GUARANTY TRUST BANK LIBERIA LIMITED
REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2013

Contents

Guaranty Trust Bank (Liberia) Ltd.
Board of Directors
As at December 31, 2013

The Board of Directors of Guaranty Trust Bank (Liberia) Ltd. comprises seven (7) members. The Article of Incorporation of the Bank provides for a minimum of five (5) Directors.

	Board of Directors	Title
1.	Mrs. Opral Mason Benson	Chairman
2.	Dan Orogun	Managing Director
3.	Cathy Echeozo	Director
4.	Demola Odeyemi	Director
5.	Omotayo O. Asupoto	Director
6.	Olatunde Macauley	Director
7.	E. C. B. Jones	Director

Registered Offices:

Guaranty Trust Bank (Liberia) Ltd.
13th Street, Sinkor
Tubman Boulevard
P.O. Box 0382
1000 Monrovia 10, Liberia

Solicitors:

Sherman & Sherman Law Firm
R. Fole Sherman Law Building
17th Street, Sinkor
Cheeseman Avenue
P. O. Box 10-3218
1000 Monrovia 10, Liberia

Auditors:

PKF Liberia
Randall Street
Lara Building
P. O. Box 10-3635
1000 Monrovia 10, Liberia

Statement of responsibility of the Board of Directors
Regarding the Financial Statements of the Bank

1. The Board has general power to manage the business of the Bank.

2. The Board of Directors is responsible to ensure that the books of accounts of the Bank are kept in a manner suitable for financial reporting and other relevant purposes.

   In particular, the Board is responsible to:

   a. ensure that the accounting records of the Bank are satisfactorily maintained and its financial statements presented in accordance with authoritative standards and other governing policies applicable in such regard.

   b. select suitable accounting policies and apply them consistently;

   c. state whether applicable accounting standards have been followed, subject to any material departures to be disclosed or explained in the financial statements;

   d. ensure that the financial statements are prepared on the going-concern basis unless it is inappropriate to presume that the Bank will continue in business.

3. In summary, the Board is responsible to ensure that proper accounting records are kept, which disclose with reasonable accuracy, at any time, the financial position of the Bank. The Board shall also be responsible to put in place the relevant mechanism for safeguarding the assets of the Bank and take reasonable steps for prevention of fraud and other forms of irregularities, and for prompt detection of these if they should nonetheless occur.

4. The Board is also responsible to annually appoint competent auditors to examine the books of the Bank. Such appointment shall, however, be ratified by an affirmative vote of the shareholders at their Annual General Meetings. The Board shall cause to be printed a copy of the auditor's report, together with the relevant financial statements accompanying such report.

5. The Articles of Incorporation of Guaranty Trust Bank (Liberia) Ltd also authorize the Board to appoint members of committees as it may deem necessary; and to delegate to such committees such powers as the Board considers appropriate under the circumstance.

The above statement of responsibilities of the Board of Directors regarding the conduct of the financial statements of the Bank shall be read in conjunction with the statement of the Auditor's responsibilities set out in the opinion that immediately follows this statement. This is necessary and is being done with the view to distinguishing for the benefit of the shareholders and other users of the accompanying financial statements the respective responsibilities of the Board of Directors and the Auditors in relation to the financial statements of Guaranty Trust Bank (Liberia) Ltd.

Mrs. Opral Mason Benson
CHAIRMAN OF THE BOARD

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Guaranty Trust Bank (Liberia) Ltd.

We have audited the accompanying balance sheet of **Guaranty Trust Bank (Liberia) Limited**, for the year ended December 31, 2013, and the related statements of comprensive income, cash flows and changes in equity for the year then ended.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of **Guaranty Trust Bank (Liberia) Limited** for the year ended December 31, 2013, and the results of its operation and cash flows for the year then ended in conformity with International Financial Reporting Standards (IFRS) as promulgated by the IASB.

PKF
Accountants &
business advisers

Monrovia

Guaranty Trust Bank (Liberia) Limited

Statement of Financial Position
As at 31 December 2013

In Liberian dollars	Note	Dec - 2013	Dec - 2012	As at 1 January 2012
Assets				
Cash and cash equivalents	21	1,497,577,522	1,103,872,363	667,188,153
Investment securities:				
- Held to maturity	22	338,210,903	-	-
Loans and Advances to Customers	23	1,905,443,478	1,508,610,922	1,061,076,974
Property and equipment	25	345,530,409	290,597,722	309,252,865
Intangible assets	26	4,394,295	12,700,978	22,395,449
Current income tax assets	24	30,050,041	-	-
Deferred tax assets	31	16,528,764	3,565,076	-
Other assets	27	1,874,411,451	1,109,427,891	731,360,211
Total assets		**6,012,146,863**	**4,028,774,952**	**2,791,273,652**
Liabilities				
Deposits from customers	28	4,401,713,409	2,601,750,457	1,696,331,254
Due to Central Bank	29	64,729,582	55,639,717	54,918,750
Due to Intercompany	30	256,236,985	290,880,000	76,730,575
Current income tax liabilities	25	-	2,699,696	1,068,161
Deferred tax liabilities	31	14,187,289	16,151,967	20,177,812
Other liabilities	32	106,417,532	121,240,166	67,552,181
Total liabilities		**4,843,284,797**	**3,088,362,003**	**1,916,778,733**
Equity				
Share capital	33	1,062,500,000	1,062,500,000	1,062,500,000
Retained earnings		46,329,266	(111,391,823)	(188,005,081)
Other Components of Equity		60,032,800	(10,695,228)	
Total equity attributable to owners of the Bank		**1,168,862,066**	**940,412,949**	**874,494,919**
Total liabilities and equity		**6,012,146,863**	**4,028,774,952**	**2,791,273,652**

Mrs. Opral Mason Benson
Chairman of the Board of Directors

Mr. Dan Orogun
Managing Director & Member of the Board

Income statement
For year ended 31 December 2013

In Liberian dollars	Note	Dec - 2013	Dec - 2012
Interest income	9	242,891,023	212,932,331
Interest expense	10	(27,668,408)	(14,083,279)
Net interest income		215,222,615	198,849,052
Loan impairment charges	11	(1,821,818)	(39,362,847)
Net interest income after loan impairment charges		213,400,797	159,486,205
Fee and commission income	12	433,183,136	310,384,232
Fee and commission expense	13	(39,307,922)	(35,888,250)
Net fee and commission income		393,875,214	274,495,982
Net gains/(losses) on financial instruments classified as held for trading	14	15,306,985	12,870,844
Other operating income	15	(43,051)	(3,915,305)
Personnel expenses	16	(131,162,256)	(127,183,139)
General and administrative expenses	17	(130,148,719)	(68,406,383)
Operating lease expenses		(15,844,809)	(7,035,881)
Depreciation and amortization	18	(69,598,898)	(59,406,836)
Other operating expenses	19	(120,440,347)	(85,508,124)
Profit before income tax		155,344,916	95,397,363
Income tax expense	20	3,782,477	(18,784,104)
Profit for the period		159,127,393	76,613,259

Profit attributable to:		
Equity holders of the parent entity (total)		
– Profit for the period from continuing operations	159,127,393	76,613,259

Earnings per share for the profit from continuing operations attributable to the equity holders of the company entity during attributable to the equity holders of the company entity during

– Basic	11	5
– Diluted	11	5

Statement of comprehensive income

For the period ended 31 December 2013

In Liberian dollars	*Notes*	Dec - 2013	Dec-2012
Profit for the period		159,127,393	76,613,259
Other comprehensive income:			
Other comprehensive income to be reclassified to profit or loss in subsequent years:			
Foreign currency translation differences for foreign operations		92,428,967	(14,260,304)
Income tax relating to Foreign currency translation differences for foreign operations		(23,107,242)	3,565,076
Other comprehensive income for the year, net of tax		69,321,725	(10,695,228)
Total comprehensive income for the year		**228,449,118**	**65,918,031**
Profit attributable to:			
Equity holders of the parent entity (total)		**228,449,118**	**65,918,031**
– Total comprehensive income for the year from continuing operations		228,449,118	65,918,031
Total comprehensive income for the year		**228,449,118**	**65,918,031**

Statement of changes in equity

As at December 2013

In Liberian dollars	Share capital	Regulatory risk reserve	Foreign currency translation reserve	Retained earnings	Total
Balance at 1 January 2013	1,062,500,000	-	(10,695,228)	(111,391,823)	940,412,949
Total comprehensive income for the period:					
Profit for the period	-	-	-	159,127,393	159,127,393
Other comprehensive income, net of tax					
Foreign currency translation difference	-	-	69,321,725	-	69,321,725
Total other comprehensive income	-	-	69,321,725	-	69,321,725
Total comprehensive income	-	-	69,321,725	159,127,393	228,449,118
Transactions with equity holders, recorded directly in equity:					
Transfers for the period	-	1,406,303	-	(1,406,303)	-
Dividend to equity holders	-	-	-	-	-
Total transactions with equity holders	-	1,406,303	-	(1,406,303)	-
Balance at 31 December 2013	1,062,500,000	1,406,303	58,626,497	46,329,267	1,168,862,067

Statement of changes in equity

As at December 2012

In Liberian dollars	**Share capital**	**Regulatory risk reserve**	**Foreign currency translation reserve**	**Retained earnings**	**Total**
Balance at 1 January 2012	1,062,500,000	-	-	(188,005,081)	874,494,919
Total comprehensive income for the period:					
Profit for the period	-	-	-	76,613,258	76,613,258
Other comprehensive income, net of tax					
Foreign currency translation difference	-	-	(10,695,228)	-	(10,695,228)
Total other comprehensive income	-	-	(10,695,228)	-	(10,695,228)
Total comprehensive income	-	-	(10,695,228)	76,613,258	65,918,030
Transactions with equity holders, recorded directly in equity:					
Transfers for the period	-	-	-	-	-
Dividend to equity holders	-	-	-	-	-
Total transactions with equity holders	-	-	-	-	-
Balance at 31 December 2012	1,062,500,000	-	(10,695,228)	(111,391,823)	940,412,949

Statement of cash flows

For the year ended 31 December 2013

In Liberian dollars	***Notes***	**Dec - 2013**	**Dec - 2012**
Cash flows from operating activities			
Profit for the period		159,127,393	76,613,258
Adjustments for:			
Depreciation of property and equipment	18	58,828,286	49,712,365
Amortization of Intangibles	18	10,770,612	9,694,471
Gain on disposal of property and equipment		43,051	3,915,305
Impairment on financial assets		1,821,818	39,362,847
Net interest income		(215,222,615)	(198,849,052)
Income tax expense		(3,782,477)	14,298,963
		11,586,068	(5,251,843)
Changes in:			
Loans and advances to customers		(398,654,374)	(486,896,795)
Other assets		(764,983,560)	(378,056,770)
Deposits from customers		1,799,962,952	905,419,203
Other liabilities		(14,822,634)	53,687,985
		621,502,384	94,153,623
Interest received		242,891,023	212,932,331
Interest paid		(27,668,408)	(14,083,279)
		848,311,067	287,750,832
Income tax paid		(43,895,626)	(16,693,273)
Net cash from/(used in) operating activities		804,415,441	271,057,559
Cash flows from investing activities			
Net sale/(purchase) of investment securities		(338,210,903)	(3,565,076)
Purchase of property and equipment	25	(123,868,260)	(31,832,645)
Purchase of intangible assets		(2,463,929)	-
Proceeds from the sale of property and equipment		10,064,235	(3,150,792)
Net cash from/(used in) investing activities		(454,478,857)	(38,548,513)
Cash flows from financing activities			
Increase in Due to Central Bank		9,089,865	720,967
Increase in due to intercompany		(34,643,015)	-
Repayment of long term borrowings		-	214,149,425
Net cash from/(used in) financing activities		(25,553,150)	214,870,392
Net (decrease) /increase in cash and cash equivalents		324,383,434	447,379,438
Cash and cash equivalents at beginning of period		1,103,872,363	667,188,153
Effect of exchange rate fluctuations on cash held		69,321,725	(10,695,228)
Cash and cash equivalents at end of period	21	1,497,577,522	1,103,872,363

1. Basis of preparation

The financial statement of the bank has been prepared in accordance with International Financial Reporting Standards and with the requirements of the **Financial Institutions Act and Business Association Law of Liberia.**

For all periods up to and including the year ended 31 December 2012, the Group prepared its financial statements in accordance with US Generally Accepted Accounting Principles. These financial statements for the year ended 31 December 2013 are the first the Bank has prepared in accordance with IFRS. Refer to Note 33 for information on how the Bank adopted IFRS.

(2a) Significant Accounting Policies

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

(a) Functional and presentation currency

These financial statements are presented in Liberian dollars in accordance with the Financial Institution Act of 1999. However, supplementary financial statements are included in United States dollars because the bank operates in an economy with dual functional currencies. Except where indicated, financial information presented in Liberian dollars and United States dollars has been rounded to the nearest unit.

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis and fair value has been applied where necessary.

(c) Use of estimates and judgements.

The preparation of the financial statements in conformity with IFRS requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

(2b) Other Accounting Policies

(a) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

(ii) Transactions and balances

Foreign currency transactions that require settlement, in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement.

All foreign exchange gains and losses recognised in the Income statement are presented net in the Income statement within the corresponding item. Foreign exchange gains and losses on other comprehensive income items are presented in other comprehensive income within the corresponding item.

(b) Interest

Interest income and expense for all interest bearing financial instruments are recognised in income statement within "interest income" and "interest expense" using the effective interest method.
The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, the next re-pricing date) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instruments but not future credit losses.

The calculation of the effective interest rate includes contractual fees and points paid or received transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense presented in the Income statement include:

- Interest on financial assets and liabilities measured at amortised cost calculated on an effective interest rate basis.

(c) **Fees and commission**

Fees and Commission that are integral to the effective interest rate on a financial asset are included in the measurement of the effective interest rate. Fees, such as processing and management fees charged for assessing the financial position of the borrower, evaluating and reviewing guarantee, collateral and other security, negotiation of instruments' terms, preparing and processing documentation and finalising the transaction are an integral part of the effective interest rate on a financial asset or liability and are included in the measurement of the effective interest rate of financial assets or liabilities.

Other fees and commissions which relates mainly to transaction and service fees, including loan account structuring and service fees, investment management and other fiduciary activity fees, sales commission, placement line fees, syndication fees and guarantee issuance fees are recognised as the related services are provided / performed.

(d) **Net trading income**

Net trading income comprises trading gains and losses on foreign exchange.

(e) **Leases**

Leases are accounted for in accordance with IAS 17 and IFRIC 4. They are divided into finance leases and operating leases.

(a) **The Bank is the lessee**

Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the income statements on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which the termination takes place.

(f) **Income Tax**

(a) **Current income tax**

Income tax payable is calculated on the basis of the applicable tax law of the republic of Liberia and is recognised as an expense for the period except to the extent that current tax related to items that are charged or credited in other comprehensive income or directly to equity. In these circumstances, deferred tax is charged or credited to other comprehensive income or to equity.

Where the Bank has tax losses that can be relieved only by carry-forward against taxable profits of future periods, a deductible temporary difference arises. Those losses carried forward are set off against deferred tax liabilities carried in the statement of financial position.

The Bank evaluates positions stated in tax returns; ensuring information disclosed are in agreement with the underlying tax liability, which has been adequately provided for in the financial statements.

(b) **Deferred income tax**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised when it is probable that future taxable profit will be available against which these temporary differences can be utilised. The tax effects of carry-forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets.

(g) **Financial assets and liabilities**

(i) **Recognition**

The Bank initially recognises loans and advances, deposits, due from Central Bank and due to intercompany on the date that they are originated. All other financial assets and liabilities are initially recognised on the trade date at which the Bank becomes a party to the contractual provisions of the instrument.

(ii) **Classification**

The classification of financial instruments depends on the purpose and management's intention for which the financial instruments were acquired and their characteristics. The Bank's classification of Financial Assets and Liabilities are in accordance with IAS 39.

a)<u>Loans and Receivables</u>

The Bank's loans and receivable comprises loans and advances, cash and cash equivalent and other receivables.

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not intend to sell immediately or in the near term.

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the Statements of financial position.

b) <u>Other IAS 39 classifications</u>

The Bank does not have Available for Sale, Held-to-maturity, Financial assets and liabilities at fair value through profit or loss classifications.

(i) Measurement

All financial instruments are measured initially at their fair value plus transaction costs.

Non-tradable financial liabilities are measured at amortised cost. Subsequent recognition of financial assets and liabilities is at amortised cost or fair value.

a) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

b) Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

(ii) Offsetting

Financial assets and liabilities are set off and the net amount presented in the statements of financial position when, and only when, the Bank has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

(iii) De-recognition

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

The Bank derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred

In certain transactions the Bank retains the obligations to service the transferred financial asset for a fee. The transferred asset is derecognized if it meets the de-recognition criteria. An asset or liability is recognized for the servicing contract, depending on whether the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

The Bank enters into transactions whereby it transfers assets recognized on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

In transactions in which the Bank neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Bank continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The Bank derecognizes a financial liability other than financial guarantees and loan commitments as measured at amortized cost.

(iv) Identification and measurement of impairment

Assets carried at amortised cost

The Bank assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The criteria that the Bank uses to determine that there is objective evidence of an impairment loss include:

(a) significant financial difficulty of the issuer or obligor;

(b) a breach of contract, such as a default or delinquency in interest or principal payments;

(c) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

(d) it becomes probable that the borrower will enter bankruptcy or other financial re-organisation;

(e) the disappearance of an active market for that financial asset because of financial difficulties; or

(f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

(i) adverse changes in the payment status of borrowers in the portfolio; and

(ii) National economic conditions that correlate with defaults on the assets in the portfolio.

The estimated period between a loss occurring and its identification is determined by local management for each identified portfolio. In general, the periods used vary between three months and 12 months; in exceptional cases, longer periods are warranted.

The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Bank may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (that is, on the basis of the Bank's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the bank and historical loss experience for assets with credit risk characteristics similar to those in the bank. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the Bank and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Bank to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to loans and advances to banks and customers are classified in loan impairment charges whilst impairment charges relating to investment securities (held to maturity category) are classified in 'Net impairment loss on financial assets'.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the Income statement.

(h) **Property and equipment**

(i) Recognition and measurement

The bank recognizes items of property, plant and equipment at the time the cost is incurred. These costs include costs incurred initially to acquire or construct an item of property and equipment. This cost also includes the costs of its dismantlement, removal or restoration, the obligation for which an entity incurs as a consequence of using the item during a particular period.

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The assets' carrying values and useful lives are reviewed, and written down if appropriate, at each date of the Statements of financial position. Assets are impaired whenever events or changes in circumstances indicate that the carrying amount is less than the recoverable amount on impairment of non-financial assets.

(ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to- day servicing of property and equipment are recognised in the income statement as incurred.

(iii) Depreciation

Depreciation is recognised in the income statement on a straight-line basis to write down the cost of each asset, to their residual values over the estimated useful lives of each part of an item of property and equipment. Leased assets under finance lease are depreciated over the shorter of the lease term and their useful lives.

Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5. A non-current asset or disposal group is not depreciated while it is classified as held for sale.

The estimated useful lives for the current and comparative periods are as follows:

Item of Property, Plant and Equipment	Estimated Useful Life
Leasehold improvements	Over the shorter of the useful life of the item or lease term
Buildings	50years
Furniture and equipment	5years
Computer hardware	3years
Motor vehicles	4years
Other transportation equipment	10years

Capital work in progress is not depreciated. Upon completion it is transferred to the relevant asset category. Depreciation methods, useful lives and residual values are reassessed at each reporting date.

(iv) De-recognition

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

(i) **Intangible assets**

Software

Software acquired by the Bank is stated at cost less accumulated amortisation and accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the Bank is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. Development costs previously expensed cannot be capitalised. The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs, and are amortised over its useful life. Internally developed software, if any, is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates (e.g. upgrading or modification cost). All other expenditure is expensed as incurred.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The maximum useful life of software is five years.

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(j) **Impairment of non-financial assets**

The carrying amounts of the Bank's non-financial assets, inclusive of deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are available for use, the recoverable amount is estimated each year. However, the Bank chooses the cost model measurement to reassess investment property after initial recognition i.e. depreciated cost less any accumulated impairment losses.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) **Deposits**

Deposits are the Bank's sources of debt funding. When the Bank sells a financial asset and simultaneously enters into a "repo" or "stock lending" agreement to repurchase the asset (or a similar asset) at a fixed price on a future date, the arrangement is accounted for as a deposit, and the underlying asset continues to be recognised in the Bank's financial statements.

