347	-	-	-	(8,568,371,347)	-
General provision changed in the year	-	-	-	6,207,297,223	-	-	6,207,297,223
Balance as at 31 December 2021	404,666,100,000	8,960,056,385	4,834,702,916	22,695,329,628	94,029,775,080	31,616,545,904	566,802,509,913

Prepared by:



Mr. Khamsing Sonesinnavong
Deputy General Director – Chief Accountant

Vientiane, Lao PDR
29 April 2022



Approved by:

Mr. Vilay Siphaphone
General Director

JOINT DEVELOPMENT BANK LIMITED

STATEMENT OF CASHFLOW
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 LAK	2020 LAK
OPERATING ACTIVITIES			
Net profit/(loss) before tax		134,190,371,703	109,172,787,594
Adjustments for:			
Depreciation and amortization expenses	19,20	28,035,385,843	21,034,031,212
Net provision expense	16.3	12,269,623,486	5,296,646,888
Interest income	4	(524,715,359,547)	(329,731,830,822)
Interest expense	4	385,379,538,559	259,603,257,712
Cash flows from operating profit before changes in operating assets and liabilities		35,159,560,044	65,374,892,584
(Increase)/Decrease in operating assets			
Balances with other banks		(65,151,928,394)	(28,102,013,935)
Loans to customers		(2,973,042,892,280)	(1,279,835,625,107)
Accrued interest income		(74,135,023,185)	22,870,000,000
Other assets		(454,864,322,332)	(96,161,669,596)
Increase/(Decrease) in operating liabilities			
Amounts due to BOL and other banks		222,678,245,215	828,050,490,722
Due to customers		2,797,266,000,063	1,705,260,532,811
Other liabilities		203,612,690,686	10,498,717,028
Cash generated from (used in) operations		(308,477,670,183)	1,227,955,324,507
Profit tax paid during the year		(308,477,670,183)	1,227,955,324,507
Interest Paid		(282,723,482,658)	(203,001,882,624)
Interest Received		450,580,336,362	313,947,329,508
Profit tax paid		(38,210,627,529)	(24,542,623,702)
Net cash flows from/ (used in) operating activities		(178,831,444,008)	1,314,358,147,689
INVESTING ACTIVITIES			
Payment for construction in progress and tangible assets	18, 20	(34,768,801,195)	(27,388,303,140)
Payment for intangible assets	19	(21,022,442,948)	-
Proceed from disposals of assets	20	58,123,013	119,333,456
Dividend received from investment in securities		-	100,000,000
Payment for associates and joint ventures investments		(333,340,000)	(340,000,000)
Net cash flows (used in)/from investing activities		(56,066,461,130)	(27,508,969,684)

The accompanying notes on pages 14 to 37 form an integral part of these financial statements.

JOINT DEVELOPMENT BANK LIMITED

STATEMENT OF CASHFLOW (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 LAK	2020 LAK
FINANCING ACTIVITIES			
Payment of dividend	26	(50,215,616,962)	(23,014,708,200)
Proceeds from issuance of share capital	24	20,000,000,000	-
Net cash flows used in financing activities		(30,215,616,962)	(23,014,708,200)
Net change in cash and cash equivalents		(265,113,522,100)	1,263,834,469,805
Cash and cash equivalents at the beginning of the year		2,188,015,165,087	924,180,695,282
Cash and cash equivalents at the end of the year	27	1,922,901,642,987	2,188,015,165,087
Non-cash investing activities			
Paid dividend by offsetting against receivable of shareholders and income tax for dividends	26	12,115,890,798	7,557,189,800

Prepared by:



Mr. Khamsing Sonesinnavong
Deputy General Director – Chief Accountant

Approved by:



Mr. Vilay Siphaphone
General Director

Vientiane, Lao PDR

29 April 2022

The accompanying notes on pages 14 to 37 form an integral part of these financial statements.

JOINT DEVELOPMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1. GENERAL INFORMATION

Joint Development Bank Limited (“the Bank”) is a limited liability bank incorporated and registered in Lao PDR.

The principal activities of the Bank are to provide banking services including mobilizing and receiving short-term, medium-term, and long-term deposits from organisations and individuals; making short-term, medium-term, and long-term loans to organisations and individuals based on the nature and capability of the Bank’s resources of capital, mainly for the development of agricultural sectors, foreign exchange transactions; and providing other banking services allowed by Bank of Lao PDR (BoL).

The Head Office of the Bank is located at No. 82, Lane Xang Road, Vientiane, Lao PDR. As of 31 December 2021, the Bank has one Head Office, fifty-six service units and three sub-unit services.

The financial information is presented in Lao Kip and rounded to the nearest million, unless otherwise stated.

The financial information was authorised for issue by the Bank’s management on 29 April 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below.

2.1 Basis of preparation

The financial statements have been prepared in accordance with the Bank’s accounting policies as described in the notes to the financial statements and the relevant BoL regulations and notifications. The accounting principles applied may differ from generally accepted accounting principles adopted in other countries and jurisdictions. The accompanying financial statements are not intended to present the financial position and financial performance in accordance with other jurisdictions.

Consequently, these financial statements are addressed only to those who are informed about the Bank’s accounting policies and the relevant accounting regulations and notifications of BoL.

The preparation of financial statements requires management to make estimates and assumptions affecting the amounts reported as assets and liabilities, the disclosure of any contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates.

JOINT DEVELOPMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

The comparative figure of prior year was reclassified for the comparative purpose of the financial statements as at 31 December 2021. The reclassification is as below:

Statement of cashflow

	31 December 2020 - as previous report LAK	Reclassification LAK	31 December 2020 - as revised LAK
(Increase)/Decrease in operating assets			
Other assets	(88,604,479,796)	(7,577,189,800)	(96,161,669,596)
FINANCING ACTIVITIES			
Payment of dividend	(30,571,898,000)	7,577,189,800	23,014,708,200

The financial statements have been prepared under the historical cost convention.

