



2021

ANNUAL REPORT

- Corporate Summary ●
- Organization Structure ●
- Financial Report ●
- Business Unit Network ●
- Events ●



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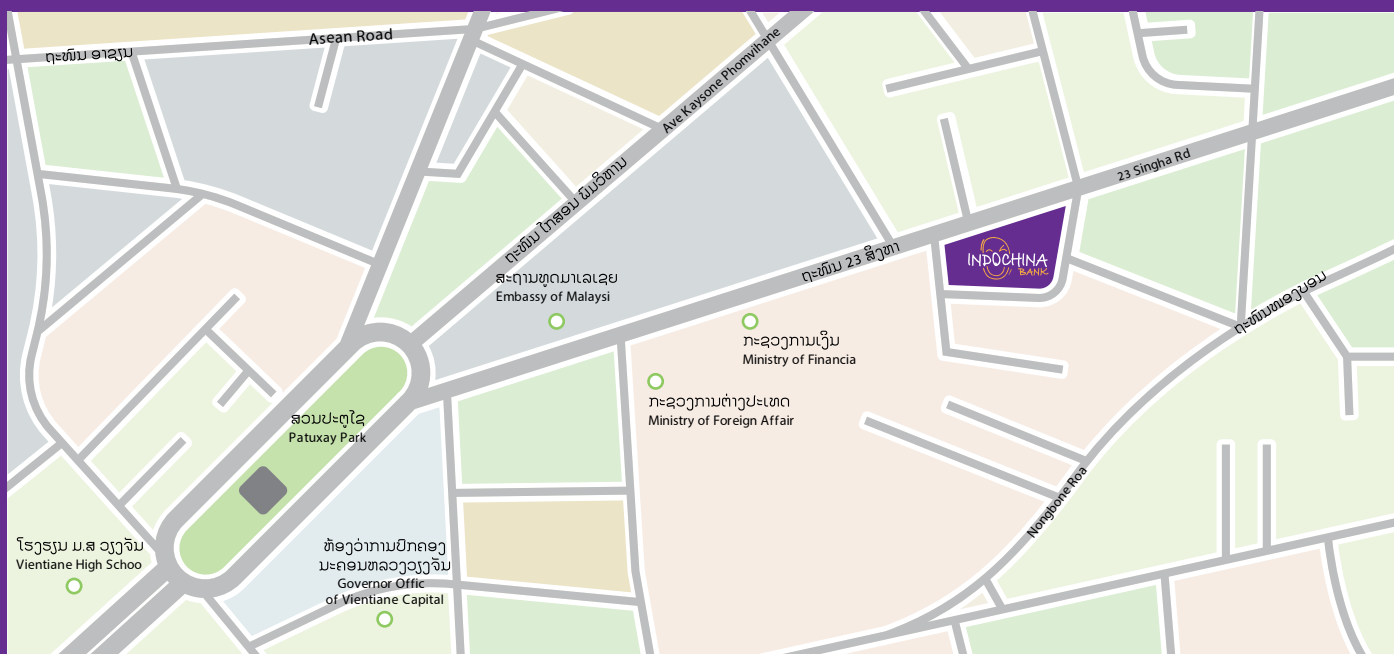
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PART 1

CORPORATE SUMMARY

1.1. Corporate Information

Bank Name	: Indochina Bank Ltd.
Registration No.	: 53/BOL, 28 th November 2008
Chairman	: Mr. Oh Sei Young
Managing Director	: Mr. Tay Hong Heng
Registered Office	: 1 st -3 rd Floor, KOLAO Tower I, 23 Singha Road, Vientiane Capital, Lao PDR
Contact Numbers	: Tel: +856 21 455 000, Fax: +856 21 455 111
Website	: www.indochinabank.com



1.2. Corporate Background

Indochina Bank Ltd ("the Bank") is a foreign owned locally incorporated commercial bank. The Bank was incorporated in Lao People's Democratic Republic ("Lao PDR") on 26 May 2008 under a Foreign Investment License No.070-08/PI granted by Ministry of Planning and Investment and under Banking Business License No.53/BOL granted by the Bank of the Lao PDR ("BOL") on 28 November 2008.

Indochina Bank officially commenced its business on the 6th February 2009 in Vientiane Capital. The Bank's shareholders comprise of reputable individuals with strong and stable financial background.

1.3. Vision of the Bank

Indochina Bank is moving forward to establish a strong foothold in the country by taking advantage of the steady economic growth of Lao People's Democratic Republic. The vision of the bank is;

"To be the No.1 private bank in Laos, in terms of business growth, customer service, products, profit as well as branding, and continually enhancing its service to meet customer's highest level of satisfaction."

CHAIRMAN'S MESSAGE

Since its inception more than 13 years ago, Indochina Bank (IB) has travelled a long way with a solid commitment in making sure our customers are the heart of our business. Be it before, during or post the pandemic, IB has always been enthusiastic about serving our customers with strong level of professionalism reflected through continuous enhancement of products, services and competitive client value proposition for both depositors and borrowers.

We adhere to the mindset of staying close to our customers and their loved ones in all the moments of their lives. We therefore have invested in and created a number of innovative products and services to enable that business paradigm. The strong customer loyalty and solid customer base have proven our business strategies right. IB has today successfully managed to overcome all the challenges rendered by numerous unforeseeable circumstances thanks to the support of our customers.

Our investment in technology has demonstrated our continuous commitment in developing further to be the best private bank in Laos. We are rather long-term oriented in our investment and customer relationship. We believe that sustainability in business is created by non-stop improvement which will result in on-going trust and support from our customers as well as the community at large.

Undoubtedly, the pandemic has created a lot of impact to the economy across all sectors whereby banks are not exempt. The lessons businesses learnt from this incident is highly valuable as far as risk management is concerned. At least, this has confirmed our conservative approach to doing business is the right strategy.

With good sign of recovery from COVID 19, IB is now very excited to continue serving our customers with more well-thought products and services, and of course with our well-trained talent.

We had worked tirelessly formulating new business ideas in preparation for the brighter days where our people can get out there to meet with our customers more and more.

In summary, I would like to, as the Chairman of IB, take this opportunity to express my sincere gratitude and thanks to all supporters of the bank. Our customers, the regulators, the staff members and all stakeholders have made IB bank where we are today. Regardless of all challenges, IB bank's highest aspiration to serve the customers as their best bank would remain.

Meanwhile, I would also like to wish our customers, our IB family members and all Lao people a great happiness health wise and wealth wise. Let us all look forward to creating a more successful journey together for our community and the country.



Oh Sei Young
Chairman



1.4. General overview of the year 2021

The prolonged COVID 19 pandemic has resulted in a lot of challenges for the economy. At the same time, it has also proven how resilient businesses across all sectors are. Among all impacted, banks have stood out quite strongly against the unfavourable conditions. The new ways of doing business in parallel with new normal have also emerged out of such an unprecedented. Technology has inevitably played a key role in the daily life of people nowadays. Banks therefore have to customize their product offerings as well as adapt the way they do the business in order to assist their clients more effectively.