The Bank classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

Deposits are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective interest method.

(l) **Provisions**

A provision is recognized if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Bank has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. The Bank recognizes no provision for future operating losses.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Bank from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Bank recognises any impairment loss on the assets associated with that contract.

(m) **Financial guarantees**

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are initially recognised at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable). Financial guarantees, principally consisting of letters of credit are included within other liabilities.

(n) **Employee benefits**

(i) Defined contribution plans
A defined contribution plan is a pension plan under which the Bank pays fixed contributions to a separate entity. The Bank has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

(ii)Termination benefits
Termination benefits are recognised as an expense when the Bank is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Bank has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

(iii)Short-term employee benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(o) **Share capital and reserves**

(i) Share issue costs
Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instrument.

(ii) Dividend on the Bank's ordinary shares
Dividends on the Bank's ordinary shares are recognised in equity when approved by the Bank's shareholders.

(p) **Earnings per share**
The Bank presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period.

(q) **Segment reporting**

An operating segment is a component of the Bank that engages in business activities from which it can earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Bank's other components, whose operating results are reviewed regularly by the Executive Management Committee to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available. All costs that are directly traceable to the operating segments are allocated to the segment concerned, while indirect cost are allocated based on the benefits derived from such costs.

4. Financial risk management

(a) Introduction and overview

Guaranty Trust Bank Limited, Liberia has a robust and functional Enterprise-wide Risk Management (ERM) Framework that is responsible for identifying and managing the whole universe of inherent and residual risks facing the Bank. The bank has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risks

Other key risks faced by the bank as a result of its existence and operations include operational risks, settlement risks, reputational and strategy risks.

This note presents information about the bank's exposure to each of the risks stated above, the bank's policies and processes for measuring and managing risks, and the bank's management of capital.

Risk management philosophy

The risk management philosophy of the Guaranty Trust Bank Limited Liberia is drawn from its mission and vision statements and seeks to achieve maximum optimization of the risk – return trade off, while ensuring strong commitment to the following key indices:

- Excellent service delivery across business segments
- Sound performance reporting (financial and non-financial)
- Sound corporate governance
- Consistent appreciation in shareholders' value.

Guaranty Trust Bank will continue to adhere to the following risk principles to perform consistently on the above stated indices:

- The Bank will not take any action that will compromise its integrity. Sound performance reporting (financial and non-financial)

- The Bank will adhere to the risk management practice of identifying, measuring, controlling and reporting risks.
- Risk control will not constitute an impediment to the achievement of the Bank's Strategic objectives.
- The Bank will always comply with all government regulations and embrace global best practices.
- The Bank will only assume risks that fall within its risk appetite with commensurate returns.

Risk management framework

The bank’s risk management policies are established to identify and analyse the risks faced by the bank, to set appropriate risk limits and controls, to monitor risks and adherence to limits. This policy is subject to review at least once a year. More frequent reviews may be conducted in the opinion of the Board, when changes in laws, market conditions or the bank’s activities are material enough to impact on the continued adoption of existing policies. The bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

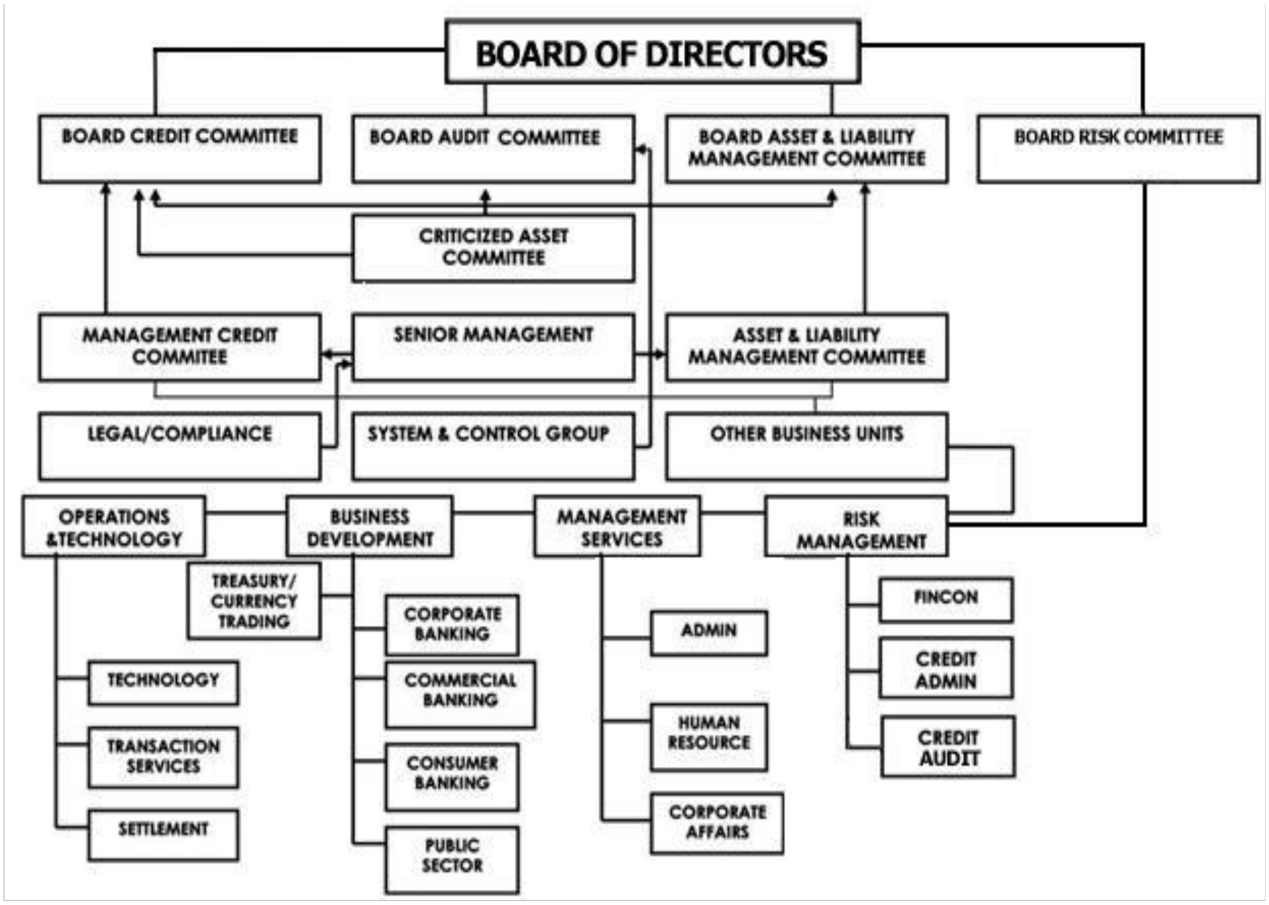
The Board of Directors has overall responsibility for the establishment and oversight of the bank’s risk management framework via its committees – The Board Risk Committee, Board Credit Committee, and Board Audit Committee. These committees are responsible for developing and monitoring risk policies in their specified areas and report regularly to the Board of Directors on their activities. All Board committees have both executive and non-executive members.
The Board Committees are assisted by the various Management Committees in identifying and assessing risks arising from day to day activities of the bank. These committees are:

- The Management Credit Committee
- Criticized Assets Committee
- Asset and Liability Management Committee (ALMAC)
- Other Ad-hoc Committees

These committees meet on a regular basis while others are set up on an ad-hoc basis as dictated by the circumstances.

The bank’s Audit Committee is responsible for monitoring compliance with the risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to risks faced by the bank. The Audit Committee is assisted by the Internal Audit department, in carrying out these functions. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Risk Management Organogram of the bank is as follows:



The Board Risk Committee is responsible for reviewing and recommending risk management policies, procedures and profiles including risk philosophy, risk appetite and risk tolerance of the bank. The oversight functions cut across all risk areas. The committee monitors the Bank's plans and progress towards meeting regulatory Risk-Based Supervision requirements and migration to Basel II compliance as well as the overall Regulatory and Economic Capital Adequacy. The bank's Board of Directors has delegated responsibility for the management of credit risk to the Board Credit Committee. The Board Credit Committee considers and approves all lending exposures, including treasury investment exposures, as well as insider-related credits in excess of limits assigned to the **Management Credit Committee** by the Board. Management Credit Committee formulates credit policies in consultation with business units, covering credit assessment, risk grading and reporting, collateral, regulatory and statutory requirements. The committee also assesses and approves all credit exposures in excess of the Managing Director's limit as approved by the Board.

The **Asset & Liability Management Committee** establishes the bank's standards and policies covering the various components of Market and Liquidity Risks. These include issues on Interest Rate Risk, Liquidity Risk, Investment Risk and Trading Risk. It ensures that the authority delegated by the Board and **Management Risk Committees** with regard to Market Risk is exercised, and that Market Risk exposures are monitored and managed. Furthermore, the

Committee limits and monitors the potential impact of specific pre-defined market movements on the comprehensive income of the Bank through stress tests and simulations.

The **Credit Risk Management Group** is responsible for identifying, controlling, monitoring and reporting credit risk related issues. The Head of Credit Administration (CAD) of the bank also serves as the secretariat for the **Management Credit Committee**. Credit risk is the most critical risk for the bank as credit exposures, arising from lending activities account for the major portion of the bank's assets and source of its revenue. Thus, the bank ensures that credit risk related exposures are properly monitored, managed and controlled. The **Credit Risk Management** Group is responsible for managing the credit exposures, which arise as a result of the lending and investment activities as well other unfunded credit exposures that have default probabilities; such as contingent liabilities.
Risk management methodology

The bank recognizes that it is in the business of managing risks to derive optimal satisfaction for all stakeholders. It has therefore, over the years detailed its approach to risk management through various policies and procedures, which include the following:

- ERM Policy
- Credit Policy Guide
- Human Resources Policy Manual
- Standard Operating Procedures
- IT Policy
- BCP

To ensure adherence to the policies and procedures, several exception reports on customers and activities of the bank are generated by the various audit control units for management's decision making. These include:

- Monthly Management Profitability Reports (MPR) for the marketing teams
- Monthly Operations Performance Reports (OPR) for the support teams
- Quarterly Business Profitability Review
- Annual Bank-wide performance appraisal systems
- Criticized Asset Committee Report
- Monthly Expense Control Monitoring Report

Risk management overview

The bank operates a functional Enterprise-wide Risk Management (ERM) Division that manages all aspects of risk including threats and opportunities. The risk management infrastructure therefore encompasses a comprehensive and integrated approach to identifying, managing and reporting:

(i) the 3 main inherent risk groups –Credit, Market/Liquidity and Operational;
(ii) additional core risks such as Reputation and Strategy risks.

In addition to this, in compliance with the Central Bank of Liberia's 'Risk-based Supervision' guidelines, and also to align with Basel II Capital Accord / best global practices, we are in the process of incorporating a strategic framework for efficient measurement and management of the bank's risks and capital. We are preparing to commence the implementation of Basel II recommended capital measurement approaches for the estimate of the bank's economic capital required to cope with unexpected losses. We are also putting in place other qualitative and quantitative measures that will assist with enhancing risk management processes and creating a platform for more risk-adjusted decision-making.

(b) Credit risk

Lending and other financial activities form the core business of the bank. The bank recognises this and has laid great emphasis on effective management of its exposure to credit risk. The bank defines credit risk as the risk of counterparty's failure to meet the terms of any lending contracts with the bank or otherwise to perform as agreed. Credit risk arises anytime the bank's funds are extended, committed, invested or otherwise exposed through actual or implied contractual agreements.
The bank's specific credit risk objectives, as contained in the Credit Risk Management Framework, are:

- Maintenance of an efficient loan portfolio
- Institutionalization of sound credit culture in the Bank
- Adoption of international best practices in credit risk management
- Development of Credit Risk Management professionals.

Each business unit is required to implement credit policies and procedures in line with the credit approval authorities granted by the Board. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolio, including those subject to Management Credit Committee's approval.
The Internal Audit and Credit Administration units respectively undertake regular audits of business units and credit quality reviews.

The bank continues to focus attention on intrinsic and concentration risks inherent in its business in order to manage its portfolio risk. It sets portfolio concentration limits that are measured under the following parameters: concentration limits per obligor, business lines, industry, sector, rating grade and geographical area. Sector limits reflect the risk appetite of the bank.

The bank drives the credit risk management processes using appropriate technology to achieve global best practices.

For Credit Risk Capital Adequacy computation under Basel II Pillar I, the bank has commenced with the use of the Standardized Approach for Credit Risk Measurement, while collating relevant data required for migration to the Internal Rating Based (Foundation) Approach.
For risk management purposes, credit risk arising on trading securities is managed independently, but reported as a component of market risk exposure.

Management of credit risk

The Board of Directors has delegated responsibility for the management of credit risk to its Board Credit Committee. The Board Credit committee is responsible for oversight of the bank's credit risk, including:

- *Formulating credit policies* in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.

- *Establishing the authorisation structure* for the approval and renewal of credit facilities. Authorisation limits are allocated to the Management Credit Committee, Deputy Managing Director, Managing Director and the Board Credit Committee/Board of Directors as appropriate.

- *Reviewing and assessing credit risk.* Management Credit Committee assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.

- *Developing and maintaining the bank's risk grading* in order to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The current risk grading framework consists of ten grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for approving the risk grades lies with the Board Credit Committee. The risk grades are subject to regular reviews by the Risk Management Group.

- *Reviewing compliance* of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to Risk Management Group on the credit quality of local portfolios and appropriate corrective action is taken.

- *Providing advice, guidance and specialist skills* to business units to promote best practice throughout the bank in the management of credit risk.

There were no changes in the bank's risk management policies. Each business unit is required to implement Group credit policies and procedures, with credit approval authorised by the Board Credit Committee.

Credit risk measurement

In line with IAS 39, the bank adopted incurred loss approach and intends to migrate to the expected loss approach outlined under IFRS 9. The incurred loss approach takes into consideration the emergence period (EP) to arrive at losses that have been incurred at the reporting date. To enable the bank migrate to the internal rating based (foundation approach) as well as the expected loss approach as outlined under IFRS 9, the bank has developed its internal rating models.

Guaranty Trust Bank Limited Liberia undertakes lending activities after careful analysis of the borrowers' character, capacity to repay, cash flow, credit history, industry and other factors. The bank acknowledges that there are diverse intrinsic risks inherent in its different business segments and, as a result, applies different parameters to adequately dimension the risks in each business segment.

The Bank's rating grades reflect the range of parameters developed to predict the default probabilities of each rating class in line with international best practices and in compliance with BASEL II requirements. The grades reflect granularities and are handled by Account Officers and Relationship Managers with further check by Credit Risk Analysis Unit in Credit Risk Management Group.

Rating Grade	Description	Characteristics
1 (AAA)	Exceptional Credit	• Exceptional credit quality • Obligors with overwhelming capacity to meet obligation • Top multinationals / corporations • Good track record • Strong brand name • Strong equity and assets • Strong cash flows • Full cash coverage
2 (AA)	Superior Credit	• Very high credit quality • Exceptionally high cash flow coverage (historical and projected) • Very strong balance sheets with high liquid assets • Excellent asset quality • Access to global capital markets • Typically large national corporate in stable industries and with significant market share
3 (A)	Minimal Risk	• High quality borrowers • Good asset quality and liquidity position • Strong debt repayment capacity and coverage • Very good management • Though credit fundamentals are strong, it may suffer some temporary setback if any of them are adversely affected • Typically in stable industries
4 (BBB)	Above Average	• Good asset quality and liquidity • Very good debt capacity but smaller margins of debt service coverage • Good management in key areas • Temporary difficulties can be overcome to meet debt obligations • Good management but depth may be an issue • Good character of owner • Typically good companies in cyclical industries
5 (BB)	Average	• Satisfactory asset quality and liquidity

		• Good debt capacity but smaller margins of debt service coverage • Reasonable management in key areas • Temporary difficulties can be overcome to meet debt obligations • Good management but depth may be an issue • Satisfactory character of owner • Typically good companies in cyclical industries
6 (B)	Acceptable Risk	• Limited debt capacity and modest debt service coverage • Could be currently performing but susceptible to poor industry conditions and operational difficulties • Declining collateral quality • Management and owners are good or passable • Typically borrowers in declining markets or with small market share and operating in cyclical industries
7 (CCC)	Watch-list	• Eliciting signs of deterioration as a result of well defined weaknesses that may impair repayment • Typically start- ups / declining markets/deteriorating industries with high industry risk • Financial fundamentals below average • Weak management • Poor information disclosure
8 (CC)	Substandard Risk	• Well-defined weaknesses though significant loss unlikely; orderly liquidation of debt under threat • Continued strength is on collateral or residual repayment capacity of obligor • Partial losses of principal and interest possible if weaknesses are not promptly rectified • Questionable management skills
9 (C)	Doubtful Risk	• High probability of partial loss • Very weak credit fundamentals which make full debt repayment in serious doubt • Factors exist that may mitigate the potential loss but awaiting appropriate time to determine final status • Demonstrable management weaknesses, poor repayment weaknesses and poor repayment profile
10 (D)	Lost	• A definite loss of principal and interest • Lack of capacity to repay unsecured debt • Bleak economic prospects • Though it is still possible to recover sometime in the future, it is imprudent to defer write - offs

Models have been used to estimate the amount of credit exposures, as the value of a product varies with changes in market variables, expected cash flows and time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between parties.

Ratings and scoring models are in use for all key credit portfolios and form the basis for measuring default risks.

In measuring credit risk of loans and advances at a counterparty level, the bank considers three components:

(i) The 'probability of default' (PD)

(ii) Exposures to the counterparty and its likely future development, from which the bank derive the 'exposure at default' (EAD); and

(iii) The likely recovery ratio on the defaulted obligations (the 'loss given default') (LGD).
The models are reviewed regularly to monitor their robustness relative to actual performance and amended as necessary to optimise their effectiveness.

(i) Probability of Default (PD)

The bank assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty. They have been developed internally. This combines statistical analysis with credit officer judgment.

The rating template combines both qualitative and quantitative factors to arrive at a rating which is comparable to internationally available standards.

The rating methods are subject to an annual validation and recalibration so that they reflect the latest projection in the light of all actually observed defaults.

ii. Exposure at Default (EAD)

EAD is the amount the bank expects to be owed at the time of default or reporting date. For a loan, this is the face value (principal plus interest). For a commitment, the bank includes any amount already drawn plus the further amount that may have been drawn by the time of default, should it occur.

iii Loss Given Default (LGD)

Loss given default represents the bank's expectation of the extent of loss on a claim should default occur. It is expressed as percentage loss per unit of exposure. It typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support.

The measurement of exposure at default and loss given default is based on the risk parameters standard under Basel II.

Risk Limit Control and Mitigation Policies

The bank applies limits to control credit risk concentration and diversification of its risk assets portfolio. The Bank maintains limits for individual borrowers and groups of related borrowers, business lines, rating grade and geographical area.

The Bank adopted obligor limits as set by the regulators and it is currently at 20% of the Bank's shareholders' funds. The obligor limit covers exposures to counterparties and related parties. Although the Bank is guided by this regulatory limit, we apply additional parameters internally in determining the suitable limits that an individual borrower should have. These include: obligor rating, position in the industry and perceived requirements of key players (e.g. import finance limit may be determined by the customer's import cycle and volume during each cycle), financial analysis, etc.

The Bank imposes industry/economic sector limits to guide against concentration risk as a result of exposures to sets of counterparties operating in a particular industry. The industry limits are arrived at after rigorous analysis of the risks inherent in the industry/economic sectors.

The limits are usually recommended by the Bank's Board Credit Committee and approved by the Board. The limits set for each industry or economic sector depend on the historical performance of the sector as well as the intelligence report on the outlook of the sector. During the period, limits can be realigned (by way of outright removal, reduction or increase) to meet the exigencies of the prevailing macroeconomic events.

The Bank also sets internal credit approval limits for various levels of officers in the credit process. Approval decisions are guided by the Bank's strategic focus as well as the stated risk appetite and the other limits established by the board or regulatory authorities such as Aggregate Large Exposure Limits, Single Obligor Limits, and Geographical Limits, Industry / Economic sector limits etc.

The lending authority in the Bank flows through the management hierarchy with the final authority residing with the Board of Directors as indicated below:

Designation	**Limit**
Board of Directors	Up to the single obligor limit as advised by the regulatory authorities from time to time but currently put
Management Credit Committee	Up to US$250,000Thousand (LD$18,000,000)
MD/DMD	Up to US$150,000 Thousand (LD$10,800,000)
Other Approving Officers	as delegated by the Managing Director
Board of Directors	Up to the single obligor limit as advised by the

The above limits are subject to the following overriding approvals:

The deposit required for all cash collateralized facilities (with the exception of bonds, guarantees and indemnities) must be 125% of the facility amount to provide a cushion for interest and other charges.