2.2 Recognition of interest income and expenses

Interest income recognition

Interest income is recognised on an accrual basis using the nominal interest rates stipulated in loan contracts with clients except for non-performing accounts and specific consideration.

Where an account becomes non-performing or when the management believes that the borrower has no ability to repay the principal and interest, the recording of interest is suspended, and interest income already recognised is reversed. Interest income will be recognised if accrued interest on non-performing loans will be subsequently collected or actually received. Customer accounts are deemed to be non-performing where repayments are in arrears for more than three months or 90 days. This is in line with the regulations of BoL.

Interest expense recognition

Interest expense on deposits from customers, other banks, finance institutions and borrowing are recognised on an accrual basis.

2.3 Recognition of fee and commission income

Fees and commissions consist of fees received for fund transfer (including cheque settlement), foreign currency exchange transactions, financial guarantees and other banking services.

Fee and commission income are recognized in the separate income statement on cash basis.

2.4 Recognition of dividend income

Dividend income is recognized when the Bank's right to receive the payment is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency transactions and translation

Monetary assets and liabilities denominated in currencies other than LAK at year end are translated into LAK at the exchange rate ruling on the statement of the financial report date. Income and expenses arising in foreign currencies during the period are converted into LAK using the respective month's average exchange rate. Gains and losses resulting from the settlement of such transactions and from the translation of such monetary assets and liabilities are recognised in the statement of income when earned and incurred.

2.6 Cash and cash equivalents

Cash and cash equivalents consist of cash, highly liquid short-term investments with an original maturity of less than to 30 days that are readily convertible to known amount of cash, and accounts due from banks with original maturity of less than 30 days or less.

2.7 Loans to customers

Loans to customers are recognized at cost and presented at outstanding balance less specific provision for credit activities.

2.8 Classification of and provision for credit activities

Provision for credit losses

Classification

In accordance with Regulation 512/BOL dated 29 June 2018, and Official Letter No.898/CBSD dated 14 November 2018, the Bank is required to classify loans and create a provision for impairment losses. Accordingly, loans are classified into performing or non-performing loans based on their payment arrears status and other qualitative factors.

Loans classified as normal/pass (Group A) and watch/special mention (Group B) are considered performing loans. Loans classified as substandard (Group C), doubtful (Group D) and loss (Group E) are considered non-performing loans.

The bank also applies the regulation 238/BoL, dated 26 March 2020 and Guidance 249/oL dated 11 May 2020 by the BoL on loan restructuring, extension and retention of loan classification group to assist the borrowers affected by COVID-19 pandemic. Accordingly, the Bank has restructured the loans qualified and retained their classification groups as before 1 January 2020.

Provision

Under Regulation 512/BOL dated 29 June 2018, to calculate provisions, banks can account for collateral value with the percentage prescribed in the Regulation to deduct it from the loan outstanding before applying the provision rates.

In accordance with Regulation 784/BOL dated 3 September 2019, commercial banks that grant loans to SMEs under this regulation are eligible to set up provision at 0.20% of outstanding the SME loan balances that are classified as normal.

Regarding the loans related to infrastructure development projects from the Government, which are overdue, but project repayments are within schedule by the Government, the Bank is allowed to classify there loans as Special Mention loans in accordance with Official Letter No. 172/BOL dated 15 May 2017 by the Bank of the Lao PDR.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Classification of and provision for credit activities (continued)

Provision (continued)

Provisions are categorised as general and specific based on the loan classification. Below is a summary of provision rates applicable for each loan classification as at the balance sheet date.

Group	Category	Accounting for provision balance	Provision rate	Accounting for changes in provision balance
Performing (general)				
A	Normal or pass	In capital and reserves	0.5%	Other expense/income
B	Watch or special mention	Deducted to loan balance	3%-5%	Other expense/income
Non-Performing (Specific)				
C	Substandard	Deducted to loan balance	20%	Net provision for NPL
D	Doubtful	Deducted to loan balance	50%	Net provision for NPL
E	Loss	Deducted to loan balance	100%	Net provision for NPL

- (i) Provision amount is calculated by the following formulas:
- General provision = Provision rate x Loan outstanding balance
 - Specific provision = Provision rate x Loan outstanding balance
- (ii) The performing-loan provision balance group A is recorded in the balance sheet in 'Provision for performing loans' under capital and reserve. The accumulated balance of the non-performing loan provision and the performing-loan provision balance group B are recorded to the balance sheet in 'Loans to customers, net of provision for NPLs'.
- (iii) Changes in the performing-loan provision is recorded in the income statement as 'Other operating expenses' for provision expenses, and 'Other operating income' for reversals of provision expenses. Changes in the non-performing loan provision are recorded in the income statement as 'Net provision for NPLs changed to/ (reversal out of) expenses'.

2.9 Leases

According to the BOL's Notification No. 1433/BOL dated 24 October 2019 that requesting commercial banks to apply IFRS 16 for preparation and presentation of financial statements.

The Bank recognised right-of-use assets and lease liabilities for those leases previously classified as finance lease or operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Leases (continued)

The lease contract for office lease before adopting IFRS16, the Bank classified each of its leases -lessee at the inception date as an operating lease. The rental fee record as period expenses based on contract period.

Right-of-use assets

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease arrangement based on whether the contract that conveys to the user (the lessee) the right to control the use of an identified asset for a period of time in exchange for consideration. If a contract contains more than one lease component, or a combination of leasing and services transactions, the consideration is allocated to each of these lease and non-lease components on conclusion and on each subsequent re-measurement of the contract on the basis of their relative stand-alone selling prices. The Bank combines lease and non-lease components, in cases where splitting the non-lease component is not possible.