Economy is still projected to grow, although at a lower rate, amid all the obstacles created by the pandemic and the slow recovery prospect of the neighbouring economies. The completion of the high speed rail way has resulted in an improved regional connectivity especially for the movement of goods. With sound management, this infrastructure can render great benefits to the Lao economy. As far as economic activities are concerned, the banking sector has played an important role in supporting the businesses to weather any turbulence.

Despite all challenges which are both internal and external, there is an improving sign of recovery across different sectors, thanks to the adaptability of businesses and the proactiveness of the regulators in managing the risks. The ways of business and lifestyles are different from that of the pre-pandemic era. Technology has been reaffirmed as a very integral part of people's day to day activities. The more receptive to new technology the more benefits are attained.

Performance of Indochina Bank 2021

IB Bank has sailed through the 13th year of its operations with solid progress reflected via the trust from its customers and the support from the regulator. There are times when the customers need support, especially in funding their businesses to overcome inevitable hurdles, the bank has stood out strongly for its customers. We believe in "stronger relationship comes from longer term relationship". During their hard times, IB ensures our financing packages help ease customers' financial burden so they can move on in preparation for a brighter day. We strive for the right balance between the financial return and the long-term loyalty from our customers. We have a firm belief in doing the best for our depositors and borrowers will undoubtedly ensure business sustainability. IB Bank's reputation is not built in a day, hence we would always ensure core value of customer centricity is well protected.

We align our business expectations with the market situation. Despite deposit growth of some 20%, our approach to lending was still conservative and very selective thus the loan growth was under 10%. We want to make sure our lending risk is well mitigated at an acceptable, even if we have to absorb some margin pressure between the deposit and loan interests. Amid the pandemic in 2021, many businesses including our loans customers have had to take in some financial impact. As a partner, IB bank has to come into the picture as helping hands albeit with some profitability implications which is deemed necessary given, we know that it is rather on a short-term basis. In other words, during the market volatility liquidity out weighs profitability subject to the right financial balance being maintained.

Challenges from the pandemic are believed to fade away after the 4th quarter of 2021. Many businesses had to cope with rising inflation and costs of doing business and it was likewise for banks including IB. Our business performance and growth realistically reflect on the market situation as a result of our strong risk management and customer focus. Balance sheet is considered to have grown modestly in the year thanks to the continued support from our customers. The pandemic was in some way a good time for strengthening the business foundation as well as building resilience for any unforeseeable circumstances.

1.5. Plan and Business objective of Indochina Bank 2022

Having committed a lot of resources in preparation for the post-pandemic economic recovery, IB will roll out a number of new innovative products. More client engagement activities are expected as the bank has equipped itself with newly groomed young talent and fantastic ideas to make IB bank more relevant to daily life of the customers. We will further develop on the past value enhancement activities for our loyal customer base while recommending the best banking solutions to the potential ones. More onsite visits and interactions by the energetic bankers will be the main focus as far as sales and marketing is concerned.

It is also a time for us to capitalize more on the branches and service units' network across all geographic locations. There is a broader scope of services amongst them especially in the space of lending to promote the economies within their regions. This business model shall ensure all a smoother access to all around services provided by IB regardless of where the customers are. Nevertheless, the knowledge enhancement shall ensure the good balance between risks mitigation and business opportunity leverage.

Technology investment and enhancement is a persistent exercise to strive for improvement and sustainable success for IB. To realize the ambition of making IB relevant to daily life of our clients where there is increasing trend of technology disruption, everyday is an exciting day at our bank. After all, we are very selective in where we commit financial resources in so that we are able to achieve the highest level of efficiency.

Another key objective of the bank in the coming years is to maintain strong financial position as a safe place for our customers. Despite competition for customers and bottom line, IB will still be cautious about keeping the right balance between sales and risks via a well thought out business decision, even if it results in a less aggressive bottom line. We believe in a traditional business concept when it comes to liquidity management especially when there is some level of volatility in the market. A long-term oriented business would aim for realistic profitability that delivers sustainability.

We are enthusiastic about serving customers and our community in the coming year. We shall stay close to the customers and the market in order to ensure our products and services fulfil their requirements. At the same time, we will stagger our community activities on a gradual basis in order to create the most benefits from the projects we execute.

PART 2

ORGANIZATION STRUCTURE

2.1. List of shareholders

No	Name of shareholders	Percentage
1	Mr. Oh Sei Young (Korean)	78.57%
2	LVMC Investment Ltd	11.43%
3	Mrs. Thavone Vongsombath	10.00%
	Total:	100.00%

2.2. Board of Directors



Mr. Oh Sei Young
Chairman

Mr. Oh is a prominent and successful businessman in Lao PDR. He is the Founder and Chairman of Kolao Group, which was incorporated in Lao PDR in May 1997.



Mrs. Thavone Vongsombath
Deputy Chairman

Mrs. Thavone Vongsombath is considered one of the most outstanding businesswomen in the country. She started her career right after her university degree in 1999 when she joined Kolao Business as an executive assistant. She has been a major driving force behind the success of many businesses including Kolao Group. Thanks to her strong entrepreneurship and charisma as a leader, she is now holding a position of president at Kolao Group.



Mr. Tay Hong Heng
Member

Mr. Tay started his banking career in 1976 with a reputable bank in Malaysia. For 20 years, he served domestic branches in Malaysia in the capacity of Branch Manager. From 1996 to 2003 (7 years) he was appointed as the General Manager of the Bank's Laos operation. Thereafter he was seconded to the Bank's Joint Venture Bank in Vietnam as the General Director until the year 2008 (5 years). He joined Indochina Bank as its Managing Director in 2008 where he served until his retirement in 2021. He now sits in the Board of Director of Indochina Bank as the Vice Chairman.



Mrs. Chanpheng Vongsombath
Member

Mrs. Chanpheng furthered her study at Levobskaya Engineering Economic Institute, Soviet in 1989. From 1995 to 2002 (7 years) she worked with Public Bank Bhd Vientiane Branch. Ms. Chanpheng joined Kolao as the Head of Finance Department before joining Indochina Bank in September 2008 and presently she is the Deputy Managing Director of the Indochina Bank.



Mr. Bounheng SOUPHIDA
Member

Mr. Bounheng graduated from Flinders University, Australia with a Master's degree in Business Administration. He started off his banking career with Public Bank in 1998 before joining ANZ in 2007 and Indochina Bank in 2014 and presently he is the Deputy Managing Director of the Indochina Bank.



Mrs. Phouvanh Phudphong
Member

Mrs. Phouvanh obtained her diploma in Business Administration from Pakpasak Technical College in 1998. She also completed the CPA course in 2002. She is currently the Director of Vientiane International Co., Ltd.



Mr. Jang Woojin
Member

Mr. Jang Woo Jin graduated from Shandong University, China. Holding a Bachelor's Degree in Economics, he has been working in the financial industry since 2013. He was a Chief Financial Officer of a private company in Myanmar for 4 years before moving to Laos where he continued to manage the business of Auto World (Kolao Developing) Co., Ltd with the position of CFO. He has joined Indochina Bank on 1st Oct 2020 and is now a Strategic Planning Officer of the Bank.