Master Netting Arrangements

The bank further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. The right to set off is triggered at default. By so doing, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis. The bank's overall exposure to credit risk on non derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

Collateral policies

The Bank ensures that each credit is reviewed and granted based on the strength of the borrowers' cash flow. However, the Bank also ensures its credit facilities are well secured as a second way out strategy. The policies that guide collateral for facilities are embedded within the Bank's Credit Policy Guide. These include the following policy statements amongst others:

(i) Loans to individuals or sole proprietors must be secured by tangible, marketable collateral that has a market value that is supported by a valuation report from a registered estate valuer who is acceptable to the Bank. The collateral must also be easy to check and easy to dispose of. This collateral must be in the possession of, or pledged to the Bank

(ii) Client's account balances must be within the scope of cover provided by its collateral

(iii) All collateral offered must have the following attributes:

- There must be good legal title
- The title must be easy to transfer
- It should be easy and relatively cheap to value
- The value should be appreciating or at least stable
- The security must be easy to sell

All collateral must be fully insured. Exceptions include cash collateral, securities in safe keeping, indemnity or guarantees, or where our interest is general (for instance in a negative pledge). The insurance policy has to be issued by an insurer acceptable to the Bank.

The main collateral types acceptable to the Bank for loans and advances include:

(i) Mortgages over residential properties
(ii) Charges over business premises, fixed and floating assets as well as inventory.
(iii) Charges over financial instruments such as equities, treasury bills etc.

The Bank ensures that other financial assets, aside from loans and advances, such as Bank placements, are secured.

Off-balance sheet engagements

These instruments are contingent in nature and carry the same credit risk as loans and advances. As a policy, the Bank ensures that all its off-balance sheet exposures are subjected to the same rigorous credit analysis, like that of the on-balance sheet exposures, before availment. The major off-balance sheet items in the Bank's books are Bonds and Guarantees, which the Bank will only issue where it has full cash collateral or a counter indemnity from a first class bank, or another acceptable security.

Contingencies

Contingent assets which include transaction related bonds and guarantees, letters of credit and short term foreign currency related transactions, are not recognized in the annual financial statements but are disclosed when, as a result of past events, it is highly likely that economic benefits will flow to the bank, but this will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the bank's control.

Contingent liabilities include transaction related bonds and guarantees, letters of credit and short term foreign currency related transactions. Contingent liabilities are not recognized in the annual financial statements but are disclosed in the notes to the annual financial statements unless they are remote.

Placements

The Bank has placement lines for its Bank counterparties. The lines cover the settlement risks inherent in our activities with these counterparties. The limits are arrived at after conducting fundamental analysis of the counterparties, presentation of findings to, and approval by the Bank's Management Credit Committee. The lines are monitored by Credit Risk Management Group.

Maximum exposure to credit risk before collateral held or other credit enhancements

Credit risk exposure relating to On-Balance Sheet

Credit risk exposures relating to on-balance sheet assets are as follows:

	Maximum exposure	
In Liberian dollars	**Dec -2013**	**Dec -2012**
Classification		
Cash and cash equivalents:		
- Balances held with other banks	542,158,378	861,317,891
- Unrestricted balances with Central banks	721,531,644	64,294,757
- Money market placements	233,887,500	178,259,715
Investment securities:		
- GOL Treasury bills	87,557,207	-
- CBL Treasury bills	168,653,698	-
- Government Bond	81,999,998	-
Loans and advances to customers:		
- Loans to individuals	240,901,440	265,332,195
- Loans to non-individuals	1,664,542,038	1,243,278,727
Other assets[2]	1,735,381,507	1,037,860,581
Total	**5,476,613,410**	**3,650,343,866**
Loans exposure to total exposure	35%	41%
Other exposure to total exposure	65%	59%

[2] Balances included in Other Assets above are those subject to credit risks. Items not subject to credit risk, which include Prepayment Stock/Stationery and Prepaid benefit on employees' loan have been excluded.

The table above shows a worst-case scenario of credit risk exposure to the Bank as at 31 December 2013 and 31 December 2012 without taking account of any collateral held or other credit enhancements attached. For on-balance-sheet assets, the exposures set out above are based on amounts reported in the statements of financial position.

Loans and advances to customers is analyzed below:

Loans and advances to customers is analyzed below:

In Liberian dollars	**Dec -2013**	**Dec -2012**
Loans to individuals:		
Overdraft	57,441,410	37,863,902
Loans	183,460,030	227,468,293
	240,901,440	**265,332,195**
Loans to non-individuals:		
Overdraft	669,022,693	853,261,573
Loans	995,519,345	390,017,154
	1,664,542,038	**1,243,278,727**

Credit risk exposures relating to off-blance sheet items are as follows:

	Maximum exposure	
In Liberian dollars	**Dec -2013**	**Dec -2012**
Financial guarantees	62,794,960	26,607,186
Other contingents	845,213,280	754,786,800
	908,008,240	**781,393,986**

(i) Geographical Sector

Concentration of risks of financial assets with credit risk exposure

The following table breaks down the Group's credit exposure (without taking into account any collateral held or other credit support), as categorized by geographical region as at the reporting date. For this table, the Group has allocated exposures to regions based on the country of domicile of its counterparties.

Credit risk exposure relating to On-Balance Sheet

Dec-13

In Liberian dollars	**Liberia**	**Rest of Africa**	**Outside Africa**	**Total**
Classification				
Cash and cash equivalents:				
- Balances held with other banks	517,229,898	-	24,928,480	542,158,378
- Unrestricted balances with Central Banks	721,531,644	-	-	721,531,644
- Money market placements	233,887,500	-	-	233,887,500
Investment securities:				
- GOL Treasury bills	87,557,207	-	-	87,557,207
- CBL Treasury bills	168,653,698	-	-	168,653,698
- Government Bond	81,999,998	-	-	81,999,998
Loans and advances to customers:				
- Loans to individuals	240,901,440	-	-	240,901,440
- Loans to non-individuals	1,664,542,038	-	-	1,664,542,038
Other assets[2]	1,735,381,507	-	-	1,735,381,507
Total	**5,451,684,930**	**-**	**24,928,480**	**5,476,613,410**

[2] Balances included in Other Assets above are those subject to credit risks. Items not subject to credit risk, which include Stock/Stationery and Prepaid benefit on employees loan have been excluded.

Loans and advances to customers is analyzed below:

Dec-13

In Liberian dollars	**Liberia**	**Rest of Africa**	**Outside Africa**	**Total**
Loans to individuals:				
Overdraft	57,441,410	-	-	57,441,410
Loans	183,460,030	-	-	183,460,030
	240,901,440	**-**	**-**	**240,901,440**
Loans to non-individuals:				
Overdraft	669,022,693	-	-	669,022,693
Loans	995,519,345	-	-	995,519,345
	1,664,542,038	**-**	**-**	**1,664,542,038**

Dec-12

In Liberian dollars	Liberia	Rest of Africa	Outside Africa	Total
Classification				
Cash and cash equivalents:				
- Balances held with other banks	861,317,891	-	-	861,317,891
- Unrestricted balances with Central Banks	64,294,757	-	-	64,294,757
- Money market placements	178,259,715	-	-	178,259,715
Investment securities:				
- GOL Treasury bills	-	-	-	-
- CBL Treasury bills	-	-	-	-
- Government Bond	-	-	-	-
Loans and advances to customers:				
- Loans to individuals	265,332,195	-	-	265,332,195
- Loans to non-individuals	1,243,278,727	-	-	1,243,278,727
Other assets[2]	1,037,860,581	-		1,037,860,581
Total	**3,650,343,866**	**-**	**-**	**3,650,343,866**

Dec-12

In Liberian dollars	Liberia	Rest of Africa	Outside Africa	Total
Loans to individuals:				
Overdraft	37,863,902	-	-	37,863,902
Loans	227,468,293	-	-	227,468,293
	265,332,195	**-**	**-**	**265,332,195**
Loans to non-individuals:				
Overdraft	853,261,573	-	-	853,261,573
Loans	390,017,154	-	-	390,017,154
	1,243,278,727	**-**	**-**	**1,243,278,727**

Credit risk exposure relating to Off-Balance Sheet

Credit Risk Exposure relating to off-balance sheet items are as follows:

Dec-13

In Liberian dollars	**Liberia**	**Rest of Africa**	**Outside Africa**	**Total**
Financial guarantees	62,794,960	-	-	62,794,960
Other contingents	845,213,280	-	-	845,213,280
	908,008,240	**-**	**-**	**908,008,240**

Dec-12

In Liberian dollars	**Liberia**	**Rest of Africa**	**Outside Africa**	**Total**
Financial guarantees	26,607,186	-	-	26,607,186
Other contingents	754,786,800	-	-	754,786,800
	781,393,986	**-**	**-**	**781,393,986**

ii) Industry sectors

The following table breaks down the Group's credit exposure at gross amounts (without taking into account any collateral held or other credit support), as categorized by the industry sectors of the Group's counterparties.

Credit Risk Exposure to on-balance sheet items

Dec-13

In Liberian dollars	**Agriculture**	**Capital market & Financial institution**	**Construction /real estate**	**General Commerce**	**Government**	**Manufacturing**	**Mining,oil & gas**	**Info.Telecoms & Transport.**	**Individual**	**Others [1]**	**Total**
Cash and cash equivalents:											-
- Balances held with other banks	-	542,158,378	-	-	-	-	-	-	-	-	542,158,378
- Unrestricted balances with Central banks	-	721,531,644	-	-	-	-	-	-	-	-	721,531,644
- Money market placements	-	233,887,500	-	-	-	-	-	-	-	-	233,887,500
	-	-	-	-	-	-	-	-	-	-	-
Investment securities:	-	-	-	-	-	-	-	-	-	-	-
- GOL Treasury bills	-	-	-	-	87,557,207	-	-	-	-	-	87,557,207
- CBL Treasury bills	-	-	-	-	168,653,698	-	-	-	-	-	168,653,698
- Government Bond	-	-	-	-	81,999,998	-	-	-	-	-	81,999,998
	-	-	-	-	-	-	-	-	-	-	-
Loans and advances to customers:	-	-	-	-	-	-	-	-	-	-	-
- Loans to individuals	20,276,400	33,395,920	25,062,320	-	-	15,887,200	6,410,480	-	134,145,600	5,723,520	240,901,440
- Loans to non-individuals	780,610,000	182,913,920	15,960,240	147,553,360	290,278,960	4,492,560	838,640	235,659,920	-	6,234,438	1,664,542,038
	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	1,670,490,769	-	64,890,738	-	-	-	-	-	-	1,735,381,507
	800,886,400	**3,384,378,131**	**41,022,560**	**212,444,098**	**628,489,863**	**20,379,760**	**7,249,120**	**235,659,920**	**134,145,600**	**11,957,958**	**5,476,613,410**

[1] Includes NGOs, Other Professionals and Other Public Services

Loans and advances to customers is analyzed below:

Dec-13

In Liberian dollars	**Agriculture**	**Capital market & Financial institution**	**Construction/real estate**	**General Commerce**	**Government**	**Manufacturing**	**Mining,oil & gas**	**Info.Telecoms & Transport.**	**Individual**	**Others**	**Total**
Loans to individuals:											
Overdraft	9,670,099	16,513,960	11,906,643	-	-	-	-	-	19,350,708	-	57,441,410
Loans	10,606,301	16,881,960	13,155,677	-	-	15,887,200	6,410,480	-	114,794,892	5,723,520	183,460,030
	20,276,400	**33,395,920**	**25,062,320**	**-**	**-**	**15,887,200**	**6,410,480**	**-**	**134,145,600**	**5,723,520**	**240,901,440**
Loans to non-individuals:											
Overdraft	593,037,801	75,417,893	-	-	566,999	-	-	-	-	-	669,022,693
Loans	187,572,199	107,496,027	15,960,240	147,553,360	289,711,961	4,492,560	838,640	235,659,920	-	6,234,438	995,519,345
	780,610,000	**182,913,920**	**15,960,240**	**147,553,360**	**290,278,960**	**4,492,560**	**838,640**	**235,659,920**	**-**	**6,234,438**	**1,664,542,038**

Credit Risk Exposure to off-balance sheet items:

Dec-13

In Liberian dollars	**Agriculture**	**Capital market & Financial institution**	**Construction/real estate**	**General Commerce**	**Government**	**Manufacturing**	**Mining,oil & gas**	**Info.Telecoms & Transport.**	**Individual**	**Others**	**Total**
Financial guarantees	-	-	14,209,058	5,945,840	-	-	16,284,515	26,000,000	-	355,547	62,794,960
Other contingents	-	-	-	549,213,280	-	-	240,000,000	56,000,000	-	-	845,213,280
	-	**-**	**14,209,058**	**555,159,120**	**-**	**-**	**256,284,515**	**82,000,000**	**-**	**355,547**	**908,008,240**

Dec-12

In Liberian dollars	Agriculture	Capital market & Financial institution	Constructio n/real estate	General Commerce	Governmen t	Manufacturin g	Mining,oi l & gas	Info.Telecom s & Transport.	Individual	Others	Total
Cash and cash equivalents:											
- Balances held with other banks	-	861,317,891	-	-	-	-	-	-	-	-	861,317,891
- Unrestricted balances with Central Banks	-	64,294,757	-	-	-	-	-	-	-	-	64,294,757
- Money market placements	-	178,259,715	-	-	-	-	-	-	-	-	178,259,715
											-
Investment securities:											-
- GOL Treasury bills	-	-	-	-	-	-	-	-	-	-	-
- CBL Treasury bills	-	-	-	-	-	-	-	-	-	-	-
- Government Bond	-	-	-	-	-	-	-	-	-	-	-
											-
Loans and advances to customers:											-
- Loans to individuals	23,238,792	23,984,208	13,701,528	4,389,696	-	14,244,048	399,672	-	179,381,376	5,992,875	265,332,195
- Loans to non-individuals	760,528,800	95,717,808	21,745,656	-	194,333,328	15,556,680	4,421,880	46,289,664	-	104,684,911	1,243,278,727
											-
Other assets	-	927,029,052	-	110,831,529	-	-	-	-	-	-	1,037,860,581
	783,767,592	**2,150,603,431**	**35,447,184**	**115,221,225**	**194,333,328**	**29,800,728**	**4,821,552**	**46,289,664**	**179,381,376**	**110,677,786**	**3,650,343,866**

Dec-12

In Liberian dollars	Agriculture	Capital market & Financial institution	Construction/real estate	General Commerce	Government	Manufacturing	Mining,oil & gas	Info.Telecoms & Transport.	Individual	Others [1]	Total
Loans to individuals:											
Overdraft	1,146,744	7,950,024	13,701,528	2,591,856	-	11,742,768	-	-	730,982	-	37,863,902
Loans	22,092,048	16,034,184	-	1,797,840	-	2,501,280	399,672	-	178,650,432	5,992,837	227,468,293
	23,238,792	**23,984,208**	**13,701,528**	**4,389,696**	**-**	**14,244,048**	**399,672**	**-**	**179,381,414**	**5,992,837**	**265,332,195**
Loans to non-individuals:											
Overdraft	684,133,200	26,648,280	7,996,608	-	53,236,080	5,222,880	4,421,880	46,289,664	-	25,312,981	853,261,573
Loans	76,395,600	69,069,528	13,749,048	-	141,097,248	10,333,800	-	-	-	79,371,930	390,017,154
	760,528,800	**95,717,808**	**21,745,656**	**-**	**194,333,328**	**15,556,680**	**4,421,880**	**46,289,664**	**-**	**104,684,911**	**1,243,278,727**

Credit Risk Exposure to off-balance sheet items:

Dec-12

In Liberian dollars	Agriculture	Capital market & Financial institution	Construction /real estate	General Commerce	Government	Manufacturing	Mining,oil & gas	Info.Telecoms & Transport.	Individual	Others [1]	Total
Financial guarantees	-	-	2,900,333	10,074,326	-	13,006,296	-	626,231	-	-	26,607,186
Other contingents	-	-	-	503,650,800	-	-	251,136,000	-	-	-	754,786,800
	-	**-**	**2,900,333**	**513,725,126**	**-**	**13,006,296**	**251,136,000**	**626,231**	**-**	**-**	**781,393,986**

Impairment and provisioning policies

Impaired loans and securities

Impaired loans and securities are loans and securities for which the bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan / securities agreement(s). These are loans and securities specifically impaired and are graded 8 to 10 in the bank's internal credit risk grading system.

Past due but not impaired loans

Loans and securities where contractual interest or principal payments are past due but the bank believes that impairment is not appropriate on the basis of the level of security / collateral available and / or the stage of collection of amounts owed to the bank.

Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the bank has made concessions that it would not otherwise consider. Once the loan is restructured it remains in this category independent of satisfactory performance after restructuring or as prescribed by the regulations.

Allowances for impairment

The bank establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance, established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

Write-off policy

The bank writes off a loan / security balance (and any related allowances for impairment losses) when Management Credit Committee determines that the loans / securities are uncollectible.
This determination is reached after considering information such as the occurrence of significant changes in the borrower / issuer's financial position such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised loans, charge off decisions are generally based on a product specific past due status.

Loans and advances

All loans and advances are categorized as follows:

- **Neither past due nor impaired:**

  These are loans and advances where contractual interest or principal payments are not past due. These loans and advances belong to the investment grade (rating grades 1 – 3).

- **Past due but not impaired:**

  These are loans and advances where contractual interest or principal payments are past due but individually assessed as not being impaired. The bank believes that impairment is not appropriate on the basis of the level of receivable/security/collateral available and/or the stage of collection of amounts owed to the bank.

- **Individually impaired:**

  Individually impaired are loans and advances for which the bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan/advance agreement(s). These are loans and advances specifically impaired and are graded 8 to 10 in the bank's internal credit risk grading system.

- **Collectively impaired:**

Collectively impaired are portfolios of homogenous loans and advances where contractual interest or principal payments are not past due, but have been assessed for impairment by the bank. These loans are graded 4 to 7 in the bank's internal credit grading system.

Loans and advances

Loans and advances are summarized as follows:

	Dec-13			Dec-12		
In Liberian dollars	**Loans to Individual**	**Loans to non-Individual**	**Total**	**Loans to Individual**	**Loans to non-Individual**	**Total**
Neither past due nor impaired	125,423,007	623,924,405	749,347,412	232,247,541	905,033,017	1,137,280,558
Past due but not impaired	6,858,870	31,440,953	38,299,823	5,988,961	9,279,919	15,268,880
Individually impaired	21,477,616	84,897,402	106,375,018	1,921,283	70,028,120	71,949,403
Collectively Impaired	103,261,467	982,828,158	1,086,089,625	29,806,230	319,886,583	349,692,813
Gross	**257,020,960**	**1,723,090,918**	**1,980,111,878**	**269,964,015**	**1,304,227,639**	**1,574,191,654**
Less allowances for impairment:						
Individually impaired	15,171,407	35,439,354.00	50,610,761	1,519,523	44,098,342	45,617,865
Portfolio allowance	948,113	23,109,526.00	24,057,639	3,112,297	16,850,570	19,962,867
Total allowance	**16,119,520**	**58,548,880**	**74,668,400**	**4,631,820**	**60,948,912**	**65,580,732**
Net Loans and Advances	**240,901,440**	**1,664,542,038**	**1,905,443,478**	**265,332,195**	**1,243,278,727**	**1,508,610,922**

The total impairment for loans and advances is $74,668,400 (2012: $65,580,732) of which $50,610,761 (2012: $45,617,865) represents the impairment on individually impaired loans and the remaining amount of $24,057,639 (2012: $19,962,867) represents the portfolio allowance. Further information of the impairment allowance for loans and advances to banks and to customers is provided in Notes 24.

(i) Loans and advances neither past due nor impaired.

The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Bank.