The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The lease term includes periods covered by an option to extend if the Group is reasonably certain to exercise that option. Unless the Bank is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment assessment.

Lease liabilities

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating a lease, if the lease term reflects the Bank exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Bank uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying assets.

JOINT DEVELOPMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Investment securities

Available-for-sale investments

Available-for-sale investments include equity instruments that the Bank has intention to hold for investment and that are ready for trading. These securities are not frequently traded but could be sold at any time the transaction yield benefit.

Available-for-sale investment are initially recognized at cost and subsequently presented at cost less impairment (if any).

Periodically, the available-for-sale investments are subject to review for impairment. Provision for impairment of these securities is made when there has been a significant or prolonged decline in the fair value below their cost. Provision for impairment is recognized as "Net gain/(loss) from securities investment" in the income statement.

Held-to-maturity securities

Held-to-maturity investment securities are debt securities with fixed or determinable payments and maturities, which the Bank has intention and ability to hold to maturity to earn interest. When they are sold before maturity date, these securities will be reclassified as trading securities or available-for-sale securities.

Held-to-maturity securities are initially recognized at cost and subsequently presented at cost. Premiums and discounts arising from securities purchases are amortized in the statement of income using the straight-line method over the year from the acquisition dates to the maturity dates.

Periodically, the held-to-maturity securities are subject to review for impairment. Provision for impairment of these securities is made when there has been a significant or prolonged decline in the fair value below their cost. Provision for impairment is recognized as "Net gain/(loss) from securities investment" in the statement of income.

2.11 Investment in joint venture

The Bank's investments in joint venture are recognized at cost and subsequently reflected at cost in the statement of financial position. Dividend and income transferred from joint ventures are recognized in the statement of income as "Net gain from equity investment".

JOINT DEVELOPMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Fixed assets

2.12.1 Intangible fixed assets

Intangible fixed assets consist of land use rights and software. Acquired computer software is measured at cost. These costs are amortised over their estimated useful lives as follow

Land use rights (*)	No amortisation
Computer software	20%

(*): Cost of land use rights is not amortized as they have indefinite life.

Cost associated with maintaining computer software are recognised as an expense as incurred.

2.12.2 Tangible fixed assets

Tangible fixed assets consist of buildings and improvements, office equipment, furniture and fixtures, and motor vehicles.

Fixed assets are stated at cost less accumulated depreciation, if any.

The cost of an asset comprises its purchase price plus any costs directly attributable to the bringing of the asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are capitalized and expenditures for maintenance and repairs are charged to the statement of income, if any.

When assets are sold or disposed, their cost and accumulated depreciation or amortization are removed from the statement of financial position and any gains or losses resulting from their disposal are posted to the statement of income.

2.13 Depreciation

Depreciation and amortization of fixed assets are provided on the straight-line basis at prescribed rates over their estimated useful life in accordance with the Tax Law revised No. 67 date 18 Jun 2019 effective for accounting periods starting on 1 January 2020. The following are the annual rates used:

Buildings & improvements	5%
Office equipment	20%
Motor vehicles	20%
Furniture and fixtures	10% - 20%

2.14 Regulatory reserve fund

Under the Law on Commercial Banks date 7 December 2018 requires commercial banks to allocate net profit to a regulatory reserve fund, business expansion fund, and others.

In accordance with the Enterprise Law, the Bank is required to appropriate 10% of profit after tax each year into Regulatory reserve fund. When this reserve fund reaches 50% of the registered capital, the Bank may suspend such provision, unless otherwise provided by the laws. The Bank will record after getting approval from Annual General Meeting (AGM).

The Business expansion fund and other funds shall be created upon decision of the Board of Directors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Taxation

The Bank is obliged to pay profit tax at rate of 20% of total taxable profit in accordance with the Tax Law.

The Bank's tax returns are subject to examination by the tax authorities. Because the application of Income Tax Laws and regulations in many types of transactions is susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date upon final determination by the tax authorities.

2.16 Employee benefits

Post-employment benefits

Post-employment benefits are paid to retired employees of the Bank by the Social Security Fund Department which belongs to the Ministry of Labour and Social Welfare. The Bank is required to contribute to these post-employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 6.00% of the employee's basic salary on a monthly basis. The Bank has no further obligation concerning post-employment benefits for its employees other than this.

Termination benefits

In accordance with Article 82 of the Amended Labour Law No. 43/NA dated 24 December 2013 and the Decree of the President of the Lao People's Democratic Republic on the Promulgation of the Labour Law (Amended) No. 068/P dated 28 January 2014, the Bank has the obligation to pay allowance for employees who are terminated by dismissal in the following cases:

- ▶ The employee lacks specialised skills or is not in good health and thus cannot continue to work.
- ▶ The employer considers it necessary to reduce the number of workers in order to improve the work within the labour unit.

For the termination of an employment contract on any of the above-mentioned grounds, the employer must pay a termination allowance which is calculated on the basis of 10% of the basic monthly salary earned before the termination of work multiplied by the total number of months worked.

As at 31 December 2021, there is no employees of the Bank who were dismissed under the above-mentioned grounds, therefore the Bank has not made a provision for termination allowance in the financial statements.

JOINT DEVELOPMENT BANK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

3. SIGNIFICANT EVENTS DURING THE CURRENT PERIOD

According to the Prime Minister ordered No. 15 dated 21 April 2021 to Lockdown Vientiane Capital and other provinces. The new order which has effective from 22 April 2021 to 5 May 2021. However, the Lockdown period was extended for the risk zone and on November the Ministry of health had issue the guideline how to protect, self-treatment and to be safe from the COVID-19 by continue encouraging people take COVID-19 vaccine.