2.3. Board of Management

Members of the Board of Management during the year and at the date of this report are as follows:

Name	Title	Date of appointment
Mr. Tay Hong Heng	Managing Director	01 December 2019
Ms. Chanpheng Vongsombath	Deputy Managing Director	01 December 2019
Mr. Bounheng Souphida	Deputy Managing Director	01 December 2019
Mr. Voradeth Phanphengdy	Senior General Manager	01 December 2019
Mrs. Khonemala Sitthilath	General Manager	01 December 2019

2.4. Other Committees

1. Governance Committee

Name	Position	Date of Appointment
Ms. Chanpheng VONGSOMBATH	Chairperson	01 December 2019
Ms. Thavone VONGSOMBATH	Member	01 December 2019
Mr. Oh Sei Young	Member	01 December 2019

2. Audit Committee

Name	Position	Date of Appointment
Ms. Phouvanh Phudphong	Chairperson	01 December 2019
Ms. Khonemala Sitthilath	Member	01 December 2019
Mr. Tay Hong Heng	Member	01 December 2019
Ms. Chanpheng Vongsombath	Member	01 December 2019
Mr. Bounheng Souphida	Member	01 December 2019
Mr. Voradeth Phanphengdy	Member	01 December 2019

3. Risk Management Committee

Name	Position	Date of Appointment
Mr. Voradeth Phanphengdy	Chairperson	01 December 2019
Mr. Tay Hong Heng	Member	01 December 2019
Ms. Chanpheng Vongsombath	Member	01 December 2019
Mr. Bounheng Souphida	Member	01 December 2019
Ms. Khonemala Sitthilath	Member	01 December 2019
Mr. Inpone Bounkhamprasong	Member	01 July 2021
Ms. Malayphone Saksathith	Member	01 December 2019

4. Loans Committee

Name	Position	Date of Appointment
Mr. Tay Hong Heng	Chairman	01 December 2019
Ms. Chanpheng Vongsombath	Member	01 December 2019
Mr. Bounheng Souphida	Member	01 December 2019

PART 3

FINANCIAL REPORT

3.1. History of External Auditors

- 2009 and 2010 the Bank was audited by KPMG Lao Co., Ltd
- 2011 to 2017 the Bank was audited by Ernst & Young Lao Ltd
- 2018 to 2021 the Bank was audited by KPMG Lao Co., Ltd

3.2. Financial Reports

INDEPENDENT AUDITORS' REPORT

To: The owners of Indochina Bank Ltd.

Opinion

We have audited the financial statements of Indochina Bank Ltd. (the "Bank"), which comprise the statement of financial position as at 31 December 2021, the statements of comprehensive income, changes in capital and other reserves and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with the accounting regulations of the Bank of Lao P.D.R and accounting rules in the Lao P.D.R.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence standards) (IESBA Code) that are relevant to our audit of the financial statements, 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.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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



KPMG Lao Co., Ltd.
Vientiane Capital, Lao P.D.R
19 May 2022

	Note	2021	2020
Assets			
Cash and balances with the BOL		1,525.886	900.504
Cash on hand	10	98.110	98.535
Balances with the BOL	11	1,427.777	801.969
Due from other banks	12	290.206	478.908
Demand deposits		215.206	379.408
Term deposits		75.000	99.500
Investments		349.717	298.649
Investment in bond	13(a)	324.000	278.130
Investment in associate	13(b)	25.717	20.519
Loans and advances to customers, net of specific provision	14	5,580.181	5,092.367
Fixed and Intangibles assets		15.820	13.092
Intangible fixed assets	15.1	584	429
Construction in progress	15.2	3.491	41
Tangible fixed assets	15.3	11.745	12.623
Right of use assets	16	121.838	109.021
Other assets		542.431	368.366
Accrued interest receivables		114.185	68.761
Other assets	17	428.246	299.605
Total assets		8,426.080	7,260.908
Liabilities, capital and other reserves			
Due to banks and financial institutions	18	52.492	283.022
Demand deposits		25.842	15.543
Term deposits		26.650	267.479
Due to customers	19	7,422.177	6,173.754
Demand and saving deposits		603,187	516.790
Term deposits		6,586,457	5,271.546
Other payables to customers		232,533	385.418
Other liabilities		425.405	320.042
Lease liabilities		73.646	64.139
Accrued interest payable – due to customer		284.404	233.475
Taxes payable	20.1	3.336	370
Other payable	21	64.019	22.058
Total liabilities		7,900.074	6,776.818
Capital and other reserves			
Paid-up capital	22	453.000	381.252
Legal reserve		34.845	33.612
General provision for credit activities	14.2	26.758	24.009
Retained earnings		11.097	45.217
Reserve for expanding business		306	-
Total capital and other reserves		526.006	484.090
Total liabilities, capital and other reserves		8,426.080	7,260.908

The accompanying notes form an integral part of these financial statements.

	Note	2021	2020
Operating income and expenses			
Interest and similar income	4	638.304	571.989
Interest and similar income from interbank transactions		117.899	93.622
Interest and similar income from loans to customers		511.193	455.962
Interest income from investment in securities		9.212	22.405
Interest and similar expense	4	(567.911)	(461.611)
Interest and similar expense for interbank transactions		(113.048)	(96.374)
Interest and similar expense for customer deposits		(454.863)	(365.237)
Net interest and similar Income	4	70.393	110.378
Fees and Commission Income	5	45.553	47.058
Fees and Commission Expense	5	(796)	(802)
Net fees and commission Income		44.757	46.256
Share of profit from associate	13(b)	1.815	839
Net operating income		116.965	157.473
Other income and expenses			
Other Income		136.703	72.293
Net gain on foreign exchange		6.364	878
Other operating income	6	130.339	71.415
Administration expenses		(85.499)	(76.105)
Payroll and other staff costs	7	(49.528)	(45.963)
Other administrative expenses	8	(35.921)	(30.142)
Depreciation and amortization expenses	15	(11.068)	(12.383)
Other operating expenses	9	(141.030)	(83.689)
Total expenses		(237.547)	(172.177)
Net operating profit		16.121	57.589
Net provision for non-performing loans	14.2	(708)	(24.522)
Provision expense for non-performing loans		(148.736)	(98.184)
Reversal of provision for non-performing loans		148.028	73.662
Profit before tax		15.413	33.067
Income tax	20.2	(3.083)	(6.613)
Profit after tax		12.330	26.454

The accompanying notes form an integral part of these financial statements.

Indochina Bank Ltd.