Dec-13

In Liberian dollars	**Overdraft**	**Loans**	**Total**
Rating			
Exceptional Capacity	80,061,550	-	80,061,550
Very strong Capacity	175,044,028	329,792,609	504,836,637
Strong Repayment Capacity	52,249,694	112,199,531	164,449,225
	307,355,272	**441,992,140**	**749,347,412**

Dec-12

In Liberian dollars	**Overdraft**	**Loans**	**Total**
Rating			
Exceptional Capacity	-	-	-
Very strong Capacity	5,222,883	407,194,629	412,417,512
Strong Repayment Capacity	641,484,451	83,378,595	724,863,046
	646,707,334	**490,573,224**	**1,137,280,558**

(ii) **Loans and advances past due but not impaired**

Clearing cheques, late processing and other administrative delays on the side of the borrower can lead to a financial asset being past due but not impaired. Therefore, loans and advances less than 90 days past due are not usually considered impaired, unless other information is available to indicate the contrary. Gross amount of loans and advances by class to customers that were past due but not impaired were as follows:

Dec-13 *In Liberian dollars*	**Loans to Individual**	**Loans to Non-individual**	**Total**
Age			
0 – 90	355,672	2,119,028	2,474,700
91 – 180	5,232,858	-	5,232,858
181 – 365	1,270,341	29,321,924	30,592,265
	6,858,871	**31,440,952**	**38,299,823**
FV of collateral	**57,299,200**	**571,090,140**	**628,389,340**
Amount of undercollateralisation	**-**	**-**	**-**

Dec-12 *In Liberian dollars*	**Loans to Individual**	**Loans to Non-individual**	**Total**
Age			
0 – 90	4,676,316	6,760,392	11,436,708
91 – 180	-	-	-
181 – 365	1,312,645	2,519,527	3,832,172
	5,988,961	**9,279,919**	**15,268,880**
FV of collateral	**39,600,604**	**52,942,815**	**92,543,419**

Amount of undercollateralisation	**-**	**-**	**-**

(iii) **Loans and advances individually impaired**

The breakdown of the gross amount of individually impaired loans and advances by class, along with the fair value of related collateral held by the Bank as security, are as follows:

Dec-13 *In Liberian dollars*	**Loans to Individual**	**Loans to Non-individual**	**Total**
Gross amount	21,477,616	84,897,402	106,375,018
Impairment	15,171,407	35,439,354	50,610,761
Net Amount	6,306,209	49,458,048	55,764,257
FV of collateral	12,094,100	94,851,050	106,945,150
Amount of undercollateralisation	**-**	**-**	**-**

Dec-12 *In Liberian dollars*	**Loans to Individual**	**Loans to Non-individual**	**Total**
Gross amount	1,921,283	70,028,120	71,949,403
Impairment	1,519,523	44,098,342	45,617,865
Net Amount	401,760	25,929,778	26,331,538
FV of collateral	468,720	30,251,408	30,720,128
Amount of undercollateralisation	**-**	**-**	**-**

Upon initial recognition of loans and advances, the fair value of collateral is based on valuation techniques commonly used for the corresponding assets. In subsequent periods, the fair value is assessed by reference to market price or indexes of similar assets.

(iv) **Undercollaterisation of individual loans against gross loans is shown below:**

In Liberian dollars	**Dec -2013**	**Dec -2012**
Past due and impaired:		
Gross loans	67,384,902	68,322,961.00
Collateral	48,033,150	26,940,128.00
Undercollaterisation	**(19,351,752)**	**(41,382,833)**
Collectively impaired		
Gross loans	1,079,753,284	349,692,812
Collateral	794,964,962	249,264,314

Undercollaterisation	**(284,788,322)**	**(100,428,498)**

(v) Credit collateral

The bank ensures that each credit is reviewed and granted based on the strength of the borrowers' cash flow. However, the bank also ensures its credit facilities are well secured as a second way out. The policies that guide collateral for facilities are embedded within the bank's credit policy guide. These include the following policy statements amongst others:
Loans to individuals or sole proprietors must be secured by tangible, marketable collateral that has a market value that is supported by a valuation report from a registered estate valuer who is acceptable to the bank. The collateral must also be easy to check and easy to dispose of. This collateral must be in the possession of, or pledged to, the bank. Client's account balances must be within the scope of cover provided by its collateral.

All collateral offered must have the following attributes:

- There must be good legal title
- The title must be easy to transfer
- It should be easy and relatively cheap to value
- The value should be appreciating or at least stable
- The security must be easy to sell.

All collateral must be protected by insurance. Exceptions include cash collateral, securities in safe keeping, indemnity or guarantees, or where our interest is general (for instance in a negative pledge). The insurance policy has to be issued by an insurer acceptable to the Bank.

All cash collateralized facilities shall have a 20% and above margin to provide cushion for interest and other charges i.e. only 80% of the deposit or cash collateral may be availed to an obligor.

The main collateral types acceptable to the Bank for loans and advances include:

- Mortgages over residential properties
- Charges over business premises, fixed and floating assets as well as inventory.
- Charges over financial instruments such as equities, treasury bills etc.

Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral generally is not held over loans and advances to banks, except when securities are held as part of reverse repurchase and securities borrowing activity.

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Summary of collaterals pledged against loans and advances

An estimate of the fair value of any collateral and other security enhancements held against loans and advances is shown below:

Dec-13

In Liberian dollars	**Gross Loans**	**Collateral**
Against individually impaired	106,375,018	106,945,150
Against collectively impaired	1,086,089,625	802,043,362
Against past due but not impaired	38,299,823	628,389,340
Against neither past due nor impaired	749,347,412	2,664,427,965
Total	**1,980,111,878**	**4,201,805,817**

Dec-12

In Liberian dollars	**Gross Loans**	**Collateral**
Against individually impaired	71,949,403	30,720,128
Against collectively impaired	349,692,812	249,264,314
Against past due but not impaired	15,268,880	92,543,419
Against neither past due nor impaired	1,137,280,559	2,799,082,519
Total	**1,574,191,654**	**3,171,610,380**

In Liberian dollars	**Dec -2013**	**Dec -2012**
Against individually impaired:		
Cash	-	-
Domiciliation	-	-
Guarantees	61,936,000	13,704,424
Others	29,008,000	-
Property	16,001,150	17,015,704
Total	**106,945,150**	**30,720,128**
Against collectively impaired:		
Cash	-	170,352,000
Domiciliation	-	25,729,200
Guarantees	322,809,320	14,797,810
Others	341,094,752	-
Property	138,139,291	38,385,303
Total	**802,043,363**	**249,264,313**
Against past due but not impaired:		
Cash	-	13,235,704
Domiciliation	-	26,471,404
Guarantees	476,000,000	13,235,704
Others	-	-
Property	152,389,340	39,600,608
Total	**628,389,340**	**92,543,420**
Against neither past due nor impaired:		
Cash	-	262,226,812
Domiciliation	-	194,250,921
Guarantees	370,852,917	321,010,740
Others	629,520,884	363,999,456
Property	1,664,054,166	1,657,594,590
Total	**2,664,427,967**	**2,799,082,519**

Debt securities

The table below shows analysis of debt securities into the different classifications:

Dec-13 *In Liberian dollars*	**Financial assets held for trading**	**Investment securities**	**Assets pledged as collateral**	**Total**
GOL Treasury bills	-	87,557,207	-	87,557,207
CBL Treasury bills	-	168,653,698	-	168,653,698
Government Bond	-	81,999,998	-	81,999,998
Total	**-**	**338,210,903**	**-**	**338,210,903**

Dec-12 *In Liberian dollars*	**Financial assets held for trading**	**Investment securities**	**Assets pledged as collateral**	**Total**
GOL Treasury bills	-	-	-	-
CBL Treasury bills	-	-	-	-
Government Bond	-	-	-	-
Total	**-**	**-**	**-**	**-**

(c) Liquidity risk

The Bank's liquidity risk management process is primarily the responsibility of the Treasury Unit and Risk Management Unit.
A brief overview of the bank's liquidity management processes during the year includes the following:

1. Maintenance of minimum levels of liquid and marketable assets above the regulatory requirement of 15%. The Bank has also set for itself more stringent in-house limits of 25% and above the regulatory requirement to which it adheres.

2. Monitoring of its cash flow and balance sheet trends. The Bank also makes forecasts of anticipated deposits and withdrawals to determine their potential effect on the Bank.

3. Regular measurement & monitoring of its liquidity position/ratios in line with regulatory requirements and in-house limits

4. Regular monitoring of non-earning assets

5. Monitoring of deposit concentration

6. Ensure diversification of funding sources

7. Monitoring of level of undrawn commitments

8. Maintaining a contingency funding plan.

Funding approach

The Bank's overall approach to funding is as follows:

1. Generation of large pool of low cost deposits.
2. Maintenance of efficiently diversified sources of funds along product lines, business segments and also regions to avoid concentration risk

The bank was able to meet all its financial commitments and obligations without any liquidity risk exposure in the course of the year.

The bank's Asset and Liability Management Committee (ALMAC) is charged with the responsibility of managing the bank's daily liquidity position. A daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by ALMAC. The Board ALMAC sets limits which are in conformity with the regulatory limits. The limits are monitored regularly and exceptions are reported to Board ALMAC as appropriate. In addition gap reports are prepared monthly to measure the maturity mismatches between assets and liabilities. The cumulative gap over total assets is not expected to exceed 20%.

(ii) Exposure to liquidity risk

The key measure used by the bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, net liquid assets are considered as including cash and cash equivalents and investment grade debt securities for which there is an active and liquid market less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month. A similar calculation is used to measure the bank's compliance with the liquidity limit established by the Bank's lead regulator (The Central Bank of Liberia).

	Dec-2012	Dec-2011
At end of period	48.00%	28.00%
Average for the period	42.75%	39.50%
Maximum for the period	48.00%	55.00%
Minimum for the period	39.00%	28.00%

Financial risk management (continued)

The following table shows the undiscounted cash flows on the Group's financial assets and liabilities and on the basis of their earliest possible contractual maturity. The Gross nominal inflow / (outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial assets and liabilities.

(iii) Gross nominal (undiscounted) maturities of financial assets and liabilities

December-2013

In Liberian Dollars	***Note***	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than1 3 months**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets								
Cash and cash equivalents	23	1,497,577,600	1,497,577,600	1,497,577,600	-	-	-	-
Loans and advances to customers	25	1,905,443,360	2,177,778,640	618,163,360	493,149,040	154,380,320	712,085,920	200,000,000
Investment Securities:								
– Held to maturity	27	338,210,880	338,210,880	87,557,200	168,653,680	-	82,000,000	-
Other Assets	34	1,874,411,448	1,874,411,448	118,554,808	867,705,120	15,279,200	36,896,560	835,975,760
		5,615,643,288	5,887,978,568	2,321,852,968	1,529,507,840	169,659,520	830,982,480	1,035,975,760
Financial liabilities								
Deposits from customers	37	4,401,713,440	4,401,713,440	4,358,052,720	19,060,720	24,600,000	-	-
Due to Central Bank		64,729,600	64,729,600	64,729,600	-	-	-	-
Due to Intercompany		256,236,960	256,236,960	-	256,236,960	-	-	-
Other Liabilities	39	106,417,520	106,417,520	106,417,520	-	-	-	-
		4,829,097,520	4,829,097,520	4,529,199,840	275,297,680	24,600,000	-	-
Gap (asset - liabilities)				(2,207,346,872)	1,254,210,160	145,059,520	830,982,480	1,035,975,760
Cumulative liquidity gap				(2,207,346,872)	(953,136,712)	(808,077,192)	22,905,288	1,058,881,048

December-2012

In Liberian Dollars	***Note***	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than1 3 months**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets								
Cash and cash equivalents	23	1,226,524,800	1,226,524,800	1,028,458,480	198,066,320	-	-	-
Loans and advances to customers	25	1,676,234,400	1,886,435,200	734,245,760	235,858,960	296,269,840	620,060,640	-
Other Assets	34	1,232,712,240	1,232,712,240	136,860,080	450,112,320	18,376,960	47,442,880	579,920,000
		4,135,471,440	4,345,672,240	1,899,564,320	884,037,600	314,646,800	667,503,520	579,920,000
Financial liabilities								
Deposits from customers	37	2,890,833,840	2,890,833,840	2,168,469,520	-	722,364,320	-	-
Due to Central Bank		61,817,760	61,817,760	61,817,760	-	-	-	-
Due to Intercompany		323,200,000	323,200,000	323,200,000	-	-	-	-
Other Liabilities	39	134,662,560	134,662,560	134,662,560	-	-	-	-
		3,410,514,160	3,410,514,160	2,688,149,840	-	722,364,320	-	-
Gap (asset - liabilities)				(788,585,520)	884,037,600	(407,717,520)	667,503,520	579,920,000
Cumulative liquidity gap				(788,585,520)	95,452,080	(312,265,440)	355,238,080	935,158,080

(d) Settlement risk

The bank's activities may give rise to risk at the time of settlement of transactions and trade. Settlement risk is the risk of loss due to the failure of a company to honour its obligations to deliver cash, securities or other assets as contractually agreed.
For certain types of transactions the bank mitigates this risk by conducting settlements through a settlement clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval / limit monitoring process described earlier. Acceptance of settlement risk on free settlement trade requires transaction specific or counterparty specific approvals from Risk Management Unit.

(e) Market risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Management of market risk

The bank separates its exposure to market risk between trading and non-trading portfolios. Trading portfolios are mainly held by the Treasury Unit, and include positions arising from market making and proprietary position taking, together with financial assets and liabilities that are managed on a fair value basis. With the exception of translation risk arising on the bank's net investment in its foreign operations, all foreign exchange risks within the bank are monitored by the Treasury Group. Accordingly, the foreign exchange position is treated as part of the bank's trading portfolios for risk management purposes.
Overall authority for market risk is vested in Management ALCO Committee. However, they are also responsible for the development of detailed risk management policies (subject to review and approval by the Board ALMAC and for the day-to-day review of their implementation.

Exposure to market risks – trading portfolios

The principal tool used to measure and control market risk exposure within the bank's trading portfolios is the open position limits using the Earning-at-Risk approach. Specific limits (regulatory and in-house) have been set across the various trading portfolios to prevent undue exposure and the Treasury Unit ensures that these limits and triggers are adhered to by the bank.

Exposure to interest rate risk – Trading and non-trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for re-pricing bands. The ALMAC is the monitoring body for compliance with these limits and is assisted by Risk Management in its day-to-day monitoring activities. A summary of the bank's interest rate gap position on trading and non-trading portfolios is as follows:

The Bank makes use of limit monitoring, earnings-at-risk, gap analyses and scenario analyses to measure and control the market risk exposures within its trading and banking books.

The bank also performs regular stress tests on its banking and trading books. In performing this, the bank ensures there are quantitative criteria in building the scenarios. The bank determines the effect of changes in interest rates on interest income; volatility in prices on trading income; and changes in funding sources and uses on the bank's liquidity. The key potential risks the bank was exposed to from these instruments were foreign exchange risk and interest rate risk (price risk, basis risk). However, all potential risk exposures in the course of the year were successfully mitigated as mentioned above.

(iv) **Residual contractual maturities of financial assets and liabilities**

The following table shows the contractual maturities at period end of the Bank's financial assets and liabilities and represents actual and in some cases assumed obligation expected for the assets or liability to be recovered or settled. These figures do not include elements of future incomes or costs.

December-2013

In Liberian Dollars	***Note***	**Carrying amount**	**Less than1 3 months**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	1,497,577,600	1,497,577,600	-	-	-	-
Loans and advances to customers	25	1,905,443,440	618,163,360	367,101,040	126,142,720	594,036,320	200,000,000
Investment Securities:		-					
– Held to maturity	27	338,210,880	87,557,200	168,653,680	-	82,000,000	-
Assets pledged as collateral	29	-	-	-	-	-	-
Other Assets	34	1,874,411,448	118,554,808	867,705,120	15,279,200	36,896,560	835,975,760
		5,615,643,368	2,321,852,968	1,403,459,840	141,421,920	712,932,880	1,035,975,760
Financial liabilities							
Deposits from customers	37	4,401,713,440	4,358,052,720	19,060,720	24,600,000	-	-
Due to Central Bank		64,729,600	64,729,600	-	-	-	-
Due to Intercompany		256,236,960	-	256,236,960	-	-	-
Other Liabilities	39	106,417,520	106,417,520	-	-	-	-
		4,829,097,520	4,529,199,840	275,297,680	24,600,000	-	-
Gap (asset - liabilities)			(2,207,346,872)	1,128,162,160	116,821,920	712,932,880	1,035,975,760
Cumulative liquidity gap			(2,207,346,872)	(1,079,184,712)	(962,362,792)	(249,429,912)	786,545,848

December-2012

In Liberian Dollars	***Note***	**Carrying amount**	**Less than1 3 months**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	1,103,872,320	925,612,632	178,259,688	-	-	-
Loans and advances to customers	25	1,508,610,960	660,821,184	186,623,784	210,363,336	450,802,656	-
Other Assets	34	594,762,016	123,174,072	405,101,088	16,539,264	42,698,592	7,249,000
		3,207,245,296	1,709,607,888	769,984,560	226,902,600	493,501,248	7,249,000
Financial liabilities							
Deposits from customers	37	2,601,750,456	1,951,622,568	-	650,127,888	-	-
Due to Central Bank		55,635,984	55,635,984	-	-	-	-
Due to Intercompany		290,880,000	290,880,000	-	-	-	-
Other Liabilities	39	121,196,304	121,196,304	-	-	-	-
		3,069,462,744	2,419,334,856	-	650,127,888	-	-
Gap (asset - liabilities)			(709,726,968)	769,984,560	(423,225,288)	493,501,248	7,249,000
Cumulative liquidity gap			(709,726,968)	60,257,592	(362,967,696)	130,533,552	137,782,552

Repricing period of financial assets and liabilities

The table below analyses the Bank's interest rate risk exposure on financial assets and liabilities. The Bank's assets and liabilities are included at carrying amount and categorized by the earlier of contractual re–pricing or maturity dates.

December-2013

In Liberian Dollars	***Note***	**Carrying amount**	**Less than1 3 months**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	1,497,577,600	1,497,577,600	-	-	-	-
Loans and advances to customers	25	1,905,443,440	618,163,360	367,101,040	126,142,720	594,036,320	200,000,000
Investment Securities:		-					
– Held to maturity	27	338,210,880	87,557,200	168,653,680	-	82,000,000	-
Assets pledged as collateral	29	-	-	-	-	-	-
Other Assets	34	1,874,411,448	118,554,808	867,705,120	15,279,200	36,896,560	835,975,760
		5,615,643,368	2,321,852,968	1,403,459,840	141,421,920	712,932,880	1,035,975,760
Financial liabilities							
Deposits from customers	37	4,401,713,440	4,358,052,720	19,060,720	24,600,000	-	-
Due to Central Bank		64,729,600	64,729,600	-	-	-	-
Due to Intercompany		256,236,960	-	256,236,960	-	-	-
Other Liabilities	39	106,417,520	106,417,520	-	-	-	-
		4,829,097,520	4,529,199,840	275,297,680	24,600,000	-	-
Gap (asset - liabilities)			(2,207,346,872)	1,128,162,160	116,821,920	712,932,880	1,035,975,760
Cumulative liquidity gap			(2,207,346,872)	(1,079,184,712)	(962,362,792)	(249,429,912)	786,545,848

December-2012

In Liberian Dollars	***Note***	**Carrying amount**	**Less than1 3 months**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	1,103,872,320	925,612,632	178,259,688	-	-	-
Loans and advances to customers	25	1,508,610,960	660,821,184	186,623,784	210,363,336	450,802,656	-
Other Assets	34	594,762,016	123,174,072	405,101,088	16,539,264	42,698,592	7,249,000
		3,207,245,296	1,709,607,888	769,984,560	226,902,600	493,501,248	7,249,000
Financial liabilities							
Deposits from customers	37	2,601,750,456	1,951,622,568	-	650,127,888	-	-
Due to Central Bank		55,635,984	55,635,984	-	-	-	-
Due to Intercompany		290,880,000	290,880,000	-	-	-	-
Other Liabilities	39	121,196,304	121,196,304	-	-	-	-
		3,069,462,744	2,419,334,856	-	650,127,888	-	-
Gap (asset - liabilities)			(709,726,968)	769,984,560	(423,225,288)	493,501,248	7,249,000
Cumulative liquidity gap			(709,726,968)	60,257,592	(362,967,696)	130,533,552	137,782,552

Exposure to other market risks – non-trading portfolios (continued)

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the bank's financial assets and liabilities to various scenarios. Credit spread risk (not relating to changes in the obligor / issuer's credit standing) on debt securities held by the bank and equity price risk is subject to regular monitoring by Management ALCO and the Risk Management Unit, but is not currently significant in relation to the overall results and financial position of the bank.

Interest rate movement affect reported equity in the following ways:

- Retained earnings arising from increase or decrease in net interest income and the fair value changes reported in profit or loss.