The Bank of Lao PDR has announced several COVID-19 pandemic temporary relief measures such as they have waived compliance with Regulation 512/BOL for commercial banks and financial institutions, dated 29 June 2018. This means that after loans are restructured, they can be classified in the same group as they were before restructuring. The waiver also allows commercial banks to restructure loans classified as 'non-performing loans' more than twice and lend credit to customers affected by COVID-19.

In response, the Bank has continually applied with the Bank of Lao PDR's announcement such as loan restructuring and closely monitored the effect of COVID-19 to customers which might have an impact to its loan portfolio.

4. NET INTEREST AND SIMILAR INCOME

	2021	2020
	LAK	LAK
Interest and similar income from:		
Interbank transactions	1,266,624,220	165,484,809
Loans to customers	509,448,878,329	327,946,203,286
Bonds issued by the MOF	13,999,856,998	1,620,142,727
	524,715,359,547	329,731,830,822
Interest and similar expenses for:		
Deposits from other banks	(32,657,936,787)	(10,309,767,382)
Customers' deposits	(352,721,601,772)	(249,293,490,330)
	(385,379,538,559)	(259,603,257,712)
Net interest and similar income	139,335,820,988	70,128,573,110

5. FEE AND COMMISSION INCOME

	2021	2020
	LAK	LAK
Fee and commission income from:		
Interbank transactions	319,560,568	848,531,120
Trade finance, ATM and transmittance activities	152,888,437,793	137,249,820,745
Settlement services	3,194,284,471	3,133,810,003
	156,402,282,832	141,232,161,868
Fees and commission expenses for:		
Settlement services	(1,244,875,868)	(1,374,565,804)
Interbank transactions	(14,143,972,252)	(8,059,687,576)
	(15,388,848,120)	(9,434,253,380)
Net fee and commission income	141,013,434,712	131,797,908,488

JOINT DEVELOPMENT BANK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

6. NET (LOSS)/GAIN FROM SECURITIES INVESTMENT

	2021 LAK	2020 LAK
Dividend and other equivalent income	-	100,000,000
Dividend of EDL-Gen shares	-	100,000,000
Profit from bond discount	7,947,669,420	-
Discount of bonds	7,947,669,420	-
Impairment provision for Available-for-sale securities	-	(1,030,000,000)
	<u>7,947,669,420</u>	<u>(930,000,000)</u>

7. OTHER OPERATING INCOME

	2021 LAK	2020 LAK
Reversal of accrued interests and expenses	272,882,076	194,659,498
Recovery of bad debts written off	169,294,822	5,511,334,019
Income from disposing fixed assets	20,355,230	119,338,456
Others income from baking expenses	2,125,494,270	1,459,105,626
Revenue from non-banking operation	1,390,416,697	1,109,029,189
Extraordinary income	1,128,365,070	94,086,032
	<u>5,106,808,165</u>	<u>8,487,552,820</u>

8. PAYROLL AND OTHER STAFF COSTS

	2021 LAK	2020 LAK
Wages and allowances	43,724,392,151	45,020,674,410
Insurance expense for employees	1,700,757,013	1,700,720,226
Bonus and welfare benefits	1,006,308,260	971,162,431
Pension expenses	7,806,948,812	426,510,755
Training expenses	26,583,046	32,800,000
Others	52,792,000	178,394,308
	<u>54,317,781,282</u>	<u>48,330,262,130</u>

9. NET GAIN FROM DEALING IN FOREIGN CURRENCIES

	2021 LAK	2020 LAK
Gain from dealing in foreign currencies	2,137,805,962,055	1,400,455,632,314
Loss from dealing in foreign currencies	<u>(2,105,671,925,384)</u>	<u>(1,373,940,527,673)</u>
	<u>32,134,036,671</u>	<u>26,515,104,641</u>

JOINT DEVELOPMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

10. OTHER ADMINISTRATIVE EXPENSES

	2021 LAK	2020 LAK
Brokerage and professional fees	749,970,250	449,260,715
Fuel and oils	821,152,277	1,075,195,010
Official business trips	3,848,713,195	3,251,006,921
Publication, marketing and promotion expenses	5,445,622,755	2,674,437,412
General and administration expenses	3,574,090,297	2,996,092,185
Insurance fees	600,114,932	444,682,129
Post and telecommunications	3,633,800,841	3,141,440,011
Maintenance and repair	10,689,972,123	9,143,675,524
Electricity and water supply	2,663,647,228	2,514,826,021
Office rental	5,306,928,456	6,931,738,488
Entertainments	1,717,182,205	2,158,079,117
Other	13,216,940,093	11,989,525,371
	52,268,134,652	46,770,018,904

11. OTHER OPERATING EXPENSES

	2021 LAK	2020 LAK
Depositor Protection Fund expense	7,055,398,335	5,022,187,671
Net provision for performing loans (Note 16.3)	13,706,338,099	6,342,858,278
Others	1,180,276,581	1,403,204,660
	21,942,013,015	12,768,250,609

12. CASH ON HAND

	2021 LAK	2020 LAK
Cash on hand in LAK	193,356,278,568	572,664,806,300
Cash on hand in foreign currencies	566,354,179,999	148,050,601,500
	759,710,458,567	720,715,407,800

JOINT DEVELOPMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

13. BALANCE WITH BOL

	2021 LAK	2020 LAK
Demand deposits	933,593,952,455	1,249,788,829,841
Compulsory reserves (i)	199,367,383,324	215,713,454,930
Registered capital deposits (ii)	20,005,915,000	5,915,000
	<u>1,152,967,250,779</u>	<u>1,465,508,199,771</u>

Accounts with the BOL include settlement and compulsory. These balances earn no interest.