Statement of financial position For the year ended 31 December 2021

	Paid-up capital	Legal Reserve	General provision for credit activities	Retained earnings	Reserve for business expansion	Total
Balance as at 1 January 2020	381.252	30.923	21.613	24.445	-	458.233
Other adjustment	-	44	-	(3.037)	-	(2.993)
Net profit for the year	-	-	-	26.454	-	26.454
Transfer to legal reserve	-	2.645	-	(2.645)	-	-
General provision charged during the year	-	-	58.123	-	-	58.123
Reversal of general provision during the year	-	-	(56.477)	-	-	(56.477)
Foreign exchange difference	-	-	750	-	-	750
Balance as at 31 December 2020	381.252	33.612	24.009	45.217	-	484.090
Capital injection during the year transfer from retained earnings	44.034	-	-	(44.034)	-	-
Capital injection during the year from shareholders	27.714	-	-	-	-	27.714
Net profit for the year	-	-	-	12.330	-	12.330
Transfer to legal reserve	-	1.233	-	(1.233)	-	-
Transfer to business expansion fund	-	-	-	(306)	306	-
General provision charged during the year	-	-	114.140	-	-	114.140
Reversal of general provision during the year	-	-	(114.376)	-	-	(114.376)
Foreign exchange difference	-	-	2.985	-	-	2.985
Tax on increasing capital	-	-	-	(877)	-	(877)
Balance as at 31 December 2021	453.000	34.845	26.758	11.097	306	526.006

The accompanying notes form an integral part of these financial statements.

	2021	2020
Cash flows from operating activities		
Net profit before tax	15.413	33.067
Adjustments for non-cash items:		
Loan impairment charges	473	26.168
Interest and similar income	(638.304)	(571.989)
Interest and similar expense	567.911	461.611
Net (gain) from dealing in foreign currencies	(6.364)	(878)
Depreciation and amortization charges	11.068	12.383
Share of profit from associate	(1.815)	(839)
Interest received	592.881	555.352
Interest paid	(516.984)	(436.814)
Income tax paid	(3.762)	(7.630)
Cash flows from operations before changing in operating assets and liabilities	20.517	70.431
Statutory deposit with BOL	(31.672)	1.803
Due from other banks	24.500	(53.500)
Loans and advances to customers	(487.813)	(609.411)
Other assets	(179.710)	(189.968)
Change in due to other banks and financial institutions	(230.530)	20.018
Amounts due to customers	1.248.423	829.507
Other liabilities	64.827	9.889
Net cash generated from operating activities	408.025	8.338
Cash flows from investing activities		
Purchase of property, equipment and intangible assets	(7,162)	(760)
Acquisition of Right of use assets	(19.592)	-
Proceeds from disposal of property and equipment	7	35
Investment made during the year	-	2.000
Net cash (used in) from generated investing activities	(26.747)	1.275
Cash flows from financing activities		
Proceeds from capital injection	27.714	-
Net cash generated from financing activities	27.714	-
Net change in cash and cash equivalents	429.509	80.044
Cash and amount due from other banks, 1 January	1.065.742	985.698
Cash and amount due from other banks, 31 December	1.495.251	1.065.742

The accompanying notes form an integral part of these financial statements.

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1 Organization and principal activities

Indochina Bank Ltd. ("the Bank") is a foreign owned, locally incorporated commercial bank. The Bank was incorporated in Lao People's Democratic Republic ("Lao P.D.R") on 26 May 2008 under a Foreign Investment License No.217-11/PI granted by the Ministry of Planning and Investment and under Banking Business License No.53/BOL granted by Bank of LAO P.D.R on 28 November 2008.

The Bank is 78,57% owned by Mr. Oh Sei Young (Korean), 10% owned by Ms. Thavone Vongsombath and the remaining 11,43% owned by LVMC Investment Ltd. of Hong Kong.

The principal activities of the Bank are to provide comprehensive banking and related financial services in Lao P.D.R.

As at 31 December 2021, the Bank has 217 employees (2020: 201 employees).

Paid-up Capital

As at 31 December 2021, the paid-up capital of the bank was LAKm 453.000 (2020: LAKm 381.252).

2 Basis of preparation of the financial statements

(a) General basis of accounting

(i) Statement of compliance

Management of the Bank states that the accompanying financial statements have been prepared in compliance with the Accounting Law of Lao P.D.R and the regulations stipulated by Bank of the Lao P.D.R relevant to preparation and presentation of financial statements.

(ii) Basis of Preparation

The Bank maintains its accounting records in Lao Kip ("LAK") and prepares its financial statements in millions of LAK ("LAKm") in accordance Decree No. 02/PR by the Prime Minister of Lao P.D.R dated 22 March 2000 and the Accounting Law of Lao P.D.R and the regulations stipulated by Bank of Lao P.D.R relevant to preparation and presentation of financial statements.

The financial statements have been prepared in accordance with accounting regulations of the Bank of Lao P.D.R and accounting rules in the Lao P.D.R, which may differ in some material respects from International Financial Reporting Standards and the generally accepted accounting principles and standards of other countries. Accordingly, the accompanying financial statements are not intended to present the financial position, results of operations, changes in equity, cash flows and notes thereto in accordance with generally accepted accounting principles and practices in countries or jurisdictions other than the Lao P.D.R. Furthermore, their utilization is not designed for those who are not informed about the Lao P.D.R's accounting rules, procedures and practices.

(iii) Basis of measurement

The financial statements have been prepared on the historical cost basis except as stated in the accounting policies. The accounting policies have been consistently applied by the Bank and are consistent with those used in the previous year except otherwise stated.

(iv) Use of judgements and estimates

The preparation of the Bank's financial statements requires management to make judgments, estimates and assumptions based on the management's best knowledge of current events and actions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and the disclosures of contingent liabilities at the reporting date.

Estimates and underlying assumptions are reviewed on an ongoing basis. Actual outcomes may differ from management's assessment and such differences could require revisions that are recognized in the period in which the estimates are revised and in any future periods affected.




(b) Fiscal Year

The fiscal year of the Bank starts on 1 January and end on 31 December.

(c) Foreign currency transactions

The Bank maintains its accounting system and records all transactions in original currencies. Monetary assets and liabilities denominated in foreign currencies at year end are translated into LAK at exchange rates ruling on the balance sheet date. Foreign exchange differences arising from the translation of monetary assets and liabilities on the balance sheet date are recognized in the statement of comprehensive income.

The applicable exchange rates for the LAK against foreign currencies were as follows:

	31 December 2021	31 December 2020
 United State Dollar ("USD")	10.800,00	9.271,00
 Thai baht ("THB")	326,20	299,77
 Euro ("EUR")	12.503,00	11.262,00

3 Significant accounting policies

The significant accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Recognition of interest income and expense

Interest income and expense are recognized in the statement of comprehensive income on an accrual basis using the straight-line method and the interest rates stipulated in the lending/deposits contracts with customers.

The recognition of accrued interest income is suspended when the loans becoming non-performing or when management believes that the borrower has no ability to repay the interest and principal. Interest income on such loans is only recorded in the statement of comprehensive income when actually received.

(b) Recognition of fee and commission income

Fees and commissions consist of fees received from fund transfer transactions, trade settlement, foreign currency exchange transactions, ATM transactions and financial guarantees. Fee and commission income are recognized in to the statement of comprehensive income on cash basis.

Fee and commissions are recognized in the statement of comprehensive income on a cash basis.

Income from the various activities of the Bank is accrued using the following bases:

- (i) Loan arrangement fees and commissions on services and facilities extended to customers are recognized on the occurrence of such transactions;
- (ii) Commitment fees and guarantee fees on services and facilities extended to customers are recognized as income over the period in which the services and facilities are extended; and
- (iii) Service charges and processing fees are recognized when the service is provided.