- Fair value reserves arising from increases or decreases in fair value of available-for-sale financial instruments reported directly in other comprehensive income.

Overall non-trading interest rate risk positions are managed by Treasury, which uses investment securities, advances to banks and deposits from banks to manage the overall position arising from the bank's non- trading activities.

At 31 December, 2012, if interest rates on:

- floating rate assets and liabilities held at amortised cost; and Assets and liabilities accounted at fair value through profit or loss had increased or decreased by 100 basis points (December 2012 – 100 basis points) with all other variables held constant, the impact on profit or loss would have been as set out in the table below:

In arriving at the 100 basis point used for the sensitivity analysis of interest rate, the fluctuation in the interest rate of the bank's major assets and liabilities were considered as shown below:

- The prime lending rate on loans and advances ranged between 10% and 13% over the period, a change of about 100 basis points.

- A 100 basis point proportional change in the cost of fund was also assumed.

Interest Rate sensitivity

In Liberian dollars	**Dec-2012 Pre-tax**	**Dec-2012 Post-tax**
Decrease	(3,403,420)	(2,875,650)
Increase	3,403,420	2,875,650

The table below summaries the Group's financial assets and financial liabilities at carrying amount, categorized by currency:

2013

In Liberian Dollars	TOTAL	LBD	USD	GBP	EUR
Cash and cash equivalents	1,497,577,522	969,068,720	527,536,082	374,640	598,080
Investment securities:					
- Held to maturity	338,210,903	256,210,880	82,000,023	-	-
Loans and Advances to Customers	1,905,443,478	10,308,649	1,895,134,829	-	-
Property and equipment	345,530,409	-	345,530,409	-	-
Intangible assets	4,394,295	-	4,394,295	-	-
Current income tax assets	30,050,041	4,433,792	25,616,249	-	-
Deferred tax assets	16,528,764	-	16,528,764	-	-
Other assets	1,874,411,451	82,188,480	1,792,222,960	-	-
	6,012,146,863	**1,322,210,521**	**4,688,963,611**	**374,640**	**598,080**
Deposits from customers	4,401,713,409	437,295,520	3,964,417,889	-	-
Due to central bank	64,729,582	-	64,729,582	-	-
Due to Intercompany	256,236,985	-	256,236,985	-	-
Deferred tax liabilities	14,187,289	-	14,187,289	-	-
Other liabilities	106,417,532	42,536,400	63,881,132	-	-
	4,843,284,797	**479,831,920**	**4,363,452,877**	**-**	**-**

2012

In Liberian Dollars	TOTAL	LBD	USD	GBP	EUR
Cash and cash equivalents	1,103,872,363	488,277,576	615,594,787	-	-
Investment securities:	-			-	-
- Held to maturity	-	-	-	-	-
Loans and Advances to Customers	1,508,610,922	8,551,368	1,500,059,554	-	-
Property and equipment	290,597,722	-	290,597,722	-	-
Intangible assets	12,700,978	-	12,700,978	-	-
Current income tax assets	-	-	-	-	-
Deferred tax assets	3,565,076	-	3,565,076	-	-
Other assets	1,109,427,891	30,850,632	1,078,577,259	-	-

	4,028,774,952	**527,679,576**	**3,501,095,376**	**-**	**-**
Deposits from customers	2,601,750,457	199,950,336	2,401,800,121	-	-
Due to central bank	55,639,717	-	55,639,717	-	-
Due to Intercompany	290,880,000	-	290,880,000	-	-
Current income tax liabilities	2,699,696	398,304	2,301,392	-	-
Deferred tax liabilities	16,151,967	-	16,151,967	-	-
Other liabilities	121,240,166	2,219,256	119,020,910	-	-
	3,088,362,003	**202,567,896**	**2,885,794,107**	**-**	**-**

5. Capital management and Other Risks

Regulatory capital

The bank's lead regulator, the Central Bank of Liberia, sets and monitors capital requirements for the Bank. The banking operation is directly supervised by the Central Bank of Liberia and other regulatory authorities in the country.

In implementing current capital requirements, Central Bank of Liberia requires the Bank to maintain a prescribed ratio of total capital to total risk-weighted assets. The Bank's regulatory capital is analysed into two tiers:

Tier 1 capital, which includes ordinary share capital, share premium, retained earnings, translation reserve and non-controlling interests after deductions for goodwill and intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.

The Bank and its individually regulated operations have complied with all externally imposed capital requirements throughout the period. There have been no material changes in the Bank's management of capital during the year.

Capital adequacy ratio

The capital adequacy ratio is the quotient of the capital base of the bank and the bank's risk weighted asset base. In accordance with Central Bank of Liberia regulations, a minimum ratio of 10% is to be maintained for banks.

Operational risk

Guaranty Trust Bank defines Operational Risk Management (OpRisk) as "the direct/indirect risk of loss resulting from inadequate and/or failed internal process, people, and systems or from external events”. This definition requires the review and monitoring of all strategies and initiatives deployed in its people management, process engineering and re-engineering, technology investment and deployment, management of all regulatory responsibilities and response to external threats.

To ensure a holistic framework is implemented, Operational Risk Management also monitors Strategic and Reputational Risks from a broad perspective.

The following practices, tools and methodologies have been implemented for this purpose:

- **Loss Incident Reporting** – An in-house developed web-based Loss Incident Reporting System is deployed via the Bank’s intranet for logging of operational risk incidents bank-wide. All staff members are encouraged to report operational risk incidents that occurred within their work spaces whether it crystallized to actual losses or not. As a result, Guaranty Trust Bank has collated OpRisk loss data for four years. Information gathered is used to identify risk concentrations and for appropriate operational risk capital calculation.

- **Risk and Control Self Assessments (RCSAs) –** This is a qualitative risk identification tool deployed bank-wide. All branches and Head-Office departments are required to complete at least once a year. A risk-based approach has been adopted for the frequency of RCSAs to be conducted by branches, departments, groups and divisions of the Bank. These assessments enable risk profiling and risk mapping of prevalent operational risks.

  Risk Assessments of the Bank’s new and existing products / services are also carried out. This process also tests the quality of controls the Bank has in place to mitigate likely risks; a detailed risk register cataloguing key risks identified and controls for implementation is also developed and maintained from this process.
  Other Risk Assessments conducted include Process Risk Assessments, Vendor Risk Assessments, and Fraud Risk Assessments.
  Key Risk Indicators (KRI) – These are quantitative parameters defined for the purpose of monitoring operational risk trends across the Bank. A comprehensive KRI Dashboard is in place supported by specific KRIs for key departments in the Bank. Medium – High risk trends are reported in the Monthly Operational Risk Status reports circulated to Management and key stakeholders.

- **Fraud Risk Management Initiatives –** Causal analysis of key fraud and forgeries trends identified in the Bank or prevalent in local and global business environments are carried out and reported on a monthly basis. Likely and unlikely loss estimations are also determined in the process as input in the OpRisk capital calculation process. The focus in Fraud Risk Management is to ensure that processes for preventing, deterring, detecting fraud and forgeries incidents, and sanctioning offenders are effective.

- **Business Continuity Management (BCM)** in line with BS 25999 Standards – To ensure the resilience of our business to any disruptive eventuality, the Bank has in place a robust Business Continuity Plan (BCP) which assures timely resumption of its business with minimal financial losses or reputational damage and continuity of service to its customers, vendors and regulators. Desktop Walkthrough Tests are being conducted bank-wide to ensure that recovery co-ordinators are aware of their roles and responsibilities. This plan is reviewed monthly and when necessary, it is updated to ensure reliability and relevance of information contained.

- **Information Risk Management Awareness and Monitoring –** Strategies for ensuring the Confidentiality, Availability and Integrity of all the Bank's information assets (hardware, software, documents, backup media, etc.) are continuously reviewed and key risks identified reported to key stakeholders. Where applicable, implementation of controls by relevant stakeholders is also tracked and reported on.

- **Compliance and Legal Risk Management –** Compliance Risk Management involves close monitoring of KYC compliance by the Bank, escalation of Audit Non-conformances, Complaints Management, and observance of the Bank's zero-tolerance culture for regulatory breaches. It also entails an oversight role for monitoring adherence to regulatory guidelines and global best practices on an on-going basis.

  Legal Risk Management involves the monitoring of litigations against the Bank to ascertain likely financial or non-financial loss exposures. It also involves conduct of causal analysis on identified points of failure that occasioned these litigations. Medium – High risk factors identified are duly reported and escalated for appropriate treatment where necessary.

- **Occupational Health and Safety procedures and initiatives –** Global best practices for ensuring the health and safety of all staff, customers and visitors to the Bank's premises are advised, reported on to relevant stakeholders and monitored for implementation. As a result, the following are conducted and monitored: Fire Risk Assessments, Quarterly Fire Drills, Burglaries and Injuries that occur within the Bank's premises.

- **Operational Risk Capital Calculation –** The Bank has adopted the Basel II Pillar 1 defined "Standardized Approach" for the calculation of its Operational Risk Economic Capital for internal risk monitoring and decision-making. Strategies for migrating to the Advanced Measurement Approach once the required gestation period and data collation requirement are in place is on-going. Whilst it is not a regulatory requirement to have capital set aside for operational risk, these estimations are determined to guide Financial Control in its Capital Planning, and Management in its decision making process.

- **Operational Risk Reporting –** Monthly, quarterly, and annual reports highlighting key operational risks identified are circulated to relevant stakeholders for awareness and timely implementation of mitigation strategies. Reports are also generated and circulated on a need-basis.

Operational Risk Management Philosophy and Principles

Governance Structure

- The Board through its Board Risk Committee (BRC) oversees the operational risk function in the Bank. It ensures that the OpRisk policy is robust and provides a framework on the Bank’s OpRisk profile and limits. It also determines the adequacy and completeness of the Bank’s risk detection, and measurement systems, assesses the adequacy of risk mitigants, reviews and approves contingency plans for Specific Risks and lays down the principles on how operational risk incidents are to be identified, assessed, controlled, monitored and measured. The BRC reviews OpRisk Reports on a quarterly basis.

- The Management Risk Committee monitors the activities of OpRisk and approves key decisions made before presentation to the Board. It ensures the implementation of the guiding OpRisk framework bank-wide, and ensures that all departments in the Bank are fully aware of the risks embedded in respective process flows and business activities.

- All process owners are responsible for the day-to-day management of OpRisks prevalent in respective departments, Groups, Divisions and Regions of the Bank.

- The Internal Audit function conducts independent reviews on the implementation of OpRisk Policies and Procedures bank-wide.

Approach to Managing OpRisk

- Guaranty Trust Bank adopts operational risk procedures and practices that are “fit for purpose” and will increase the efficiency and effectiveness of the bank's resources, minimise losses and utilize opportunities.

- This outlook embeds OpRisk practices in the bank's day-to-day business activities.

- It also aligns with the Bank's Operational Risk Management framework with sound practices recommended by various local and globally-accepted regulatory agencies such as Basel II Accord's "Sound Practices for the Management and Supervision of Operational Risk", Committee of Sponsoring Organisations (COSO) / Sarbanes-Oxley (SOX) standards, and some internationally accepted British Standards such as the BS 25999 for Business Continuity Management.

Principles

- Operational risks inherent in all products, activities, processes and systems are assessed periodically for timely identification of new risks and trending of prevalent risks. The Bank ensures that before any new products, processes, activities and systems are introduced or undertaken, the operational risks inherent are assessed and likely risks mitigated.

- In accordance with this, the Bank ensures regular monitoring of its operational risk profile and material exposure to losses.

- Pertinent information is reported regularly to Senior Management and the Board to ensure proactive management of operational risk bankwide.

- In addition to this, the Bank's Business Continuity Plan outlines the Bank's requirements for contingency and business continuity plans to ensure its ability to operate on an ongoing basis and limit losses in the event of severe business disruption.

Treatment of Operational Risks

- The OpRisk identification and assessment process provides a guide on the decision-making process for the extent and nature of risk treatment to be employed by the Bank. In line with best practices, the cost of risk treatments introduced must not exceed the reward.

- The following comprise the OpRisk treatments adopted by the Bank:

  - **Risk Acceptance and Reduction:** The Bank accepts the risk because the reward of engaging in the business activity far outweighs the cost of mitigating the risk. Residual risks retained by the business after deploying suitable mitigants are accepted

  - **Risk Transfer (Insurance):** This involves another party or parties bearing the risk, by mutual consent. Relationships are guided by the use of contracts and insurance arrangements

  - **Risk Sharing (Outsourcing):** Risk is shared with other parties that provide expert solutions required to mitigate risk or reduce risk burden whether operationally or financially

  - **Risk Avoidance**: Requires discontinuance of the business activity that gives rise to the risk

STRATEGY RISK MANAGEMENT

Strategic Risk Management is the process for identifying, assessing and managing risks and uncertainties, affected by internal and external events or scenarios, that could inhibit the Bank's ability to achieve its strategy and strategic objectives with the ultimate goal of creating and protecting shareholder and stakeholder value.

In Guaranty Trust Bank, it is also regarded as the possibility that the Bank's strategy may be inappropriate to support its long-term corporate goals due to the inadequacy of its strategic planning and/or decision-making process or the inadequate implementation of such strategies. This could include the risk that the strategy is unclear, clear but not viable or clear and viable but badly implemented, or strategy failure due to unexpected circumstances.

A specialized template for monitoring Strategic Risk has been developed for tracking key activities designed or defined by the Bank to achieve its strategic intent in the short, medium and long term.

REPUTATIONAL RISK MANAGEMENT

Guaranty Trust Bank considers Reputational Risk to be the current and prospective adverse impact on earnings and capital arising from negative public opinion. It measures the change in perception of the Bank by its stakeholders. It is linked with customers' expectations regarding the Bank's ability to conduct business securely and responsibly.
A detailed template with internal and external factors that might impact the Bank adversely is used to monitor the Bank's exposure to reputational risk. All adverse trends identified are reported to relevant stakeholders for timely redress.

Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimization of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation, by the bank Risk and Group Credit, and is subject to review by the bank Credit Committee or ALMAC as appropriate.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the bank to particular operations or activities, it is not the sole basis used for decision making. Account also is taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the bank's longer term strategic objectives. The bank's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

6. Use of estimates and judgments

These disclosures supplement the commentary on financial risk management (see note 4).

Key sources of estimation uncertainty

Allowances for credit losses
Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 3b (j)(viii).

The specific counterparty component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a counter party's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Risk function.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of loans and advances and held to maturity investment securities with similar economic characteristics when there is objective evidence to suggest that they contain impaired loans and advances and held to maturity investment securities, but the individual impaired items cannot yet be identified. A component of collectively assessed allowances is for country risks. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances are estimated.

Determining fair values
The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy 3b (j)(vii). For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Critical accounting judgements in applying the bank's accounting policies

Critical accounting judgements made in applying the bank's accounting policies include:

Financial asset and liability classification
The bank's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

1. In classifying financial assets or liabilities as "trading", the bank has determined that it meets the description of trading assets and liabilities set out in accounting policy 3b(j)(i).
2. In designating financial assets or liabilities as available for sale, the bank has determined that it has met one of the criteria for this designation set out in accounting policy 3b (o)(iii).
3. In classifying financial assets as held-to-maturity, the bank has determined that it has both the positive intention and ability to hold the assets until their maturity date as required by accounting policy 3b(o)(i).

Details of the bank's classification of financial assets and liabilities are given in note 8.

Depreciation and carrying value of property and equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

Determination of impairment of property and equipment, and intangible assets

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The bank applies the impairment assessment to its separate cash generating units. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

Impairment of available-for-sale equity investments

The bank determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the bank evaluates among other factors, the volatility in share price. In addition, objective evidence of impairment may be deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

Valuation of financial instruments

The bank's accounting policy on fair value measurements is discussed under note 3b (j)(vii)

The bank measures fair values using the following hierarchy of methods.

Level 1: Quoted market price in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: This includes financial instruments, the valuation of which incorporate significant inputs for the asset or liability that is not based on observable market date (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques. This category includes loans and advances to banks and customers, investment securities, deposits from banks and customers, debt securities and other borrowed funds.

7. Operating segments

The bank has five reportable segments, as described below, which are the bank's strategic business units. The strategic business units offer varied products and services, and are managed separately based on the bank's management and internal reporting structure. For each of the strategic business units, the Executive Management Committee reviews internal management reports on at least a quarterly basis. Before the adoption of IFRS in Liberia, the bank presented segment information to its Executive Management Committee, headed by the bank Managing Director, who is the bank's Chief Operating Decision Maker, based on Liberian Generally Acceptable Accounting Practice (GAAP) whose requirements differ from those of International Financial Reporting Standards in certain respects. Some of the key differences include:

1. Interest income on impaired assets is not recognised under Liberian GAAP while IFRS requires that such interest income be recognised in the income statement.

2. Provision for loan loss is determined based on Central Bank of Liberia Prudential Guidelines under Nigerian GAAP while an incurred loss model is used in determining the impairment loss under IFRS.

3. Credit related fees are recognised in the profit and loss account at the time of occurrence under Liberian GAAP while under IFRS, credit related fees are recognised as part of effective interest or over the period of the contract depending on the nature of the contract.

However, with the adoption of IFRS, the segment information are now based on IFRS standards.

The following summary describes the operations in each of the bank's reportable segments:

- **Corporate banking** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products offered to very large corporate customers and blue chips.

- **Commercial banking** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products for mid-size and fledgling corporate customers.

- **Retail banking** – Incorporates private banking services, private customer current accounts, savings deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages.

- **SME banking** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products for small and medium-size enterprises and ventures.

- **Public Sector** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products for Government Ministries, Departments and Agencies.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Executive Management Committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

No single external customer accounts for 10% or more of the bank's revenue.

The measurement policies the bank uses for segment reporting are the same as those used in its financial statements, except that activities of Staff Investment Trust have not been consolidated in arriving at the operating profit, assets and liabilities of the operating segment. There have been no changes from prior years in the measurement methods used to determine reported segment profit or loss.

Reclassifications done in prior year has not been reflected in the operating segment. However, the new segments carved out of retail segment have been separately disclosed.

Operating segments (Continued)
Information about operating segments

DECEMBER-31-2013

In Liberian Dollars	**Corporate Banking**	**Retail Banking**	**Commercial Banking**	**Total**
Revenue:				
Derived from external customers	276,535,242	172,834,526	241,968,337	691,338,106
Derived from other business segments	-	-	-	-
Total Revenue	**276,535,242**	**172,834,526**	**241,968,337**	**691,338,106**
Interest expenses	(11,067,365)	(6,917,103)	(9,683,945)	(27,668,414)
Fee and commission expenses	(15,723,163)	(9,826,977)	(13,757,768)	(39,307,909)
Net operating income	**249,744,713**	**156,090,446**	**218,526,624**	**624,361,784**
Expense:				
Operating expenses	(159,038,440)	(99,399,025)	(139,158,635)	(397,596,101)
Net impairment loss on financial assets	(728,718)	(455,449)	(637,628)	(1,821,796)
Depreciation and amortization	(27,839,573)	(17,399,733)	(24,359,626)	(69,598,932)
Total Cost	**(187,606,731)**	**(117,254,207)**	**(164,155,890)**	**(469,016,828)**
Profit before income tax	**62,137,982**	**38,836,239**	**54,370,734**	**155,344,956**
Tax				
Profit after income tax	**62,137,982**	**38,836,239**	**54,370,734**	**155,344,956**
Assets and liabilities:				
Total assets	2,585,223,158	721,457,626	2,705,466,079	6,012,146,863
Total liabilities	3,148,135,120	968,656,960	726,492,720	4,843,284,800
Net Assets/ (Liabilities)	**(562,911,962)**	**(247,199,334)**	**1,978,973,359**	**1,168,862,063**

Dec-2012

In Liberian Dollars	Corporate Banking	Retail Banking	Commercial Banking	Total
Revenue:				
Derived from external customers	212,908,841	133,068,026	186,295,236	532,272,102
Derived from other business segments	-	-	-	-
Total Revenue	**212,908,841**	**133,068,026**	**186,295,236**	**532,272,102**
Interest expenses	(5,633,312)	(3,520,820)	(4,929,148)	(14,083,279)
Fee and commission expenses	(14,355,300)	(8,972,063)	(12,560,888)	(35,888,250)
Net operating income	**192,920,229**	**120,575,143**	**168,805,201**	**482,300,573**
Expense:				
Operating expenses	(115,253,411)	(72,033,382)	(100,846,734)	(288,133,527)
Net impairment loss on financial assets	(15,745,139)	(9,840,712)	(13,776,996)	(39,362,847)
Depreciation and amortization	(23,762,734)	(14,851,709)	(20,792,393)	(59,406,836)
Total Cost	**(154,761,284)**	**(96,725,803)**	**(135,416,124)**	**(386,903,210)**
Profit before income tax	**38,158,945**	**23,849,341**	**33,389,077**	**95,397,363**
Tax				
Profit after income tax	**38,158,945**	**23,849,341**	**33,389,077**	**95,397,363**
Assets and liabilities:				
Total assets	24,093,236	6,723,694	25,213,851	56,030,781
Total liabilities	27,880,616	8,578,651	6,433,988	42,893,256
Net Assets/ (Liabilities)	**(3,787,381)**	**(1,854,957)**	**18,779,863**	**13,137,525**

Accounting classification measurement basis and fair values (continued)

Financial instruments at fair value (including those held for trading, designated at fair value, derivatives and available-for-sale) are either priced with reference to a quoted market price for that instrument or by using a valuation model. Where the fair value is calculated using a valuation model, the methodology is to calculate the expected cash flows under the terms of each specific contract and then discount these values back to a present value. The expected cash flows for each contract are determined either directly by reference to actual cash flows implicit in observable market prices or through modelling cash flows using appropriate financial markets pricing models. Wherever possible these models use as their basis observable market prices and rates including, for example, interest rate yield curves, equities and prices.