- (i) Under regulations of the BOL, the Bank is required to maintain certain reserves with the BOL in the form of compulsory deposits, which are computed at 4.00% for LAK and 8.00% for foreign currencies (2020: 4.00% and 8.00%), on a bi-monthly basis, of customer deposits having original maturities of less than 12 months. During the year, the Bank maintained its compulsory deposits in compliance with the requirements by the BOL.
- (ii) Under regulation of Degree No. 02/PR of BOL, commercial banks are required to maintain a minimum balance of special deposit at BOL which is equivalent to 25% of their paid-up capital to secure for their operational continuance. The Bank was approved by BOL supplement its working capital. As at 31 December 2021, the balance of special deposit of the Bank is LAK 20,005,915,000

14. DUE FROM OTHER BANKS

	2021 LAK	2020 LAK
Demand deposits at other banks	160,550,196,180	173,200,203,737
- Domestic banks	64,197,606,167	88,477,624,953
- Foreign banks	96,352,590,013	84,722,578,784
Term deposits at other banks	80,000,000,000	18,502,000,000
- Domestic banks (ii)	80,000,000,000	18,502,000,000
Saving deposits at other banks	69,047,035,785	44,310,723,709
- Domestic banks	40,461,924,234	7,157,739,234
- Foreign banks	28,585,111,551	37,152,984,475
	<u>309,597,231,965</u>	<u>236,012,927,446</u>

Interest rates for amounts due from other banks during the year are as follows:

- (i) Saving deposits have no term and earn interest at rate ranging from 0.4% per annum (2020: 0.5% to 1.89% per annum)
- (ii) The term deposit is denominated in USD, having term of 3 months, along with the interest at rate of 2.05% - 3% per annum (2020: 2.9% per annum)

JOINT DEVELOPMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

15. INVESTMENT IN SECURITIES

	2021 LAK	2020 LAK
Available-for-sale securities (i)	2,350,000,000	2,350,000,000
Held-to-maturity securities (ii)	380,018,143,544	27,000,000,000
	<u>382,368,143,544</u>	<u>29,350,000,000</u>

15.1 Available-for-sale securities

Detail of the available-for-sale securities are follows:

	2021 LAK	2020 LAK
Listed shares of EDL-Generation Public Company	4,300,000,000	4,300,000,000
Provision for impairment loss	(1,950,000,000)	(1,950,000,000)
	<u>2,350,000,000</u>	<u>2,350,000,000</u>

- (i) Available-for-sale securities represent one million listed shares of EDL- Generation Public Company. These shares have face value of 4,300 per share.

15.2 Held-to-maturity securities

- (ii) Represent the bonds issue by Ministry of Finance. Details of other bonds by contractual maturity date are as follows:

Details of other bonds by contractual maturity date are as follows:

	2021 LAK	2020 LAK
Within 1 year	15,000,000,000	27,000,000,000
1 to 5 years	128,702,244,268	-
Over 5 years	236,315,899,276	-
	<u>380,018,143,544</u>	<u>27,000,000,000</u>

Details of other bonds by interest rate are as follows:

	2021 %	2020 %
Within 1 year	6.00%	5.00% - 4.00%
1 to 5 years	3.00% - 5.00%	-
Over 5 years	5.00% - 6.00%	-

JOINT DEVELOPMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

16. LOANS TO CUSTOMERS, NET OF SPECIFIC PROVISION FOR CREDIT ACTIVITIES

	2021 LAK	2020 LAK
Loans to customers (Note 16.1; 16.2; 16.3; 16.4)	7,568,558,996,707	4,600,829,272,369
Less specific provision	(2,520,015,810)	(5,313,167,942)
In which:		
Specific provision for special mention loans	(1,080,835,562)	(3,962,600,132)
Specific provision for non-performing loans	(1,439,180,248)	(1,350,567,810)
	<u>7,566,038,980,897</u>	<u>4,595,516,104,427</u>

Interest rates for commercial loans during the year are as follows:

	2021 Interest rates % per annum	2020 Interest rates % per annum
Loans denominated in LAK	5.50% - 14.00%	6.00% - 14.00%
Loans denominated in USD	7.00% - 13.00%	6.00% - 13.00%
Loans denominated in THB	7.00% - 13.00%	6.00% - 13.00%
Loans denominated in CNY	6.00%	-

16.1 Analysis of loan portfolio by currency

	2021 LAK	2020 LAK
Loans denominated in LAK	1,613,302,362,760	1,384,176,201,557
Loans denominated in USD	3,637,758,589,842	1,792,433,127,851
Loans denominated in THB	2,303,108,144,105	1,424,219,942,961
Loans denominated in CNY	14,390,000,000	-
	<u>7,568,558,996,707</u>	<u>4,600,829,272,369</u>

16.2 Analysis of loan portfolio by quality

	2021 LAK	2020 LAK
Normal or Pass	7,498,546,026,547	4,536,368,618,108
Watch or Special Mention	57,543,521,592	45,018,927,000
Substandard	8,360,765,867	19,337,221,633
Doubtful	8,682,701	18,699,128
Loss	4,100,000,000	85,806,500
	<u>7,568,558,996,707</u>	<u>4,600,829,272,369</u>

JOINT DEVELOPMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

16. LOANS TO CUSTOMERS, NET OF SPECIFIC PROVISION FOR CREDIT ACTIVITIES (CONTINUED)

16.3 Changes in provision for credit losses

Changes in provision for credit losses during the year 2021 are as follows:

	Provision for NPL Specific provision for NPL LAK	Provision for PL Specific provision for special mention loans LAK	General provision for normal loans LAK	Total LAK
Balance as at 1 January 2021	3,962,600,132	1,350,567,810	22,695,329,628	28,008,497,570
Provision charged/(reversed) in the year	(292,064,730)	1,436,714,613	12,269,623,486	13,414,273,369
Reclass to normal or pass	(2,593,280,436)	(1,350,567,810)	-	(3,943,848,246)
Foreign exchange differences	3,580,596	2,465,635	2,941,058,002	2,947,104,233
Balance as at 31 December 2021	1,080,835,562	1,439,180,248	37,906,011,116	40,426,026,926

Changes in provision for credit losses during the year 2020 are as follows:

	Provision for NPL Specific provision for NPL LAK	Provision for PL Specific provision for special mention loans LAK	General provision for normal loans LAK	Total LAK
Balance as at 1 January 2020	5,976,094,139	308,477,961	16,488,032,405	22,772,604,505
Provision charged/(reversed) in the year	(2,076,211,390)	953,116,279	5,389,741,999	4,266,646,888
Foreign exchange differences	62,717,383	88,973,570	817,555,224	969,246,177
Balance as at 31 December 2020	3,962,600,132	1,350,567,810	22,695,329,628	28,008,497,570

JOINT DEVELOPMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

16. LOANS TO CUSTOMERS, NET OF SPECIFIC PROVISION FOR CREDIT ACTIVITIES
(CONTINUED)

16.4 Provision for credit losses of loans to customers (continued)

The breakdown of loan classification and provision as required by the BoL as at 31 December 2021 is as follows:

Classification	Loan balance LAK	Specific Provision LAK	General provision LAK
Performing loans			
- Normal or Pass	7,515,216,873,214		37,906,011,116
- Watch or Special Mention	47,972,674,925	1,439,180,248	-
Non-performing loans			
- Substandard	5,360,765,867	1,072,152,861	-
- Doubtful	8,682,701	8,682,701	-
Total	7,568,558,996,707	2,520,015,810	37,906,011,116

The breakdown of loan classification and provision as required by the BoL on 31 December 2020 is as follows:

Classification	Loan balance LAK	Specific Provision LAK	General provision LAK
Performing loans			
- Normal or Pass	4,536,368,618,108	-	22,695,329,628
- Watch or Special Mention	45,018,927,000	1,350,567,810	-
Non-performing loans			
- Substandard	19,337,221,633	3,867,444,068	-
- Doubtful	18,699,128	9,349,564	-
- Loss	85,806,500	85,806,500	-
Total	4,600,829,272,369	5,313,167,942	22,695,329,628

17. INVESTMENT IN ASSOCIATES AND INTEREST IN JOINT VENTURE

	2021		2020	
	Book value LAK	Ownership %	Book value LAK	Ownership %
Lao National Payment Network Company Limited	1,187,780,000	5%	854,440,000	5%
	1,187,780,000		854,440,000	

Lao National Payment Network Company Limited (LAPNet) is an associate among the Bank of the Lao PDR, Union Pay International, Lao Development Bank, Agriculture Promotion Bank, Banque Pour Le Commerce Exterieur Lao Public, Lao-Viet Bank, ST Bank and the Bank.

JOINT DEVELOPMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

18. CONSTRUCTION IN PROGRESS AND FIXED ASSETS IN TRANSIT

	2021 LAK	2020 LAK
Balance as at 1 January	2,751,157,513	1,183,081,956
- Additions during the year	18,030,060,667	10,028,290,264
- Transferred to fixed assets	(12,686,593,219)	(7,471,500,559)
- Other decrease	-	(988,714,148)
Balance as at 31 December	8,094,624,961	2,751,157,513

19. INTANGIBLE FIXED ASSETS

	Land use rights LAK	Software LAK	Total LAK
At 1 January 2020			
Cost	131,396,012,042	52,330,210,704	183,726,222,746
Accumulated amortisation	-	(45,804,230,081)	(45,804,230,081)
Net book amount at 1 January 2020	131,396,012,042	6,525,980,623	137,921,992,665
Year ended 31 December 2020			
Opening net book amount	131,396,012,042	6,525,980,623	137,921,992,665
Additions	18,518,213,000	2,504,229,948	21,022,442,948
Amortisation	-	(8,267,800,050)	(8,267,800,050)
Written-off, net book value	-	-	-
Reclassification	(231,380,000)	-	(231,380,000)
Closing net book amount	149,682,845,042	762,410,521	150,445,255,563
At 31 December 2021			
Cost	149,682,845,042	54,834,440,652	204,517,285,694
Accumulated amortisation	-	(54,072,030,131)	(54,072,030,131)
Net book amount at 31 December 2021	149,682,845,042	762,410,521	150,445,255,563

JOINT DEVELOPMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

20. TANGIBLE FIXED ASSETS

Movement of tangible fixed assets for the year ended 31 December 2021 is as follows:

	Buildings & improvements LAK	Office equipment LAK	Furniture & fixtures LAK	Motor vehicles LAK	Right-of-use assets LAK	Total LAK
At 1 January 2020						
Cost	68,404,235,966	48,180,205,100	66,095,215,286	11,329,849,967	14,219,271,621	208,228,777,940
Accumulated depreciation	(21,567,865,506)	(36,621,531,848)	(44,048,697,623)	(9,561,734,716)	(3,632,978,935)	(115,432,808,628)
Net book amount at 1 January 2020 - Restated	46,836,370,460	11,558,673,252	22,046,517,663	1,768,115,251	10,586,292,686	92,795,969,312
Year ended 31 December 2021						
Opening net book amount	46,836,370,460	11,558,673,252	22,046,517,663	1,768,115,251	10,586,292,686	92,795,969,312
Additions	-	14,632,417,628	1,253,653,805	1,000,779,300	1,475,570,933	18,362,421,666
Transfer in/(out)	(1,008,926,273)	1,151,604,196	11,534,989,023	1,240,306,273	1,240,306,273	12,917,973,219
Disposal - net	-	(11,313,702)	(46,809,311)	-	(1,623,681,137)	(58,123,013)
Adjustment	-	-	-	-	(1,623,681,137)	(1,623,681,138)
Depreciation	(3,395,638,654)	(5,665,535,059)	(8,571,117,861)	(783,339,266)	(1,351,954,953)	(19,767,585,793)
Closing net book amount	42,431,805,533	21,665,846,313	26,217,233,319	1,985,555,285	10,326,533,802	102,626,974,253
At 31 December 2021						
Cost	67,294,622,533	63,682,188,081	77,599,607,908	12,330,629,267	11,678,488,754	232,585,536,543
Less: Accumulated depreciation	(24,862,817,000)	(42,016,341,768)	(51,382,374,589)	(10,345,073,982)	(1,351,954,952)	129,958,562,290
Net book value at 31 December 2021	42,431,805,533	21,665,846,313	26,217,233,319	1,985,555,285	10,326,533,802	102,626,974,253