(c) Cash and cash equivalents

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

(d) Loans to customers

Loans and advances are originated by the Bank providing money to a customer for purposes other than short-term profit taking. They are stated at the outstanding principal balances less an impairment allowance for bad debt and doubtful loans and advances, to reflect the estimated recoverable amount. Loans and advances, except bank overdrafts, are shown exclusive of accrued interest receivable.

(e) Provision for non-performing loans ("NPL")

Credit Policy during COVID-19 Outbreak No. 238/ BOL dated March 26, 2020 and No. 256/BOL date May 13, 2021.

During the year BOL issued a decision No 238/BOL dated 26 March 2020, the objective of which was to mitigate the adverse impact of COVID-19 on the financial situation of the borrowers. The BOL has issued additional decision No. 256/BOL date May 13, 2021.

This decision can be used for individual and legal entity who has obtained the loan from the Bank and whose business is impacted due to COVID-19.

1. Bank and financial institutions to provide the postponement on the loan repayment which includes both principal and interest payment, reduction of the interest rate, and fees for the client as reasonable.
2. Provide or disburse new Loan to clients who gets impact from the COVID-19 to improve their business.
3. For commercial bank and institution that follow this agreement will be exempted on applying the Decision on debt classification and reduction of classified debt of commercial bank no. 512/BOL, dated 29 June 2018, and

Regulation on loan classification and provision for Micro Finance Institution no 02/BOL, dated 04 Feb 2015, and agreement on Credit Cooperatives and saving deposit no. 03/BOL, dated 20 June 2008 as follow:

- 1) For non-performing loan customers impacted from the virus, the loan classification after the restructuring can be classified as same class before restructuring and the customer classified as non-performing loan as at 1 January 2020 can be classified as Watchlist or Special Mention.
- 2) The loan restructuring can be made more than 2 times.
- 3) The bank can provide or disburse new loans to clients who are impacted by the COVID-19 and classified as a bad loan from 1 Jan 2020 onward.

Measure:

1. Restructure the loan to a customer who gets impacted from COVID-19 by renewing the contract period, principal and interest repayment, interest rate to be in line with the ability to repayment of the customer. Also provide grace period for both principal and interest for 1 year or based on the agreement between bank and the customer.
2. Provide a new loan to the customer who is impacted from COVID-19, if they apply.

Additional policy according to decision No. 256 / BOL Dated May 13, 2021

- Commercial banks, Microfinance Institutions that accept deposits and non-deposits should postpone the repayment of both costs and interest to loan customers (types of loans for consumption) for 3 months from May to July 2021 in accordance with the conditions stipulated below.

Criteria for Consideration:

- Clients who will receive a deferred payment policy must be those affected by the COVID-19 outbreak who have not received their salaries or wages or received any part of it, resulting in inability to repay the payment or installment with the confirmation from the employer.
- For clients whose source of income from doing business affected by COVID-19 is considered based on financial status and actual circumstances

Regulation 512/BOL applicable from 1 October 2018

In accordance with Regulation 512/BOL ("BOL 512") dated 29 June 2018 and effective from 1 October 2018, the Bank is required to classify loans and create provision for impairment losses. Accordingly, loans are classified into Normal or Watch List or non-performing loans based on the payment arrears status and other qualitative factors. Loans classified as Normal or Pass (Group A) are considered as Normal or Pass loans, loans classified as Watch List or Special Mention (Group B) are considered as Watch List or Special Mention loans and loans classified as Substandard (Group C) or Doubtful (Group D) or Loss (Group E) are considered as non-performing loans.

According to BOL 512, general provision is created at the rate of 0,5% of the total balance of Normal or Pass loans as at the reporting date. Concurrently, specific provision for Watch or Special Mention, Substandard, Doubtful and Loss loans is established by multiplying the outstanding balance of each loan item less the value of collaterals (if any) in accordance with the regulation of BOL with the provision rates applicable to that loan classification as follows:

Classification	Number of days past due	Provision rate
Normal or Pass (A)	0-29 days	0,5%
Watch or Special mention (B)	30-89 days	3%
Substandard (C)	90-179 days	20%
Doubtful (D)	180-359 days	50%
Loss (E)	Over 360 days	100%

Maximum ratio of collateral benefits allowed under BOL 512 are as follows;

Type of collaterals	Maximum allowed ratio
(a) Deposits at the Bank	
- in the same currency with loans	100%
- in different currencies with those of loans	95%
(b) Gold kept at the Bank	90%
(c) Government bonds and BOL bonds	
- in the same currency with loans	
● With a remaining term of below 1 year	100%
● With a remaining term of between 1 year to 5 years	90%
● With a remaining term of over 5 years	80%
- in different currencies with those of loans	
● With a remaining term of below 1 year	95%
● With a remaining term of between 1 year to 5 years	85%
● With a remaining term of over 5 years	75%
(d) Deposits at other banks or financial institutions	
● With a remaining term of below 1 year	80%
● With a remaining term of between 1 year to 5 years	75%
● With a remaining term of over 5 years	70%
(e) Letter of Credit or Standby Letter of Credit	95%
(f) Letter of Guarantee or Bank Guarantee	90%
(g) Real estates	40%

Changes in specific provision is recorded to the statement of comprehensive income as “Net specific provision charges”. Accumulated specific provision reserve is recorded in the statement of financial position in “Loans and advances to customers, net of specific provision”.

In accordance with the relevant accounting regulations as stipulated by the Bank of Lao P.D.R, any changes in general provision for credit activities are recorded to the statement of comprehensive income as “Other operating expenses” for general provision expense and “Other operating income” for reversal of general provision expense and the balance of general provision reserve is recorded in the statement of financial position in “General provision for credit activities” under statement of changes in capital and other reserves.

(f) Write-off

In accordance with BOL 512, loans are written off not later than 90 days after being classified to Loss group.

Loans written off are recorded as off-balance sheet items for following up and collection. The amounts collected from the loans previously written-off, including the proceeds from sales of collaterals against those debts, are recognised in the statement of comprehensive income upon receipt.

(g) Provision for off-balance sheet commitments

In accordance with BOL 512, the Bank is not required to make provision for off-balance sheet commitments, except where the Bank has made payment under the guarantee contract on behalf of its customers in which case the payment is classified and provision for credit losses is made in accordance with the accounting policy as described in Note 3(e).

(h) Held-to-maturity securities

Held-to-maturity 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 comprehensive income using the straight-line method over the period 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, if any, is recognized as "Net gain/(loss) from securities investment" in the statement of comprehensive income.

(i) Investment in associates

An associate is an entity over which the investor has significant influence but does not have control over the financial and operating policies.

If an entity holds, directly or indirectly (for example through subsidiaries), 20 percent or more of the voting power of the investee, it is presumed that the entity has significant influence, unless it can be clearly demonstrated that this is not the case.

These financial statements include the bank's share of total recognized gains and losses of associates on equity accounting basis, from the date when significant influence commenced.

(j) Fixed and Intangible assets

Fixed assets include of tangible and intangible fixed assets. Tangible fixed assets consist of buildings and improvements, office equipment, furniture and fixtures, and motor vehicles. Intangible fixed assets consist of computer software

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

The cost of an asset comprises its purchase price plus any directly attributable costs of bringing 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 comprehensive income.