9 Interest income

In Liberian dollars	**Dec -2013**	**Dec -2012**
Loans and advances to Customers	229,640,026	212,809,081
Cash and Cash equivalents	8,401,501	123,250
Held to maturity	4,849,497	-
	242,891,024	**212,932,331**
Geographical location		
Interest income earned in Liberia	242,891,024	212,932,331
Interest income earned outside Liberia	-	-
	242,891,024	**212,932,331**

Interest income for the year ended 31 December 2013 includes LS8,305,646 (December 2012: L$14,012,880) accrued on impaired financial assets.

10 Interest expense

In Liberian dollars	**Dec -2013**	**Dec -2012**
Deposit from banks	624,492	217,500
Deposit from customers	27,043,915	13,305,951
Other Borrowed Funds	-	559,828
	27,668,407	**14,083,279**

11 Loan impairment charges

In Liberian dollars	Dec -2013	Dec -2012
Loans and advances to customers:		
Increase in collective impairment	4,408,075	10,444,541
Increase in specific impairment	13,483,081	28,918,306
Reversal of collective impairment	(2,510,028)	-
Reversal of specific impairment	(13,559,310)	-
Amounts written off during the year as uncollectible	-	-
	1,821,818	**39,362,847**

12 Fee and commission income

In Liberian dollars	Dec -2013	Dec -2012
Credit related fees and commissions	101,961,269	54,853,863
Commission on FX deals	619,102	639,957
Income from Financial guarantee contracts issued	172,454,457	130,244,092
Other fees and commissions	158,148,307	124,646,320
	433,183,135	**310,384,232**

13 Fee and commission expense

In Liberian dollars	Dec -2013	Dec -2012
Fee and commission expense	39,307,922	35,888,250
	39,307,922	**35,888,250**

14 Net gains/(losses) on financial instruments classified as held for trading

In Liberian dollars	Dec -2013	Dec -2012
Foreign exchange	15,306,985	12,870,844
	15,306,985	**12,870,844**

15 Other Operating income

In Liberian dollars	Dec -2013	Dec -2012
Foreign exchange gain/Loss	-	-
Gain on Disposal of Fixed Assets	(43,051)	(3,915,305)
	(43,051)	**(3,915,305)**

16 Personnel expenses

In Liberian dollars	Dec -2013	Dec -2012
Wages and Salaries	117,295,528	121,367,034
Contributions to defined contribution plans	6,755,813	4,630,526
Other staff cost	7,110,915	1,185,579
	131,162,256	**127,183,139**

17 General and administrative expenses

In Liberian dollars	Dec -2013	Dec -2012
Stationery and postage	12,659,719	21,232,437
Business travel expenses	2,222,388	462,644
Advert, promotion and corporate gifts	18,697,816	6,858,221
Other premises and equipment costs	48,999,055	36,476,568
Directors' emoluments	5,552,877	3,376,513
Contract Services	42,016,864	-
	130,148,719	**68,406,383**

18 Depreciation and Ammortisation

In Liberian dollars	Dec -2013	Dec -2012
Amortisation of Intangibles	10,770,612	9,694,471
Depreciation of Property, Plants and Equipments	58,828,286	49,712,365
	69,598,898	**59,406,836**

19 Other operating expenses

In Liberian dollars	Dec -2013	Dec -2012
Insurance Premium Paid	8,061,995	6,777,014
Consulting and auditing costs	6,050,914	13,681,566
Management Technical Services Expense	27,390,206	-
Fuel expense	30,748,518	26,043,215
Others	48,188,715	39,006,329
	120,440,348	**85,508,124**

20 Income Tax expense

In Liberian dollars	Dec -2013	Dec -2012
Current tax expense		
Current year tax expense	360	22,809,949
Deferred tax expense		
Origination of temporary differences	(3,782,837)	(4,025,845)
	(3,782,477)	**18,784,104**

21 Cash and cash equivalents

In Liberian dollars	Dec -2013	Dec -2012	As at 1 January 2012
Cash and balances with banks	542,158,378	861,317,891	569,044,669
Unrestricted balances with Central banks	721,531,644	64,294,757	6,425,196
Money market placements	233,887,500	178,259,715	91,718,288
	1,497,577,522	**1,103,872,363**	**667,188,153**

All items of cash and cash equivalents have maturities of less than 3 months.

22 Investment Securities

In Liberian dollars	Dec -2013	Dec -2012	As at Jan-12
Held Till Maturity (HTM)			
- GOL Treasury bills	87,557,207	-	-
- CBL Treasury bills	168,653,698	-	-
- Government Bond	81,999,998	-	-
	338,210,903	**-**	**-**
	338,210,903	**-**	**-**
Current	256,210,880	-	-
Non – current	82,000,023	-	-

23 Loans and Advances to Customers

Dec -2013

In Liberian dollars	Gross amount	Specific Impairment	Portfolio Impairment	Total Impairment	Carrying amount
Loans to Individuals	257,020,960	(15,171,440)	(948,080)	(16,119,520)	240,901,440
Loans to Non Individuals	1,723,090,918	(35,439,360)	(23,109,520)	(58,548,880)	1,664,542,038
	1,980,111,878	(50,610,800)	(24,057,600)	(74,668,400)	1,905,443,478

Dec -2012

In Liberian dollars	Gross amount	Specific Impairment	Portfolio Impairment	Total Impairment	Carrying amount
Loans to Individuals	269,964,015	(1,519,523)	(3,112,297)	(4,631,820)	265,332,195
Loans to Non Individuals	1,304,227,639	(44,098,342)	(16,850,570)	(60,948,912)	1,243,278,727
	1,574,191,654	(45,617,865)	(19,962,867)	(65,580,732)	1,508,610,922

As at
1 January 2012

In Liberian dollars	Gross amount	Specific Impairment	Portfolio Impairment	Total Impairment	Carrying amount
Loans to Individuals	224,886,975	(725,000)	(3,205,156)	(3,930,156)	220,956,819
Loans to Non Individuals	862,407,922	(15,974,559)	(6,313,208)	(22,287,767)	840,120,155
	1,087,294,897	(16,699,559)	(9,518,364)	(26,217,923)	1,061,076,974

In Liberian dollars	Dec -2013	Dec -2012	As at 1 January 2012
Current	1,111,743,600	1,057,808,304	751,862,735
Non - Current	793,699,878	450,802,618	309,214,239
	1,905,443,478	**1,508,610,922**	**1,061,076,974**

Loans to Individuals

	Dec-2013			Dec-2012		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	1,519,523	3,112,297	4,631,820	725,000	3,205,156	3,930,156
Foreign currency translation and other adjustments	168,836	345,811	514,647	-	-	-
Increase in impairment allowances	13,483,081	-	13,483,081	794,523	-	794,523
Reversal of impairment	-	(2,510,028)	(2,510,028)	-	(92,859)	(92,859)
Write offs	-	-	-	-	-	-
	15,171,440	948,080	16,119,520	1,519,523	3,112,297	4,631,820

	Dec-2013			Dec-2012		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	44,098,342	16,850,570	60,948,912	15,974,559	6,313,208	22,287,767
Foreign currency translation and other adjustments	4,900,328	1,850,875	6,751,203	-	92,821	92,821
Increase in impairment allowances	-	4,408,075	4,408,075	28,123,783	10,444,541	38,568,324
Reversal of impairment	(13,559,310)	-	(13,559,310)	-	-	-
Write offs	-	-	-	-	-	-
	35,439,360	23,109,520	58,548,880	44,098,342	16,850,570	60,948,912

24 Current income tax assets/(liabilities)

In Liberian dollars	**Dec -2013**	**Dec -2012**
Balance, beginning of period	(2,699,696)	(1,068,161)
Charge for the period	(360)	(22,809,949)
Payments during the period	27,349,985	21,178,414
	30,050,041	**(2,699,696)**

Property and equipment

In Liberian dollars	**Motor Vehicles**	**Premises**	**Furniture & Equipment**	**Leased Asset** depreciation	**Work in Progress**	**Total**
2013						
Cost:						
Balance at beginning of the year	42,206,103	234,037,632	137,891,979	-	3,336,044	417,471,758
Additions	29,525,608	31,639,102	41,594,949	-	26,494,130	129,253,789
Disposals	(6,942,886)	-	(3,164,400)	-	-	(10,107,286)
Transfers	-	10,289,226	10,701,360	-	(20,990,586)	-
Reclassifications	-	-	-	-	-	-
	64,788,825	275,965,960	187,023,888	-	8,839,588	536,618,261
Accumulated depreciation:						
Balance at beginning of the year	20,731,080	31,059,298	75,083,660	-	-	126,874,038
Charge for the year	8,726,258	15,526,885	39,960,671	-	-	64,213,814
Disposals	-	-	-	-	-	-
	29,457,338	46,586,183	115,044,331	-	-	191,087,852
Carrying amounts						
Balance at 1 January 2013	21,475,023	202,978,334	62,808,319	-	3,336,044	290,597,720
Balance at 31 Dec 2013	35,331,487	229,379,777	71,979,557	-	8,839,588	345,530,409

In Liberian dollars	**Motor Vehicles**	**Premises**	**Furniture & Equipment**	**Leased Asset** depreciation	**Work in Progress**	**Total**
2012						
Cost:						
Balance at beginning of the year	33,206,894	209,901,717	111,113,692	-	37,591,598	391,813,901
Additions	15,163,158	2,671,307	13,998,180	-	-	31,832,645
Disposals	(6,163,949)	-	-	-	-	(6,163,949)
Transfers	-	21,464,608	12,780,107	-	(34,244,715)	-
Reclassifications	-	-	-	-	(10,839)	(10,839)
	42,206,103	234,037,632	137,891,979	-	3,336,044	417,471,758
Accumulated depreciation:						
Balance at beginning of the year	16,236,477	21,076,569	45,247,990	-	-	82,561,036
Charge for the year	9,893,968	9,982,729	29,835,669	-	-	49,712,365
Disposals	(5,399,365)	-	-	-	-	(5,399,365)
	20,731,080	31,059,298	75,083,659	-	-	126,874,036
Carrying amounts						
Balance at 1 January 2012	16,970,417	188,825,148	65,865,702	-	37,591,598	309,252,865
Balance at 31 Dec 2012	21,475,023	202,978,334	62,808,320	-	3,336,044	290,597,722

26 Intangible assets

In Liberian dollars	Purchased Software	
	Dec-13	**Dec-12**
Cost:		
Balance at beginning of the year	47,135,202	47,135,202
Additions	6,733,632	-
Disposals	-	-
Reclassifications	-	-
	53,868,834	47,135,202
Accumulated amortisation:		
Balance at beginning of the year	34,434,224	24,739,753
Amortisation for the year	15,040,315	9,694,471
Disposals	-	-
	49,474,539	34,434,224
Carrying amounts		
Balance at 1 January	12,700,978	22,395,449
Balance at 31 December	4,394,295	12,700,978

27 Other assets

In Liberian dollars	Dec -2013	Dec -2012	As at 1 January 2012
Accounts receivable	64,890,738	110,831,529	24,600,804
Prepayments	119,817,905	59,237,868	59,627,655
Restricted deposits with Central Banks	811,485,000	521,928,000	384,685,000
Stock/Stationery	14,857,201	10,869,048	10,024,648
Prepaid benefits on employee loans	4,354,838	1,460,394	2,186,520
Due from foreign banks - cash collateral	859,005,769	405,101,052	250,235,584
	1,874,411,451	**1,109,427,891**	**731,360,211**
Current	1,001,539,128	587,513,016	394,709,648
Non-current	872,872,323	521,914,875	336,650,563

28 Deposits from customers

In Liberian dollars	Dec -2013	Dec -2012	As at 1 January 2012
Term deposits	182,755,189	116,072,751	161,440,970
Current deposits	3,474,634,008	1,942,074,733	1,203,243,133
Savings deposits	744,324,212	543,602,973	331,647,151
	4,401,713,409	**2,601,750,457**	**1,696,331,254**
Current	4,401,713,409	2,601,750,457	1,696,331,254
Non-current	-	-	-

29 Due to Central Bank

In Liberian dollars	Dec -2013	Dec -2012	As at 1 January 2012
Due to Central Bank of Liberia	64,729,582	55,639,717	54,918,750
	64,729,582	**55,639,717**	**54,918,750**

Due to Central Bank of Liberia is a current item

30 Due to intercompany

In Liberian dollars	Dec -2013	Dec -2012	As at 1 January 2012
Due to parent company	256,236,985	290,880,000	76,730,575
	256,236,985	**290,880,000**	**76,730,575**

Due to intercompany is a current item

31 Deferred tax

(a) Deferred tax assets

In Liberian dollars	Dec -2013	Dec - 2012	As at 1 January 2012
Foreign currency translation differences	16,528,764	3,565,076	-
	16,528,764	**3,565,076**	**-**

(b) Deferred tax liabilities

In Liberian dollars	Dec -2013	Dec -2012	As at 1 January 2012
Property, equipment and software	14,187,289	16,151,967	20,177,812
	14,187,289	**16,151,967**	**20,177,812**

(c) Movements in temporary differences during the year

Dec-13

	Opening Balance	Foreign exchange Translation differences	Recognised in profit or loss	Recognised in Other comprehensive income	Net
Property, equipment and software	16,151,967	1,818,158.88	(3,782,837)	-	14,187,289
Foreign currency translation differences	(3,565,076)	10,143,554	-	(23,107,242)	(16,528,764)
	12,586,891	**11,961,713**	**-3,782,837**	**-23,107,242**	**-2,341,475**

Dec-12

	Opening Balance	Foreign exchange Translation differences	Recognised in profit or loss	Recognised in Other comprehensive income	Net
Property, equipment and software	20,177,812	-	(4,025,845)	-	16,151,967
Foreign currency translation differences	-	-	-	(3,565,076)	(3,565,076)
	20,177,812	-	**-4,025,845**	**-3,565,076**	**12,586,891**

32 Other liabilities

In Liberian dollars	Dec -2013	Dec -2012	As at 1 January 2012
Financial guarantee contracts issued	6,287,292	4,651,564	8,964,603
Other current liabilities	92,183,875	116,201,674	57,968,428
Payables on employee Benefits	846,812	386,928	619,150
Liability for Defined Contribution Obligations	7,099,553	-	-
	106,417,532	**121,240,166**	**67,552,181**

33 Equity

Dec-13

In Liberian dollars	**Share capital**	**Regulatory risk reserve**	**Foreign currency translation reserve**	**Retained earnings**	**Total**
Balance at 1 January 2013	1,062,500,000	-	(10,695,228)	(111,391,824)	940,412,948
Total comprehensive income for the period:					
Profit for the period	-	-	-	159,127,393	159,127,393
Other comprehensive income, net of tax					
Foreign currency translation difference	-	-	69,321,725	-	69,321,725
Total other comprehensive income	-	-	69,321,725	-	69,321,725
Total comprehensive income	-	-	69,321,725	159,127,393	228,449,118
Transactions with equity holders, recorded directly in equity:					
Transfers for the period	-	1,406,303	-	(1,406,303)	-
Dividend to equity holders	-	-	-	-	-
Total transactions with equity holders	-	1,406,303	-	(1,406,303)	-
Balance at 31 December 2013	1,062,500,000	1,406,303	58,626,497	46,329,266	1,168,862,066

Dec-12

In Liberian dollars	**Share capital**	**Regulatory risk reserve**	**Foreign currency translation reserve**	**Retained earnings**	**Total**
Balance at 1 January 2012	1,062,500,000	-	-	(188,005,081)	874,494,919
Total comprehensive income for the period:					
Profit for the period	-	-	-	(76,613,258)	(76,613,258)
Other comprehensive income, net of tax					
Foreign currency translation difference	-	-	(10,695,228)	-	(10,695,228)
Total other comprehensive income	-	-	(10,695,228)	-	(10,695,228)
Total comprehensive income	-	-	(10,695,228)	(76,613,258)	(87,308,486)
Transactions with equity holders, recorded directly in equity:					
Transfers for the period	-	-	-	-	-
Dividend to equity holders	-	-	-	-	-
Total transactions with equity holders	-	-	-	-	-
Balance at 31 December 2012	1,062,500,000	-	(10,695,228)	(264,618,339)	787,186,433

33. Explanation of transition to IFRS

(a) Implementation of IFRS

As stated in note 2 on significant accounting policies, these are the Bank's first financial statements prepared in accordance with IFRS. The Bank is expected to publish comparative information for its first published IFRS financial statement for year ended December 31, 2013. These financial statements provide opening balances which represent the start of the earliest period of comparative information to be presented as well as comparative information for the bank's December 31, 2013 financial statements. The opening statement of financial position as at January 1, 2012, comparative statement of financial position as at December 31, 2012 and December 31, 2013; Income statement for year ended December 31, 2012 and December 31, 2013 have been shown accordingly. The accounting policies as set out in note 2 have been applied in these financial statements.

In preparing its opening IFRS statement of financial position, comparative statement of financial position and income statements, the Bank has adjusted amounts reported previously in financial statements prepared in accordance with previous Liberian GAAP. An explanation of how the transition from previous Liberian GAAP to IFRSs has affected the Bank's opening financial position is set out in the following tables and the notes that accompany the tables.

The most significant IFRS impact for the Bank originated from the implementation of IAS 39- Financial instruments: Measurement and recognition which requires initial recognition of financial assets and liabilities at fair value and impairment of financial assets to only be accounted if there is objective evidence that a loss event has occurred after initial recognition but before the date of statement of financial position; IAS 38 - Intangible assets which requires recognition of Computer software as Intangible assets and IAS 18 – Revenue, which requires recognition of interest using effective interest method as set out in IAS 39.