JOINT DEVELOPMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

21. OTHER ASSETS

	2021 LAK	2020 LAK
Tax recoverable (Note 25)	3,031,632,420	1,299,205,393
Advance to foreign credit cards	2,305,712,071	2,769,287,691
Advance to suppliers	-	2,150,519,009
Prepaid expense waiting to be allocated	1,847,637,849	2,117,668,871
Receivables from Chairman (Note 30.2)		4,913,355,909
Receivables from employee (i)	6,015,012,492	1,373,751,746
Advance to Shareholder and Tax Authority (ii)	-	28,896,995,659
Foreclosed assets held-for-sale (iii)	305,537,288,180	295,040,563,409
Others (iv)	110,618,043,668	25,337,620,719
	429,355,326,680	363,898,968,406

- (i) These represent the remaining part of the amount of cash stolen by Bank's employees.
(ii) These represent the amount of dividend temporarily advance to owners based on the interim results of 2015 and 2019. The related profit tax of such dividend was withheld and paid to Tax Authority.
(iii) Includes foreclosed assets under the agreement with clients.
(iv) These include pending remittance amounts, prepaid expenses for stationery and uniform, and uniform, and cheques returned.

22. DUE TO OTHER BANKS AND FINANCIAL INSTITUTIONS

	2021 LAK	2020 LAK
Demand deposits	8,567,264,530	1,448,026,948
Domestic banks and financial institutions	8,241,084,206	1,448,026,948
National treasury	326,180,324	-
Saving deposits	55,210,829	-
Domestic banks and financial institutions	55,210,829	-
Term deposits	255,587,360,000	168,360,000,000
Domestic banks and financial institutions	254,465,000,000	167,510,000,000
Other institutions	1,122,360,000	850,000,000
Borrowings	902,048,921,951	773,300,000,000
Bank of Lao PDR*	901,576,436,804	773,300,000,000
Other payables to other banks and financial institutions	472,485,147	-
	1,166,258,757,310	943,108,026,948

Interest rates for deposits from other banks and financial institutions during the year are as follows:

	2021 % per annum	2020 % per annum
Demand deposits	Non-interest bearing	Non-interest bearing
Term deposits	1.70% – 5.59%	3.20 – 5.59%

(*) Details of BOL Borrowing as at 31 December 2021 are as follows:

Purpose	Currency	Term	Interest rate % per annum	2021 LAK
Covid 19 Program	LAK	6 years	3.00%	901,576,436,804

JOINT DEVELOPMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

23. DUE TO CUSTOMERS

	2021 LAK	2020 LAK
Demand deposits	370,922,083,395	337,721,494,679
Demand deposits in LAK	81,908,042,976	86,455,921,229
Demand deposits in foreign currency	289,014,040,419	251,265,573,450
Saving deposits	1,652,017,199,815	1,214,479,241,646
Saving deposits in LAK	446,167,632,214	380,828,190,920
Saving deposits in foreign currency	1,105,849,567,601	833,651,050,726
Fixed term deposits	6,704,639,765,708	4,393,152,311,830
Fixed term deposits in LAK	1,000,238,090,741	765,542,448,285
Fixed term deposits in foreign currency	5,704,401,675,708	3,627,609,863,545
Other payable	1,500,000	1,850,200
Other payable in LAK	-	-
Other payable in foreign currency	1,500,000	1,850,200
	8,727,580,548,918	5,945,354,898,355

The interest rates during the year for these deposits are as follows:

	2021 % per annum	2020 % per annum
Demand deposits	No interest	No interest
Saving deposits in LAK	0.85%-3.78%	0.85%-1.89%
Saving deposits in USD	0.50%-3.00%	0.50%-1.50%
Saving deposits in THB	0.50%-3.00%	0.50%-1.50%
Saving deposits in CNY	0.30%	
Term deposits in LAK	1.50%-6.90%	1.50%-6.90%
Term deposits in foreign currencies	1.00%-7.75%	1.00%-7.75%

24. Share capital

	Share capital LAK	Issue and paid-up share capital LAK
At 31 December 2020	404,666,100,000	404,666,100,000
At 1 January 2021	404,666,100,000	404,666,100,000
Issue of shares	20,000,000,000	-
At 31 December 2021	424,666,100,000	404,666,100,000

According to letter from BOL No. 595/ກຸກ on 28 October 2021, the Bank increase share capital from LAK 404,666,100,000 to LAK 424,666,100,000.

As at the date of this report, the contributed capital is LAK 424,666 million which doesn't meet the required LAK 500,000 million stipulated by Decree No. 752/BOL dated 27 August 2019 and Decree No. 56/PM dated 7 December 2018. The Decree requires all commercial banks in Lao PDR to increase their charter capital to LAK 500,000 million within 5 year since 1 September 2019. Management is in process of discussing their plan with shareholders and the BOL and believe that the Bank can comply with this Decree with no significant effect on business.