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

(k) Depreciation and amortization of fixed assets and intangible

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 new Tax Law No.70/NA dated 15 December 2015 which is effective on or after 24 May 2016 stipulated by the President of the National Assembly. The following are the annual depreciation and amortization rates used:

Category	Depreciation rates
Computer equipment	50%
Office equipment	20%
Furniture and fixtures	20%
Motor vehicles	20%

(l) Legal Reserves

Under the requirement of the Law on Commercial Bank No.56/ dated 7 December 2018, commercial banks are required to appropriate net profit to following reserves:

- Regulatory reserve fund
- Business expansion fund and other funds

In accordance with the Law on Enterprise (Revision) No.46/NA dated 26 December 2013, the Bank is required to provide legal reserve at a rate of 10% on profit after deducting retained loss. The Bank can stop reserving when the legal reserve has reached up to 50 percentage of Registered Capital.

(m) Taxation

Provision is made for profit tax on the current year's profit, based on the Tax Law governing taxation within Lao P.D.R. The Bank is obliged to pay tax at rate of 20% of total profit before tax in accordance with the Tax Law No.67/NA dated 18 June 2019. 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.

(n) Employee benefit

Post-employment benefits

Post-employment benefits are paid to retired employees of the Bank by staff provident fund setup by the Bank. Each month, the Bank contributes 6% and each employee contributes 4% of the employee's monthly basic salary into the fund (maximum Bank's monthly contribution per employee is 500 USD). The benefit will be paid to each employee at the time of the retirement. 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 approved by the President of the Lao People's

Democratic Republic on 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. As at 31 December 2021, there are 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.

(o) Leases

The Bank assesses at the contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets

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 remeasurement of lease liabilities. The cost of right-of-use assets include the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

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 also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating the lease, if the lease term reflects the Bank exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Bank uses its weighted average rate of term deposit to customer because 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 lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

4 Net interest and similar income

31 December (in million LAK)

	2021	2020
Interest and similar income from:		
Interbank transactions	117,899	93,622
Loans to customers	511,193	455,962
Investment in securities	9,212	22,405
	638,304	571,989
Interest and similar expense for:		
Interbank transactions	(113,048)	(96,374)
Customer deposits	(454,863)	(365,237)
	(567,911)	(461,611)
Net interest and similar income	70,393	110,378

5 Net fees and commission income

31 December (in million LAK)

	2021	2020
Fees and commission income from		
	2,878	3,644
Fees on loans	24,197	25,350
Late payment penalties charged to customers	1,497	1,200
Telecommunication (fax, telegram)	16,981	16,864
Other activities	45,553	47,058
Fees and commission expense for		
Settlement services via Check, Fax, TT, Swift	(359)	(260)
Other financial services	(437)	(542)
	(796)	(802)
Net fees and commission income	44,757	46,256

6 Other operating income

31 December (in million LAK)

	2021	2020
Reversal of general provision for credit losses	114,376	56,477
Others	15,963	14,938
	130,339	71,415

7 Payroll and other staff costs

31 December (in million LAK)

	2021	2020
Wages and Salaries	30,081	27,742
Other Staff Cost	19,447	18,221
	49,528	45,963

8 Other administrative expenses

31 December (in million LAK)

	2021	2020
Office Rental	4,107	2,950
Fuel	923	984
Office Stationery	893	1,381
Advertisement Expense	537	1,747
Post and Telecommunications	1,316	1,324
Maintenance and Repair	4,581	5,102
Electricity and Water Supply	1,187	965
Audit and Legal fee	1,973	1,841
Taxes and Duties	1	-
Insurance fees	1,047	667
Subsidiaries' Commissions	2,025	1,277
Interest expense for lease	4,723	4,512
Others	12,608	7,392
	35,921	30,142

9 Other operating expenses

31 December (in million LAK)

	2021	2020
General provision expenses (Note 14.2)	114,140	58,123
Depositor Protection Fund	7,049	4,676
Others	19,841	20,890
	141,030	83,689

10 Cash on hand

31 December (in million LAK)

	2021	2020
Cash on hand in LAK	29,011	38,028
Cash on hand in foreign currencies ("FC")	69,099	60,507
	98,110	98,535

11 Balances with the Bank of Lao P.D.R (“BOL”)

31 December (in million LAK)

	2021	2020
Demand deposits	1.181.935	587.799
Compulsory reserves (*)	173.800	213.876
Registered capital deposit	72.042	294
	1.427.777	801.969

Balances with the BOL include demand deposits, compulsory reserves and registered capital deposit. These balances earn no interest.

(*) Under regulations of the BOL, the Bank is required to maintain certain cash reserves with the BOL in the form of compulsory deposits, which are computed at 3,00% for LAK and 5,00% 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. In the year, the Bank maintained its compulsory deposits in compliance with the requirements by the BOL.

12 Due from other banks

31 December (in million LAK)

	2021	2020
Demand deposits	215.206	379.408
With domestic banks	188.044	42.408
Banque pour le Commerce Extérieur Lao Public (BCEL)	187.432	41.935
Joint Development Bank (JDB)	612	473
With overseas banks	27.162	337.000
Standard Chartered Bank, New York	14.890	266.387
Standard Chartered Bank, Bangkok	1.083	5.222
Standard Chartered Bank, Frankfurt	34	20
KB Kookmin Bank, Korea	3.467	2.736
Kasikorn Bank Public Company Limited, Bangkok	7.688	62.635
Term deposits	75.000	99.500
Vietinbank Lao Limited	20.000	-
Saigon Thuong Tin Lao Bank Limited	-	18.500
Maruhan Japan Bank Lao Co., Ltd.	35.000	61.000
Military Commercial Joint Stock Bank	20.000	-
Kasikorn Thai Bank Co., Ltd.	-	20.000
	290.206	478.908

13 Investment**13 (a) Investment in bond**

31 December (in million LAK)

	2021	2020
Convertible bonds *	324.000	278.130
	324.000	278.130

(*) During 2018, the Bank entered into an agreement to purchase Convertible Bonds from LVMC Holdings, a company incorporated under the laws of Cayman Islands, having term of 3 years.

In current year, the Board of Director of Indochina Bank Ltd agreed to convert the Convertible Bonds of LVMC Holdings to the Registered Common Ordinary Shares of the Company.

13 (b) Investment in associate

31 December (in million LAK)

	2021	2020
Investment in associate *	25.717	20.519
	25.717	20.519

(*) During 2018, the bank invested LAK 18.185 million to acquire 10% holding in KB Daehan Specialized Bank, formerly called as Tomato Specialized Bank Limited incorporated in Cambodia. The bank has assessed recoverable amount of investment in associate based on value in use calculation. The calculation has been made on the discounted cash flow methodology considering certain assumptions. Based on valuations, the recoverable amount exceeds the carrying amount and accordingly, no impairment has been recorded.

In 2019, KB Daehan's share capital has been increased from USD 18.750.000 to USD 43.750.000. The bank's share of investment is thereby reduced from 10,00% to 4,29%.