Statement of Financial Position

December 2012

In Liberian dollars	Note	Previous GAAP	Effect of transition to IFRS	IFRS	Previous GAAP	Effect of transition to IFRS	IFRS
			31 December 2012			31 December 2011	
Assets							
Cash and cash equivalents (short term funds)	21	2,030,901,415	(927,029,052)	1,103,872,363	1,302,108,737	(634,920,584)	667,188,153
Loans and Advances (to Customers)	23	1,520,263,607	(11,652,685)	1,508,610,922	1,065,982,230	(4,905,256)	1,061,076,974
Property and equipment (Long-term assets)	25	303,298,700	(12,700,978)	290,597,722	331,648,314	(22,395,449)	309,252,865
Intangible assets	26	-	12,700,978	12,700,978	-	22,395,449	22,395,449
Deferred tax assets	31	-	3,565,076	3,565,076	-	-	-
Other assets	27	187,767,821	921,660,070	1,109,427,891	101,115,835	630,244,376	731,360,211
Total assets		**4,042,231,543**	**(13,456,591)**	**4,028,774,952**	**2,800,855,116**	**(9,581,464)**	**2,791,273,652**
Liabilities							
Deposits from customers (Customer deposits)	28	2,600,511,482	1,238,975	2,601,750,457	1,696,331,254	-	1,696,331,254
Due to Central Bank	29	55,095,967	543,750	55,639,717	54,375,000	543,750	54,918,750
Due to Intercompany	30	290,880,000	-	290,880,000	76,730,575	-	76,730,575
Current income tax liabilities (Taxes payable)	24	3,147,490	(447,794)	2,699,696	6,034,448	(4,966,287)	1,068,161
Deferred tax liabilities	31	-	16,151,967	16,151,967	-	20,177,812	20,177,812
Other liabilities	32	108,333,827	12,906,339	121,240,166	52,879,026	14,673,155	67,552,181
Total liabilities		**3,057,968,766**	**30,393,237**	**3,088,362,003**	**1,886,350,303**	**30,428,430**	**1,916,778,733**
Equity	33						
Share capital		1,062,500,000	-	1,062,500,000	1,062,500,000	-	1,062,500,000
Retained earnings (Accumulated losses)		(63,976,919)	(47,414,904)	(111,391,823)	(147,995,187)	(40,009,894)	(188,005,081)
Other Components of Equity		(14,260,304)	3,565,076	(10,695,228)	-	-	-
Total equity attributable to owners of the Bank		**984,262,777**	**(43,849,828)**	**940,412,949**	**914,504,813**	**(40,009,894)**	**874,494,919**
Total liabilities and equity		**4,042,231,543**	**(13,456,591)**	**4,028,774,952**	**2,800,855,116**	**(9,581,464)**	**2,791,273,652**

Income statement

For 12 Months ended 31 December 2012

In Liberian Dollars	**Note**	**Previous GAAP**	**Effect of transition to IFRS 31 December 2012**	**IFRS**
Interest income	9	184,945,280	27,987,051	212,932,331
Interest expense	10	(14,083,279)	-	(14,083,279)
Net interest income		170,862,001	27,987,051	198,849,052
Loan impairment charges	11	(20,466,310)	(18,896,537)	(39,362,847)
Net interest income after loan impairment charges		150,395,691	9,090,514	159,486,205
Fee and commission income	12	337,781,242	(27,397,010)	310,384,232
Fee and commission expense	13	-	(35,888,250)	(35,888,250)
		337,781,242	(63,285,260)	274,495,982
Net gains/(losses) on financial instruments classified as held for trading		-	12,870,844	12,870,844
Other operating income	15	(3,915,305)	-	(3,915,305)
Personnel expenses	16	(125,997,559)	(1,185,579)	(127,183,138)
General and administrative expenses	17	(68,406,383)	-	(68,406,383)
Operating lease expenses		(7,035,881)	-	(7,035,881)
Depreciation and amortization	18	(59,406,836)	-	(59,406,836)
Other operating expenses	19	(118,246,374)	32,738,250	(85,508,124)
Profit before income tax		**105,168,595**	**(9,771,231)**	**95,397,364**
Income tax expense	20	(18,324,808)	(459,296)	(18,784,104)
Profit for the year		**86,843,787**	**(10,230,527)**	**76,613,260**

Transitional arrangements

The Bank is to adopt IFRS effective January 1, 2013. The key principle of IFRS 1 – First time adoption of International Financial Reporting Standards for reporting entities with adoption date subsequent to 1 January 2006 is a full retrospective application of IFRS. However, this statement provides exemption from retrospective application in certain instances due to costs and practical considerations. The bank's transitional elections in this regard are set out below:

(i) Property and equipment

A first time adopter may elect to use the fair value of individual property and equipment at transition date as the deemed cost. The Bank did not make use of this transitional exemption and elected to measure individual items of property and equipment at depreciated cost determined in accordance with IFRS.

(b) Key impact analysis of IFRS on the financial position as at 31 December, 2011, date of transition.

i. IAS 32, 39 and IFRS 7 Financial instruments

Under IFRS, financial assets and liabilities are required to be classified as held for trading, fair value through the income statement, fair value through equity, loans and receivables and held to maturity financial assets and liabilities. Liberian GAAP does not require such classification of financial instruments and measurement. The basis of valuation of individual instruments is provided in the accompanying statement of accounting policy.

Impairment of loans and advances:

Under Liberian GAAP, loans and advances are measured at costs net of provisions. A specific risk provision for loan impairment is established to provide for management's estimate of credit losses as soon as the recovery of an exposure is identified as doubtful. This provision is made for each account that is not performing in accordance with the terms of the related facility. A general provision of at least 1% is made for all performing accounts to recognize losses in respect of risks inherent in any credit portfolio. Under IFRS, an impairment loss can only be accounted for if there is objective evidence that a loss has occurred after the initial recognition but before the date of statement of financial position. IFRS also allows for the creation of a credit impaired for incurred but not reported losses in order to provide latent losses in a portfolio of loans that have not yet been individually identified as impaired and the general reserve to be reversed. Generally, the impairment for credit losses is lower than the level required by the regulatory authorities. However, the difference has not been recognised in regulatory risk reserve within total equity because we do not know the position of the Central Bank of Liberia on this.

The difference in the measurement basis of impairment loss assessment between IFRS and Liberian GAAP increased the net assets of the bank by L$2,196,148 (January 2012: L$3,619,090).

Initial recognition of Staff Loans at Fair value

Under Liberian GAAP, loans granted to employees at below the market rate are recognized at cost. However, under IFRS, initial recognition of loans and receivable is at fair value. The difference in measurement basis of staff loans resulted into reduction in carrying value of staff loans by L$1,460,394 (January 2012: L$2,186,520) and recognition of Prepaid benefits on employee loans by same amount.

ii. Intangible assets

Under Liberian GAAP, Computer software is reported as part of property and equipment. However, IAS 38 requires as computer software to be reported as intangible assets. The Bank has reclassified L$12,700,978 (January 2012: L$22,395,449) from property and equipment to intangible assets.

iii. Loans and advances, origination fees and effective interest

Under IFRS loans and receivables are subsequently measured at amortised cost. This is the amount at which loans and receivables are measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment. Origination fees, which impact amortised cost measurement of loans and receivables, are recognised in income statement on a bullet basis under Liberian GAAP. However, they are amortised over the life of the financial assets on an effective interest basis under IFRS. The bank has therefore reclassified unearned origination fees of L$12,388,439 (January 2012: L$6,337,826) from retained earnings to Loans and Receivables in line with this requirements.

iv. IAS 12 Income taxes

The Government of Liberia requires large tax payers to pay income taxes in advance. These advance corporate taxes have been reported as part of other assets under Liberian GAAP. In compliance with IAS 12p72 on the legal and enforceable right to set off current tax assets and current tax liabilities, we have reclassified the sum of L$4,932,935 (January 2012: L$4,966,287) from other assets to current tax liabilities.

IFRS requires the recognition of deferred tax for temporary differences between carrying amount of assets and liabilities in the statement of financial position and their tax bases. The bank has recognised the sum of L$16,151,967 (January 2012: L$20,177,812) as deferred tax liability on taxable temporary differences with corresponding debit to retained earnings.

iv. Explanation of material adjustments to cash and cash equivalents

The net impact of application of IFRS on the cash and cash equivalent of the Bank is a decrease in cash and cash equivalents of L$927,029,052 (January 2012: L$634,920,584). This represents the reclassification of restricted deposits with central bank of Liberia and Due from foreign banks cash collateral balances from cash and cash equivalents to other assets.

34. SUPPLEMENTARY FINANCIAL INFORMATION

Statement of Financial Position

As at 31 December 2013

In United States dollars	Note	Dec - 2013	Dec - 2012	As at 1 January 2012
Assets				
Cash and cash equivalents	14	18,719,719	15,331,560	9,202,595
Investment securities:				
- Available for sale		-	-	-
- Held to maturity	15	4,227,636	-	-
Loans and Advances to Customers	16	23,818,043	20,952,930	14,635,544
Property and equipment	18	4,319,130	4,114,660	4,371,973
Intangible assets	19	54,929	183,949	317,665
Current income tax assets	17	375,626	-	-
Deferred tax assets	24	206,610	38,780	-
Other assets	20	23,430,143	15,408,903	10,087,727
Total assets		**75,151,836**	**56,030,782**	**38,615,504**
Liabilities				
Deposits from customers	21	55,021,418	36,135,423	23,397,672
Due to Central Bank	22	809,120	772,722	757,500
Due to Intercompany	23	3,202,962	4,040,000	1,058,353
Current income tax liabilities	17	-	37,496	14,733
Deferred tax liabilities	24	177,341	224,333	278,315
Other liabilities	25	1,330,219	1,683,282	932,024
Total liabilities		**60,541,060**	**42,893,256**	**26,438,597**
Equity	26			
Share capital		15,000,000	15,000,000	15,000,000
Retained earnings		180,787	(1,776,554)	(2,823,093)
Other Components of Equity		(570,011)	(85,920)	-
Total equity attributable to owners of the Bank		**14,610,776**	**13,137,526**	**12,176,907**
Total liabilities and equity		**75,151,836**	**56,030,782**	**38,615,504**

Income statement

For year ended 31 December 2013

In United States dollars	**Note**	**Dec - 2013**	**Dec - 2012**
Assets			
Interest income	1	3,017,280	2,936,997
Interest expense	2	(343,707)	(194,252)
Net interest income		2,673,573	2,742,745
Loan impairment charges	3	(22,631)	(549,217)
Net interest income after loan impairment charges		2,650,942	2,193,528
Fee and commission income	4	5,381,157	4,279,530
Fee and commission expense	5	(488,297)	(495,010)
Net fee and commission income		4,892,860	3,784,520
Net gains/(losses) on financial instruments classified as held for trading		190,149	177,529
Other operating income	7	(535)	(54,004)
Personnel expenses	8	(1,629,345)	(1,754,250)
General and administrative expenses	9	(1,616,754)	(943,536)
Operating lease expenses		(196,830)	(97,047)
Depreciation and amortization	11	(864,583)	(819,405)
Other operating expenses	12	(1,496,153)	(1,179,724)
Profit before income tax		1,929,750	1,307,611
Income tax expense	13	46,987	(261,068)
Profit for the period		1,976,737	1,046,543
Profit attributable to:			
Equity holders of the parent entity (total)			
– Profit for the period from continuing operations		1,976,737	1,046,543
Earnings per share for the profit from continuing operations attributable to the equity holders of the company entity during the period (expressed in dollar per share):			
– Basic		0.13	0.07
– Diluted		0.13	0.07

Statement of comprehensive income

For the period ended 31 December 2013

In United States dollars	*Notes*	Dec - 2013	Dec-2012
Profit for the period		1,976,737	1,046,543
Other comprehensive income:			
Other comprehensive income to be reclassified to profit or loss in subsequent years:			
Foreign currency translation differences for foreign operations		(671,318)	(114,560)
Income tax relating to Foreign currency translation differences for foreign operations		167,830	28,640
Other comprehensive income for the year, net of tax		(503,488)	(85,920)
Total comprehensive income for the year		**1,473,249**	**960,623**
Profit attributable to:			
Equity holders of the parent entity (total)		**1,473,249**	**960,623**
– Total comprehensive income for the year from continuing operations		1,473,249	960,623
Total comprehensive income for the year		**1,473,249**	**960,623**

Statement of cash flows

For the year ended 31 December 2012

In United States dollars	***Notes***	**2013**	**2012**
Cash flows from operating activities			
Profit for the period		1,976,738	1,054,145
Adjustments for:			
Depreciation of property and equipment	11	730,786	685,689
Amortization of Intangibles	11	133,796	133,716
Gain on disposal of property and equipment		535	54,004
Impairment on financial assets		22,631	549,217
Net interest income		(2,673,573)	(2,742,745)
Income tax expense		(46,987)	198,774
		143,926	(67,200)
Changes in:			
Loans and advances to customers		(2,887,745)	(6,866,603)
Other assets		(8,021,240)	(5,321,026)
Deposits from customers		18,885,995	12,737,751
Other liabilities		(353,063)	751,259
		7,623,947	1,301,381
Interest received		3,017,280	2,936,997
Interest paid		(343,707)	(194,252)
		10,441,446	3,976,926
Income tax paid		(580,956)	(237,598)
Net cash from/(used in) operating activities		9,860,490	3,739,328
Cash flows from investing activities			
Net sale/(purchase) of investment securities		(4,227,636)	(31,175)
Purchase of property and equipment	18	(943,081)	(439,071)
Purchase of intangible assets		(4,776)	-
Proceeds from the sale of property and equipment		7,289	(43,459)
Net cash from/(used in) investing activities		(5,168,204)	(513,705)
Cash flows from financing activities			
Increase in Due to Central Bank		36,398	15,222
Increase in due to intercompany		(837,038)	-
Repayment of long term borrowings		-	2,981,647
Net cash from/(used in) financing activities		(800,640)	2,996,869
Net (decrease) /increase in cash and cash equivalents		3,891,646	6,222,492
Cash and cash equivalents at beginning of period		15,331,560	9,202,595
Effect of exchange rate fluctuations on cash held		(503,489)	(93,526)
Cash and cash equivalents at end of period	14	18,719,717	15,331,561

Statement of changes in equity

As as December 2013

In United States dollars	Share capital	Regulatory risk reserve	Foreign currency translation reserve	Retained earnings	Total
Balance at 1 January 2012	15,000,000	-	(85,920)	(1,776,554)	13,137,526
Total comprehensive income for the period:					
Profit for the period	-	-	-	1,976,738	1,976,738
Other comprehensive income, net of tax					
Foreign currency translation difference	-	-	(503,489)	-	(503,489)
Total other comprehensive income	-	-	(503,489)	-	(503,489)
Total comprehensive income	-	-	(503,489)	1,976,738	1,473,249
Transactions with equity holders, recorded directly in equity:					
Transfers for the period	-	19,397	-	(19,397)	-
Dividend to equity holders	-	-	-	-	-
Total transactions with equity holders	-	19,397	-	(19,397)	-
Balance at 31 December 2012	15,000,000	19,397	(589,409)	180,787	14,610,775

Statement of changes in equity

As as December 2012

In United States dollars	**Share capital**	**Regulatory risk reserve**	**Foreign currency translation reserve**	**Retained earnings**	**Total**
Balance at 1 January 2012	15,000,000	-	-	(2,823,093)	12,176,907
Total comprehensive income for the period:					
Profit for the period	-	-	-	1,046,539	1,046,539
Other comprehensive income, net of tax					
Foreign currency translation difference	-	-	(85,920)	-	(85,920)
Total other comprehensive income	-	-	(85,920)	-	(85,920)
Total comprehensive income	-	-	(85,920)	1,046,539	960,619
Transactions with equity holders, recorded directly in equity:					
Transfers for the period	-	-	-	-	-
Dividend to equity holders	-	-	-	-	-
Total transactions with equity holders	-	-	-	-	-
Balance at 31 December 2012	15,000,000	-	(85,920)	(1,776,554)	13,137,526

1 Interest income

In United States dollars	Dec -2013	Dec -2012
Loans and advances to Customers	2,852,671	2,935,297
Cash and Cash equivalents	104,366	1,700
Held to maturity	60,242	0
	3,017,279	**2,936,997**

Geographical location

Interest income earned in Liberia	3,017,280	2,936,997
Interest income earned outside Liberia	-	-
	3,017,280	**2,936,997**

2 Interest expense

In United States dollars	Dec -2013	Dec -2012
Deposit from banks	7,758	3,000
Deposit from customers	335,949	183,530
Other Borrowed Funds	-	7,722
	343,707	**194,252**

3 Loan impairment charges

In United States dollars	Dec -2013	Dec -2012
Loans and advances to customers:		
Increase in collective impairment	54,953	146,958
Increase in specific impairment	168,539	403,242
Reversal of collective impairment	(31,375)	(983)
Reversal of specific impairment	(169,486)	-
Amounts written off during the year as uncollectible	-	-
	22,631	**549,217**

4 Fee and commission income

In United States dollars	Dec -2013	Dec -2012
Credit related fees and commissions	1,266,600	756,605
Commission on FX deals	7,691	8,827
Income from Financial guarantee contracts issued	2,142,291	1,796,024
Other fees and commissions	1,964,575	1,718,074
	5,381,157	**4,279,530**

5 Fee and commission expense

In United States dollars	Dec -2013	Dec -2012
Fee and commission expense	488,297	495,010
	488,297	**495,010**

6 Net gains/(losses) on financial instruments classified as held for trading

In United States dollars	Dec -2013	Dec -2012
Foreign exchange	190,149	177,529
	190,149	**177,529**

7 Other Operating income

In United States dollars	Dec -2013	Dec -2012
Gain on Disposal of Fixed Assets	(535)	(54,004)
	(535)	**(54,004)**

8 Personnel expenses

In United States dollars	Dec -2013	Dec -2012
Wages and Salaries	1,457,087	1,674,028
Contributions to defined contribution plans	83,923	63,869
Other staff cost	88,334	16,353
	1,629,344	**1,754,250**

9 General and administrative expenses

In United States dollars	Dec -2013	Dec -2012
Stationery and postage	157,264	292,861
Business travel expenses	27,607	6,381
Advert, promotion and corporate gifts	232,271	94,596
Other premises and equipment costs	608,684	503,125
Directors' emoluments	68,980	46,573
Contract Services	521,949	-
	1,616,755	**943,536**

10 Depreciation and Amortization

In United States dollars	Dec -2013	Dec -2012
Amortization of Intangibles	133,796	133,716
Depreciation of Property, Plants and Equipments	730,786	685,689
	864,582	**819,405**

11 Other operating expenses

In United States dollars	Dec -2013	Dec -2012
Insurance Premium Paid	100,149	93,476
Consulting and auditing costs	75,167	189,013
Management Technical Services Expense	340,251	-
Fuel expense	381,969	359,217
Others	598,618	538,018
	1,496,154	**1,179,724**

12 Income Tax expense

In United States dollars	Dec -2013	Dec -2012
Current tax expense		
Current year tax expense	4	315,050
Deferred tax expense		
Origination of temporary differences	(46,992)	(53,982)
	(46,988)	**261,068**

13 Cash and cash equivalents

In United States dollars	Dec -2013	Dec -2012	As at Jan-12
Cash and balances with banks	6,776,979	11,962,748	7,848,892
Unrestricted balances with Central Banks	9,019,146	892,983	88,623
Money market placements	2,923,594	2,475,829	1,265,080
	18,719,719	**15,331,560**	**9,202,595**

14 Investment Securities

In United States dollars	Dec -2013	Dec -2012	As at Jan-12
Held Till Maturity (HTM)			
- GOL Treasury bills	1,094,465	-	-
- CBL Treasury bills	2,108,171	-	-
- Government Bond	1,025,000	-	-
	4,227,636	**-**	**-**
	4,227,636	**-**	**-**
Current	3,202,636	-	-
Non - current	1,025,000	-	-

15 Loans and Advances to Customers

Dec -2013

In United States dollars	Gross amount	Specific Impairment	Portfolio Impairment	Total Impairment	Carrying amount
Loans to Individuals	3,212,762	(189,643)	(11,851)	(201,494)	3,011,268
Loans to Non Individuals	21,538,636	(442,992)	(288,869)	(731,861)	20,806,775
	24,751,398	(632,635)	(300,720)	(933,355)	23,818,043

Dec -2012

In United States dollars	Gross amount	Specific Impairment	Portfolio Impairment	Total Impairment	Carrying amount
Loans to Individuals	3,749,501	(21,104)	(43,226)	(64,330)	3,685,171
Loans to Non Individuals	18,114,273	(612,477)	(234,037)	(846,514)	17,267,759
	21,863,774	(633,581)	(277,263)	(910,844)	20,952,930

As at

Jan-12

In United States dollars	Gross amount	Specific Impairment	Portfolio Impairment	Total Impairment	Carrying amount
Loans to Individuals	3,101,889	(10,000)	(44,209)	(54,209)	3,047,680
Loans to Non Individuals	11,895,282	(220,339)	(87,079)	(307,418)	11,587,864
	14,997,171	(230,339)	(131,288)	(361,627)	14,635,544

In Liberian dollars	**Dec -2013**	**Dec -2012**	**As at 1 January 2012**
Current	13,896,795	14,691,782	10,370,520
Non - Current	9,921,248	6,261,148	4,265,024
	23,818,043	**20,952,930**	**14,635,544**

Loans to Individuals

	Dec-2013			**Dec-2012**		
	Specific allowance for impairment	**Collective allowance for impairment**	**Total allowance for impairment**	**Specific allowance for impairment**	**Collective allowance for impairment**	**Total allowance for impairment**
Balance at 1 January	21,104	43,226	64,330	10,000	44,209	54,209
Foreign currency translation and other adjustments	-	-	-	-	-	-
Increase in impairment allowances	168,539	-	168,539	11,104	-	11,104
Reversal of impairment	-	(31,375)	(31,375)	-	(983)	(983)
Write offs	-	-	-	-	-	-
	189,643	11,851	201,494	21,104	43,226	64,330