JOINT DEVELOPMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

25. RESERVES

Regulatory reserve fund

	Regulatory reserve fund LAK	Business expansion fund LAK	Total LAK
As at 1 January 2020	391,685,038	550,517,242	942,202,280
Appropriate to reserves for the year 2020	<u>8,568,371,347</u>	<u>4,284,185,674</u>	<u>12,852,557,022</u>
As at 31 December 2020	<u>8,960,056,385</u>	<u>4,834,702,916</u>	<u>13,794,759,302</u>
As at 1 January 2021	8,960,056,385	4,834,702,916	13,794,759,302
Appropriate to reserves for the year 2021	<u>8,391,942,090</u>	<u>4,195,971,045</u>	<u>12,587,913,135</u>
As at 31 December 2021	<u>17,351,998,475</u>	<u>9,030,673,961</u>	<u>26,382,672,437</u>

26. DIVIDENDS

	2021 LAK	2020 LAK
Dividend paid	<u>62,331,507,764</u>	<u>30,571,898,000</u>
<u>Less: Income tax for dividends (10%)</u>	(6,233,150,776)	(2,557,189,800)
<u>Less: Shareholder debts</u>	(5,882,740,026)	(5,000,000,000)
Net dividend paid	<u>50,215,616,962</u>	<u>23,014,708,200</u>

On 5 March 2020, the general shareholder's meeting approved the pay dividends from net profit for 2019 to shareholders' amounting to LAK 30,571,898,001. These dividends were paid in March 2020.

On 28 January 2021, the general shareholder's meeting approved to pay dividends from net profit for 2020 to shareholders' amounting to LAK 62,331,507,764. These dividends were paid in February 2021.

JOINT DEVELOPMENT BANK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

27. TAXATION

Profit tax expense

Current profit tax expense

Provision is made for profit tax on the current period's profits, based on the Tax Law. The Bank is obliged to pay tax at rate of 20% on total taxable profit before profit tax (31 December 2020: 20%).

	2021	2020
	LAK	LAK
Profit/(Loss) before tax	169,369,366,812	109,172,787,594
Less:		
Dividends received	-	(100,000,000)
Add:		
Non-deductible expenses	6,525,608,733	3,602,013,924
Taxable profit	175,894,975,545	112,674,801,518
Current profit tax at 20% (2020: 20%) of taxable profit	35,178,995,109	22,534,960,304
Tax adjustment for previous years based on result of tax authority's inspection	-	954,113,818
	35,178,995,109	23,489,074,122
Payable at the beginning of the year	(1,299,205,393)	(245,655,813)
Tax paid during the year	(36,911,422,136)	(24,542,623,702)
Payable at the end of the year	(3,031,632,420)	(1,299,205,393)

The Bank's tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations in many types of transactions is susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date upon final determination by the tax authorities.

28. Contingent liabilities

On 6 November 2019, the Ministry of Finance issued Notification No. 4475/MOF requesting commercial banks to recalculate profit tax for the years from 2016 to 2019 in which provision for credit losses should be considered as non-deductible expenses. The Bank has submitted Official Letter No. 003/JDB dated 21 January 2020 to Bank of the Lao PDR to seek for further clarification and detailed guidance on the implementation of such Notification. Until the date of the financial statements, the Bank has not yet received the responses from Ministry of Finance and Bank of the Lao PDR and the impact of this issue (if any) has not been yet defined. Therefore, the Bank has not booked any adjustments on the financial statements for the fiscal year 2021.

29. CASH AND CASH EQUIVALENTS

	2021	2020
	LAK	LAK
Cash on hand	759,710,458,567	720,715,407,800
Demand deposits with the BoL	933,593,952,455	1,249,788,829,841
Current accounts with other banks	229,597,231,965	217,510,927,446
	1,922,901,642,987	2,188,015,165,087

JOINT DEVELOPMENT BANK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

30. TRANSACTIONS WITH RELATED PARTIES

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Bank, including holding companies are related parties of the Bank. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Bank and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

30.1 Significant transactions with related parties during the year 2021 are as follows:

	<u>2021</u> <u>LAK</u>	<u>2020</u> <u>LAK</u>
Shareholder:		
- Interest income from: Simuong Group Co., Ltd	44,224,419,888	250,852,858
- Interest expense to: Ms. Kanya Phichit	636,547,332	3,521,044,753
Related parties:		
- Interest income from: Under common control of JDB's Chairman	62,833,374,004	5,787,732,806

30.2 Significant balances with related parties as at 31 December 2021 are as follows:

	<u>2021</u> <u>LAK</u>	<u>2020</u> <u>LAK</u>
Shareholder:		
- Current deposit Simuong Group Co., Ltd	5,039,765,007	330,988,350
- Fixed deposit Ms. Kanya Phitchit	25,262,037	9,251,000,000
- Loan to: Simuong Group Co., Ltd	1,137,335,952,670	601,810,380,000
Related parties:		
- Current deposit Under common control of JDB's Chairman	3,883,485,279	6,166,383,293
- Fixed deposit Mr. Akaphanh Phaphithack - Chairman	-	2,437,334
- Advance to related parties Mr. Akaphanh Phaphithack - Chairman	-	4,913,355,909
- Loan to Under common control of JDB's Chairman	820,175,065,349	727,254,025

30.3 Remuneration to members of the Board of Directors and Management is as follows:

	<u>2021</u> <u>LAK</u>	<u>2020</u> <u>LAK</u>
Salaries	4,800,391,000	4,713,800,000

JOINT DEVELOPMENT BANK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

31. EVENTS AFTER THE REPORTING DATE

There are no events after the reporting date that require disclosure or adjustment in financial statements of the Bank.