Movement of investment in associate

31 December (in million LAK)

	2021	2020
Balance as at 1 January	20.519	18.767
Share of profit up to 31 December	1.815	839
	22.334	19.606
Foreign Exchange Translation	3.383	913
Closing balance as at 31 December	25.717	20.519

14 Loans and advances to customers, net of specific provision

14.1 Loans to customers

31 December (in million LAK)

	2021	2020
Loans to customers	5.610.261	5.127.138
Less provision for non-performing loans (Note 14.2)	(30,080)	(34.771)
	5.580.181	5.092.367

Classified by interest rates (per annum)

31 December (in million LAK)

	2021	2020
LAK	4,68%-13,00%	5,00%-15,15%
USD	4,00%-24,12%	5,88%-24,36%
THB	6,00%-12,00%	6,00%-11,00%

Classified by currency

31 December (in million LAK)

	2021	2020
LAK	1.294.592	1.228.316
USD	3.731.478	3.417.038
THB	584.191	481.784
	5.610.261	5.127.138

Classified by performance

31 December (in million LAK)

	2021	2020
- Normal or Pass	5,351,599	4,801,630
- Watch or Special Mention	178,019	220,199
Non- Performing loans		
- Substandard	51,938	81,830
- Doubtful	28,705	23,479
- Loss	-	-
	5,610,261	5,127,138

14.2 Provision for credit activities**(i) Specific provision for credit activities**

31 December (in million LAK)

	2021	2020
Balance as at the beginning of the year	34,771	12,223
Provision made in the year	148,736	98,184
Reversal of provision in the year	(148,028)	(73,662)
Bad debt written off	(2,310)	(2,049)
Foreign exchange translation	(3,089)	75
Balance as at the of the year	30,080	34,771

(ii) General provision for credit activities

31 December (in million LAK)

	2021	2020
Balance as at the beginning of the year	24,009	21,613
Provision made in the year	114,140	58,123
Reversal of provision in the year	(114,376)	(56,477)
Foreign exchange translation	2,985	750
Balance as at the end of the year	26,758	24,009

15 Fixed and intangible assets

31 December (in million LAK)

	2021	2020
Intangible fixed assets (note 15.1)	584	429
Construction in progress (note 15.2)	3,491	41
Tangible fixed assets (note 15.3)	11,745	12,623
Total	15,820	13,093

15.1 Intangible fixed assets

31 December (in million LAK)

	2021	2020
Cost		
As at 1 January 20	17.373	17.076
Additions made during the year	389	297
Write off	(470)	-
As at 31 December	17.292	17.373
Amortization for the year		
As at 1 January	16.944	16.792
Amortization charged for the year	234	152
Write off	(470)	-
As at 31 December	16.708	16.944
Net book value:		
As at 1 January	429	284
As at December	584	429

15.2 Construction in progress

31 December (in million LAK)

	2021	2020
Opening balance	41	3.754
Movement during the year		
- Increased during the year	5.641	463
- Transferred to fixed assets	(2.191)	(4.176)
Closing balance	3.491	41

15.3 Tangible fixed assets

Movements of tangible fixed assets for the year ended 31 December 2021 are as follows:

(in million LAK)

	Office equipment	Furniture & fixtures	Motor vehicles	Land	Total
Cost					
At 1 January 2021	30.204	31.265	1.055	-	62.524
Transfers	560	131	-	1.500	2.191
Additions	97	-	-	1.036	1.133
Write off	(182)	-	-	-	(182)
Disposals	-	-	(7)	-	(7)
At 31 December 2021	30.679	31.396	1.048	2.536	65.659
Accumulated depreciation					
At 1 January 2021	22.350	27.238	313	-	49.901
Charge for the year	2.808	1.133	189	-	4.130
Write off	(110)	-	-	-	(110)
Disposals	-	-	(7)	-	(7)
At 31 December 2021	25.048	28.371	495	-	53.914
Net book value					
At 1 January 2021	7.854	4.027	742	-	12.623
At 31 December 2021	5.631	3.025	553	2.536	11.745

Movements of tangible fixed assets for the year ended 31 December 2020 were as follows:

(in million LAK)

	Office equipment	Furniture & fixtures	Motor vehicles	Total
Cost				
At 1 January 2020	27.021	30.654	1.055	58.730
Transfers	3.241	935	-	4.176
Write off	(23)	(324)	-	(347)
Disposals	(35)	-	-	(35)
At 31 December 2020	30.204	31.265	1.055	62.524
Accumulated depreciation				
At 1 January 2020	19.783	25.543	108	45.434
Reclassification	(386)	386	-	-
Charge for the year	3.027	1.617	205	4,849
Write off	(21)	(219)	-	(240)
Disposal	(29)	-	-	(29)
Others	(24)	(89)	-	(113)
At 31 December 2020	22.350	27.238	313	49.901
Net book value				
At 1 January 2020	7.238	5.111	947	13.296
At 31 December 2020	7.854	4.027	742	12.623

16 Lease

(i) Right-of-Use Assets

31 December (in million LAK)

	2021	2020
Cost		
As at 1 January	123.023	123.023
Additions made during the year	19.592	-
Write off	(152)	-
As at 31 December	142.463	123.023
Depreciation for the year		
As at 1 January	14.002	6.620
Charge for the year	6.704	7.382
Write off	(81)	-
As at 31 December	20.625	14.002
Net book value		
As at 1 January	109.021	116.403
As at 31 December	121.838	109.021

(ii) Amount recognized in profit or loss

31 December (in million LAK)

	2021	2020
Interest on lease liability	4.723	4.512
Depreciation charge for the year	6.704	7.382
Total	11.427	11.894

17 Other assets

31 December (in million LAK)

	2021	2020
Rental deposits	32.650	1.733
Prepayments	87.788	82.412
Prepaid interests	41.034	44.835
Other receivables	266.774	170.625
	428.246	299.605

18 Due to banks and financial institutions

31 December (in million LAK)

	2021	2020
Term and Demand deposits	52.492	283.022
VietinBank Lao Limited	-	55,626
First Commercial Bank Limited, Vientiane Bank	-	55.626
Maruhan Japan Bank Lao Co., Ltd.	21.600	64.897
Allianz General Laos	1.624	4.613
Canadia Bank Lao	4	47
National Social Security Fund Office	3.000	3.000
Prudential Life Assurance (Lao) Co., Ltd.	9	8
Sacom Bank - Lao Bank	-	37.084
Kasikorn Thai Bank	-	18.542
Saigon-Hanoi Bank Lao	-	18.542
Dhipaya Insurance	333	8.344
Lanexang insurance	324	1.205
Krungsri Leasing Laos	16.925	10.368
Kolao Developing Co.,ltd	546	412
Langxang Leasing Co.,ltd	748	927
KLD Computer Co. Ltd	260	401
Khamphat Money Exchange	26	283
KB Kolao Leasing Co.,ltd	29	101
Lao-Viet Insurance	110	24
Vanhphone Money Exchange	9	8
Thanasup Leasing Co.,ltd	2	6
DGB Lao Leasing Co.,ltd	6.225	2.955
Sengari Micro Leasing Co.,ltd	3	3
Lao Mobile Money sole Company Limited	715	-
	52.492	283.022

19 Due to customers

Balances of customer deposits and other amounts due to customers as of 31 December 2021 are as follow:

31 December (in million LAK)

	2021	2020
Demand deposits	66.626	131.016
Demand deposits in LAK	18.943	21.295
Demand deposits in FC	47.683	109.721
Saving deposits	536.561	385.774
Saving deposits in LAK	127.256	109.177
Saving deposits in FC	409.305	276.597
Fixed term deposits	6.586.458	5.271.546
Fixed term deposits in LAK	1.372.912	1.126.272
Fixed term deposits in FC	5.213.545	4.145.274
Other payables to customers	232.533	385.418
	7.422.177	6.173.754

Classified by interest rates (per annum)

31 December (in million LAK)

	2021	2020
Demand deposits in LAK	No interest	No interest
Demand deposits in FC	No interest	No interest
Saving deposits in LAK	1,89%-4,00%	1,89%-4,00%
Saving deposits in USD	1,25%-4,25%	1,25%-5,00%
Saving deposits in THB	1,25%-2,00%	1,25%-4,00%
Fixed term deposits in LAK	3,45%-7,50%	3,00%-7,50%
Fixed term deposits in USD	2,95%-7,00%	3,95%-7,55%
Fixed term deposits in THB	2,35%-5,00%	2,95%-6,55%

20 Taxation

20.1 Taxes payable

31 December (in million LAK)

	2021	2020
Personal income tax payable	1.254	3
Profit tax payable	2.082	367
	3.336	370

20.2 Income tax

Details of income tax for the years 2021 and 2020 are as follows:

31 December (in million LAK)

Income tax recognised in statement of comprehensive income

	2021	2020
Current tax expense		
Current year	3.083	6.613

Reconciliation of effective tax rate

	Rate (%)	2021 LAKm	Rate (%)	2020 LAKm
Profit before income tax		15.413		33.068
Income tax using the				
corporation tax rate	20	3.083	20	6.613
Others		-		-
Total	20	3.083	20	6.613

The Bank's tax returns are subject to periodic 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.

21 Other payable

31 December (in million LAK)

	2021	2020
External accounts payable	13.558	7.878
Payables to staffs	946	5.121
Other payables	49.515	9.059
	64.019	22.058

22 Paid-up capital

According to article 12 of amended Law on Commercial Bank No. 56/NA dated 07 December 2018, the commercial bank is required minimum capital amounting to LAK 500 billion, and the commercial bank must inject the additional capital not less than 20% each year completely within 5 years commencing from September 2019.

There was no increase in capital during the fiscal year 2019-2020, which was approved by Bank of Lao PDR, the Bank has obtained extension from Bank of Lao PDR for the implementation of requirement of Law on Commercial Bank via letter no 53/ BSD dated 27 January 2020 and 17/BSA dated 7 January 2021 to extend the increasing of registered capital within 2021.

For the year 2021, the bank has been approved from Bank of Lao PDR via letter no. 705/BSA dated 13 December 2021 to increase its capital amount LAK 71,748 million by transferring the amount LAK 44,034 million from retained earnings and additional injection LAK 27,714 million from shareholders.

As at 31 December 2021, the paid-up capital of the bank was LAKm 453.000 (2020: LAKm 381.252).

23 Cash and cash equivalents

31 December (in million LAK)

	2021	2020
Cash on hand	98.110	98.535
Current accounts with BOL	1.181.935	587.799
Current accounts with other banks	215.206	379.408
	1.495.251	1.065.742

24 Related party transactions

Transactions with key management personnel of the Bank:

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

31 December (in million LAK)

	2021	2020
Salaries	21.367	20.049
Bonus and other benefits	1.727	2.887
	23.094	22.936

25 Commitments

31 December (in million LAK)

	2021	2020
Within 1 year	12.819	10.233
From 1 to less than 5 years	16.437	-
	29.256	10.233

26 Events after the reporting date

Other than those disclosed elsewhere in these financial statements, at the date of this report, there were no events, which occurred subsequent to 31 December 2021 that significantly impacted the financial position of the Bank as at 31 December 2021.

Prepared by



MRS. MALAYPHONE SAKSATHITH
Head of Finance Division
Vientiane, Lao P.D.R
31 March 2022

Approved by



Mr. Tay Hong Heng
Managing Director

PART 4

4.1. Map of all Branches and Service Units within country



4.2. Location of the Branches and Service Units

1. Vientiane Capital



Main Branch

Address: Kolao Tower I,
23 Singha Road, P.O.Box 6029,
Phone: (+856-21) 455 000
Fax: (+856-21) 455 111



Auto City Service Unit

Address: Asean Road, Ban Nakham,
Sikhottabong District,
Phone: (+856-21) 520 702-4
Fax: (+856-21) 520 705



Xaymoungkhoun Service Unit

Address: Ban Xaymoungkhoun, Road
No. 13 North, Naxaithong District
Phone: (+856-21) 612471-2
Fax: (+856-21) 612 473



Taladlao Service Unit

Address: 450 years road, Saphangmeuk
village, Xaythany district, Vientiane
capital.

Location of the Branches and Service Units



Champasack Province Pakse Branch

Address: Ban Phonekhong, Pakse,
Phone: (+856-31) 260 300-4, Fax: (+856-31) 260 305



Savannakhet Province Savannakhet Branch

Address: Huameuangtai Village, Kaysone Phomvihane District,
Phone: (+856-41) 250 000-4 Fax: (+856 41) 250 0005



Luang Namtha Province Luang Namtha Service Unit

Address: Phonxay Village, Luang Namtha District,
Phone: (+856-86) 212 256-7, Fax: (+856-86) 212 258



Xiengkhuang Province Xiengkhuang Service Unit

Address: Xaysana Road, Ban Theun, Paek District,
Phone: (+856-61) 313 001-2, Fax: (+856 61) 313 003



Khammouan Province Thakhek Service Unit

Address: Vientiane Rd, Ban Nabong, Thakhek District,
Phone: (+856-51) 625 600-3, Fax: (+856-51) 625 604



Bolikhamxay Province Paksan Service Unit

Address: 13 South Road, Sivilay Village, Paksan District,
Phone: (+856-54) 280 172-3, Fax: (+856-54) 280 174



Luangphabang Province Luangphabang Service Unit

Address: Phouvao Road, Ban Pongkham, Luangphabang District,
Phone: (+856-71) 215 000-1, Fax: (+856-71) 215 002



Oudomxay Province Oudomxay Service Unit

Northern Highway No. 13, Ban Nalao, Xay District,
Phone: (+856-81) 260 023-5, Fax: (+856-81) 260 026

PART 5

Events

YEAR END CONCLUSION MEETING



LAO NEW YEAR



FORUM ON PROMOTING E-COMMERCE AND DIGITAL PAYMENTS



ANNUAL HEALTH CHECK-UP



CAMPAIGN "LET'S THINK IB BIZ"



COVID 19 VACCINATION





Indochina Bank Mobile Banking

ດາວໂຫຼດໄດ້ແລ້ວມື້ນີ້





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