Loans to Non Individuals

	Dec-2013			Dec-2012		
	Specific allowance for impairment	**Collective allowance for impairment**	**Total allowance for impairment**	**Specific allowance for impairment**	**Collective allowance for impairment**	**Total allowance for impairment**
Balance at 1 January	612,477	234,037	846,514	220,339	87,079	307,418
Foreign currency translation and other adjustments	1	(121)	(120)	-	-	-
Increase in impairment allowances	-	54,953	54,953	392,138	146,958	539,096
Reversal of impairment	(169,486)	-	(169,486)	-	-	-
Write offs	-	-	-	-	-	-
	442,992	288,869	731,861	612,477	234,037	846,514

16 Current income tax assets/(liabilities)

In United States dollars	**Dec -2013**	**Dec -2012**
Balance, beginning of period	(37,496)	(14,733)
Charge for the period	(4)	(315,050)
Payments during the period	338,126	292,287
	375,626	**(37,496)**

17 Property and equipment

In United States dollars	**Motor Vehicles**	**Premises**	**Furniture & Equipment**	**Leased Asset** depreciation	**Work in Progress**	**Total**
Dec-13						
Cost:						
Balance at beginning of the year	591,916	3,306,461	1,939,047	-	53,566	5,890,990
Additions	304,730	14,499	304,539	-	319,311	943,079
Disposals	(86,786)	-	(39,555)	-	-	(126,341)
Transfers	-	128,615	133,767	-	(262,382)	-
Reclassifications	-	-	-	-	-	-
	809,860	3,449,575	2,337,798	-	110,495	6,707,728
Accumulated depreciation:						
Balance at beginning of the year	291,690	437,057	1,047,585	-	-	1,776,332
Charge for the year	160,315	145,270	425,198	-	-	730,783
Disposals	(83,789)	-	(34,728)	-	-	(118,517)
	368,216	582,327	1,438,055	-	-	2,388,598
Carrying amounts						
Balance at 1 Jan 2013	300,226	2,869,404	891,462	-	53,566	4,114,658
Balance at 31 Dec 2013	441,644	2,867,248	899,743	-	110,495	4,319,130

In United States dollars	**Motor Vehicles**	**Premises**	**Furniture & Equipment**	**Leased Asset** depreciation	**Work in Progress**	**Total**
Dec-12						
Cost:						
Balance at beginning of the year	467,789	2,973,551	1,569,692	-	526,056	5,537,088
Additions	209,147	36,846	193,078	-	-	439,071
Disposals	(85,020)	-	-	-	-	(85,020)
Transfers	-	296,064	176,277	-	(472,490)	(149)
Reclassifications	-	-	-	-	-	-
	591,916	3,306,461	1,939,047	-	53,566	5,890,990
Accumulated depreciation:						
Balance at beginning of the year	229,695	299,364	636,056	-	-	1,165,115
Charge for the year	136,469	137,693	411,527	-	-	685,689
Disposals	(74,474)	-	-	-	-	(74,474)
	291,690	437,057	1,047,583	-	-	1,776,330
Carrying amounts						
Balance at 1 January 2012	238,094	2,674,187	933,636	-	526,056	4,371,973
Balance at 31 Dec 2012	300,226	2,869,404	891,464	-	53,566	4,114,660

18 Intangible assets

In United States dollars	Purchased Software	
	Dec-13	**Dec-12**
Cost:		
Balance at beginning of the year	668,584	668,584
Additions	4,776	-
Disposals	-	-
Reclassifications	-	-
	673,360	668,584
Accumulated amortization:		
Balance at beginning of the year	484,635	350,919
Amortization for the year	133,796	133,716
Disposals	-	-
	618,431	484,635
Carrying amounts		
Balance at 1 January	183,949	317,665
Balance at 31 December	54,929	183,949

19 Other assets

			As at
In United States dollars	**Dec -2013**	**Dec -2012**	**1 January 2012**
Accounts receivable	811,134	1,539,509	339,323
Prepayments	1,497,724	822,748	822,451
Restricted deposits with central banks	10,143,563	7,249,000	5,306,000
Stock/Stationery	185,715	150,959	138,269
Prepaid benefits on employee loans	54,435	20,283	30,159
Due from foreign banks - cash coll	10,737,572	5,626,404	3,451,525
	23,430,143	**15,408,903**	**10,087,727**
Current	12,519,239	8,159,903	5,444,269
Non-current	10,910,904	7,249,000	4,643,458

20 Deposits from customers

In United States dollars	Dec -2013	Dec -2012	As at 1 January 2012
Term deposits	2,284,440	1,612,122	2,226,770
Current deposits	43,432,925	26,973,260	16,596,457
Savings deposits	9,304,053	7,550,041	4,574,445
	55,021,418	**36,135,423**	**23,397,672**
Current	55,021,418	36,135,423	23,397,672
Non-current	-	-	-

21 Due to Central Bank

In United States dollars	Dec -2013	Dec -2012	As at 1 January 2012
Due to Central Bank of Liberia	809,120	772,722	757,500
	809,120	**772,722**	**757,500**

22 Due to intercompany

In United States dollars	Dec -2013	Dec -2012	As at 1 January 2012
Due to parent company	3,202,962	4,040,000	1,058,353
	3,202,962	**4,040,000**	**1,058,353**

23 Deferred tax

(a) Deferred tax assets

In United States dollars	Dec -2013	Dec - 2012	As at 1 January 2012
Foreign currency translation differences	206,610	38,780	-
	206,610	**38,780**	**-**

(b) Deferred tax liabilities

In United States dollars	Dec -2013	Dec -2012	As at 1 January 2012
Property, equipment and software	177,341	224,333	278,315
	177,341	**224,333**	**278,315**

(c) Movements in temporary differences during the year

Dec-13

	Opening Balance	Recognized in profit or loss	Recognized in Other comprehensive income	Net
Property, equipment and software	224,333	(46,992)	-	177,341
Foreign currency translation differences	(38,780)	-	(167,830)	(206,610)
	185,553	**(46,992)**	**(167,830)**	**(29,269)**

Dec-12

	Opening Balance	Recognized in profit or loss	Recognized in Other comprehensiv e income	Net
Property, equipment and software	278,315	(53,982)	-	224,333
Foreign currency translation differences	-	-	(38,780)	(38,780)
	278,315	**(53,982)**	**(38,780)**	**185,553**

24 Other liabilities

			As at
In United States dollars	**Dec -2013**	**Dec -2012**	**1 January 2012**
Financial guarantee contracts issued	78,592	64,605	123,649
Other current liabilities	1,152,298	1,613,303	799,835
Payables on employee Benefits	10,585	5,374	8,540
Liability for Defined Contribution Obligations	88,744	-	-
	1,330,219	**1,683,282**	**932,024**

25 Equity

Dec-13

In United States dollars	Share capital	Regulatory risk reserve	Foreign currency translation reserve	Retained earnings	Total
Balance at 1 January 2013	15,000,000	-	(85,919)	(1,776,554)	13,137,527
Total comprehensive income for the period:					
Profit for the period	-	-	-	1,976,738	1,976,738
Other comprehensive income, net of tax					
Foreign currency translation difference	-	-	(503,489)	-	(503,489)
Total other comprehensive income	-	-	(503,489)	-	(503,489)
Total comprehensive income	-	-	(503,489)	1,976,738	1,473,249
Transactions with equity holders, recorded directly in equity:					
Transfers for the period	-	19,397	-	(19,397)	-
Dividend to equity holders	-	-	-	-	-
Total transactions with equity holders	-	19,397	-	(19,397)	-
Balance at 31 December 2013	15,000,000	19,397	(589,408)	180,787	14,610,776

Dec-12

In United States dollars	Share capital	Regulatory risk reserve	Foreign currency translation reserve	Retained earnings	Total
Balance at 1 January 2012	15,000,000	-	-	(2,823,093)	12,176,907
Total comprehensive income for the period:					
Profit for the period	-	-	-	(1,046,540)	(1,046,540)
Other comprehensive income, net of tax					
Foreign currency translation difference	-	-	(85,920)	-	(85,920)
Total other comprehensive income	-	-	(85,920)	-	(85,920)
Total comprehensive income	-	-	(85,920)	(1,046,540)	(1,132,460)
Transactions with equity holders, recorded directly in equity:					
Transfers for the period	-	-	-	-	-
Dividend to equity holders	-	-	-	-	-
Total transactions with equity holders	-	-	-	-	-
Balance at 31 December 2012	15,000,000	-	(85,920)	(3,869,633)	11,044,447

Statement of Financial Position

December 2012

In United States dollars	**Note**	**Previous GAAP**	**Effect of transition to IFRS 31 December 2012**	**IFRS**	**Previous GAAP**	**Effect of transition to IFRS 31 December 2011**	**IFRS**
Assets							
Cash and cash equivalents (short term funds)	13	28,206,964	(12,875,404)	15,331,560	17,960,120	(8,757,525)	9,202,595
Loans and Advances (to Customers)	15	21,121,256	(168,326)	20,952,930	14,703,203	(67,659)	14,635,544
Property and equipment (Long-term assets)	17	4,298,609	(183,949)	4,114,660	4,689,638	(317,665)	4,371,973
Intangible assets	18	-	183,949	183,949	-	317,665	317,665
Deferred tax assets	23	-	38,780	38,780	-	-	-
Other assets	19	2,607,887	12,801,016	15,408,903	1,394,702	8,693,025	10,087,727
Total assets		**56,234,716**	**(203,934)**	**56,030,782**	**38,747,663**	**(132,159)**	**38,615,504**
Liabilities							
Deposits from customers (Customer deposits)	20	36,118,215	17,208	36,135,423	23,397,672	-	23,397,672
Due to Central Bank	21	765,222	7,500	772,722	750,000	7,500	757,500
Due to Intercompany	22	4,040,000	-	4,040,000	1,058,353	-	1,058,353
Current income tax liabilities (Taxes payable)	16	43,715	(6,219)	37,496	52,812	(38,079)	14,733
Deferred tax liabilities	23	-	224,333	224,333	-	278,315	278,315
Other liabilities	24	1,504,635	178,647	1,683,282	729,366	202,658	932,024
Total liabilities		**42,471,787**	**421,469**	**42,893,256**	**25,988,203**	**450,394**	**26,438,597**
Equity	25						
Share capital		15,000,000	-	15,000,000	15,000,000	-	15,000,000
Retained earnings (Accumulated losses)		(1,081,949)	(694,605)	(1,776,554)	(2,240,540)	(582,553)	(2,823,093)
Other Components of Equity		(155,122)	69,202	(85,920)	-	-	-
Total equity attributable to owners of the Bank		**13,762,929**	**(625,403)**	**13,137,526**	**12,759,460**	**(582,553)**	**12,176,907**
Total liabilities and equity		**56,234,716**	**(203,934)**	**56,030,782**	**38,747,663**	**(132,159)**	**38,615,504**

Income statement

For 12 Months ended 31 December 2012

In United States dollars	Note	Previous GAAP	Effect of transition to IFRS 31 December 2012	IFRS
Interest income	1	2,550,969	386,028	2,936,997
Interest expense	2	(194,252)	-	(194,252)
Net interest income		2,356,717	386,028	2,742,745
Loan impairment charges	3	(282,302)	(266,915)	(549,217)
Net interest income after loan impairment charges		2,074,415	119,113	2,193,528
Fee and commission income	4	4,659,052	(379,522)	4,279,530
Fee and commission expense	5	-	(495,010)	(495,010)
		4,659,052	(874,532)	3,784,520
Net gains/(losses) on financial instruments classified as held for trading		-	177,529	177,529
Other operating income	7	(54,004)	-	(54,004)
Personnel expenses	8	(1,737,897)	(16,353)	(1,754,250)
General and administrative expenses	9	(943,536)	-	(943,536)
Operating lease expenses	0	(97,047)	-	(97,047)
Depreciation and amortization	10	(819,405)	-	(819,405)
Other operating expenses	11	(1,630,984)	451,260	(1,179,724)
Profit before income tax		**1,450,594**	**(142,983)**	**1,307,611**
Income tax expense	12	(252,756)	(8,311)	(261,067)
Profit for the year		**1,197,838**	**(151,294)**	**1,046,544**

Maximum exposure to credit risk before collateral held or other credit enhancements

Credit risk exposure relating to On-Balance Sheet

Credit risk exposures relating to on-balance sheet assets are as follows:

	Maximum exposure	
In United States dollars	**Dec -2013**	**Dec -2012**
Classification		
Cash and cash equivalents:		
- Balances held with other banks	6,776,979	11,962,748
- Unrestricted balances with Central Banks	9,019,146	892,983
- Money market placements	2,923,594	2,475,829
Investment securities:		
- GOL Treasury bills	1,094,465	-
- CBL Treasury bills	2,108,171	-
- Government Bond	1,025,000	-
Loans and advances to customers:		
- Loans to individuals	3,011,268	3,685,171
- Loans to non-individuals	20,806,775	17,267,759
Other assets[2]	21,692,269	14,414,913
Total	**68,457,667**	**50,699,403**
Loans exposure to total exposure	35%	41%
Other exposure to total exposure	65%	59%

[2] Balances included in Other Assets above are those subject to credit risks. Items not subject to credit risk, which include Prepayment Stock/Stationery and Prepaid benefit on employees' loan have been excluded.

The table above shows a worst-case scenario of credit risk exposure to the Bank as at 31 December 2013 and 31 December 2012 without taking account of any collateral held or other credit enhancements attached. For on-balance-sheet assets, the exposures set out above are based on amounts reported in the statements of financial position.

Loans and advances to customers is analysed below:

In United States dollars	**Dec -2013**	**Dec -2012**
Loans to individuals:		
Overdraft	718,018	525,888
Loans	2,293,250	3,159,283
	3,011,268	**3,685,171**
Loans to non-individuals:		
Overdraft	8,362,784	11,850,855
Loans	12,443,991	5,416,904
	20,806,775	**17,267,759**

Credit risk exposures relating to off-blance sheet items are as follows:

	Maximum exposure	
In United States dollars	**Dec -2013**	**Dec -2012**
Financial guarantees	784,937	369,544
Other contingents	10,565,166	10,483,150
Total	**11,350,103**	**10,852,694**

Credit risk exposure relating to On-Balance Sheet

Dec-13

In United States dollars	**Liberia**	**Rest of Africa**	**Outside Africa**	**Total**
Classification				
Cash and cash equivalents:				
- Balances held with other banks	6,465,373	-	311,606	6,776,979
- Unrestricted balances with Central Banks	9,019,146	-	-	9,019,146
- Money market placements	2,923,594	-	-	2,923,594
Investment securities:				
- GOL Treasury bills	1,094,465	-	-	1,094,465
- CBL Treasury bills	2,108,171	-	-	2,108,171
- Government Bond	1,025,000	-	-	1,025,000
Loans and advances to customers:				
- Loans to individuals	3,011,268	-	-	3,011,268
- Loans to non-individuals	20,806,775	-	-	20,806,775
Other assets[2]	21,692,269	-	-	21,692,269
Total	**68,146,061**	**-**	**311,606**	**68,457,667**

[2] Balances included in Other Assets above are those subject to credit risks. Items not subject to credit risk, which include Stock/Stationery and Prepaid benefit on employees loan have been excluded.

Loans and advances to customers is analyzed below:

Dec-13

In United States dollars	**Liberia**	**Rest of Africa**	**Outside Africa**	**Total**
Loans to individuals:				
Overdraft	718,018	-	-	718,018
Loans	2,293,250	-	-	2,293,250
	3,011,268	**-**	**-**	**3,011,268**
Loans to non-individuals:				
Overdraft	8,362,784	-	-	8,362,784
Loans	12,443,991	-	-	12,443,991
	20,806,775	**-**	**-**	**20,806,775**

Dec-12

In United States dollars	Liberia	Rest of Africa	Outside Africa	Total
Classification				
Cash and cash equivalents:				
- Balances held with other banks	11,962,748	-	-	11,962,748
- Unrestricted balances with Central Banks	892,983	-	-	892,983
- Money market placements	2,475,829	-	-	2,475,829
Investment securities:				
- GOL Treasury bills	-	-	-	-
- CBL Treasury bills	-	-	-	-
- Government Bond	-	-	-	-
Loans and advances to customers:				
- Loans to individuals	3,685,171	-	-	3,685,171
- Loans to non-individuals	17,267,759	-	-	17,267,759
Other assets[2]	14,414,913	-		14,414,913
Total	**50,699,403**	**-**	**-**	**50,699,403**

Dec-12

In United States dollars	Liberia	Rest of Africa	Outside Africa	Total
Loans to individuals:				
Overdraft	525,888	-	-	525,888
Loans	3,159,283	-	-	3,159,283
	3,685,171	**-**	**-**	**3,685,171**
Loans to non-individuals:				
Overdraft	11,850,855	-	-	11,850,855
Loans	5,416,904	-	-	5,416,904
	17,267,759	**-**	**-**	**17,267,759**

Credit risk exposure relating to Off-Balance Sheet

Credit Risk Exposure relating to off-balance sheet items are as follows:

Dec-13

In United States dollars	**Liberia**	**Rest of Africa**	**Outside Africa**	**Total**
Financial guarantees	784,937	-	-	784,937
Other contingents	10,565,166	-	-	10,565,166
	11,350,103	**-**	**-**	**11,350,103**

Dec-12

In United States dollars	**Liberia**	**Rest of Africa**	**Outside Africa**	**Total**
Financial guarantees	369,544	-	-	369,544
Other contingents	10,483,150	-	-	10,483,150
	10,852,694	**-**	**-**	**10,852,694**

ii) Industry sectors

The following table breaks down the Group's credit exposure at gross amounts (without taking into account any collateral held or other credit support), as categorised by the industry sectors of the Group's counterparties.

Credit Risk Exposure to on-balance sheet items

Dec-13

In United States dollars	**Agriculture**	**Capital market & Financial institution**	**Construction/real estate**	**General Commerce**	**Government**	**Manufacturing**	**Mining,oil & gas**	**Info.Telecoms & Transport.**	**Individual**	**Others [1]**	**Total**
Cash and cash equivalents:											-
- Balances held with other banks	-	6,776,979	-	-	-	-	-	-	-	-	6,776,979
- Unrestricted balances with Central banks	-	9,019,146	-	-	-	-	-	-	-	-	9,019,146
- Money market placements	-	2,923,594	-	-	-	-	-	-	-	-	2,923,594
	-	-	-	-	-	-	-	-	-	-	-
Investment securities:	-	-	-	-	-	-	-	-	-	-	-
- GOL Treasury bills	-	-	-	-	1,094,465	-	-	-	-	-	1,094,465
- CBL Treasury bills	-	-	-	-	2,108,171	-	-	-	-	-	2,108,171
- Government Bond	-	-	-	-	1,025,000	-	-	-	-	-	1,025,000
	-	-	-	-	-	-	-	-	-	-	-
Loans and advances to customers:	-	-	-	-	-	-	-	-	-	-	-
- Loans to individuals	253,455	417,449	313,279	-	-	198,590	80,131	-	1,676,820	71,544	3,011,268
- Loans to non-individuals	9,757,625	2,286,424	199,503	1,844,417	3,628,487	56,157	10,483	2,945,749	-	77,930	20,806,775
	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	20,881,135	-	811,134	-	-	-	-	-	-	21,692,269
	10,011,080	**42,304,727**	**512,782**	**2,655,551**	**7,856,123**	**254,747**	**90,614**	**2,945,749**	**1,676,820**	**149,474**	**68,457,667**

[1] Includes NGOs, Other Professionals and Other Public Services

Loans and advances to customers is analysed below:

Dec-13

In United States dollars	**Agriculture**	**Capital market & Financial institution**	**Construction/real estate**	**General Commerce**	**Government**	**Manufacturing**	**Mining,oil & gas**	**Info.Telecoms & Transport.**	**Individual**	**Others [1]**	**Total**
Loans to individuals:											
Overdraft	120,876	206,424	148,833.00	-	-	-	-	-	241,885.00	-	718,018
Loans	132,579	211,025	164,446	-	-	198,590	80,131	-	1,434,935	71,544	2,293,250
	253,455	**417,449**	**313,279**	**-**	**-**	**198,590**	**80,131**	**-**	**1,676,820**	**71,544**	**3,011,268**
Loans to non-individuals:											
Overdraft	7,412,973	942,724	-	-	7,087	-	-	-	-	-	8,362,784
Loans	2,344,652	1,343,700	199,503	1,844,417	3,621,400	56,157	10,483	2,945,749	-	77,930	12,443,991
	9,757,625	**2,286,424**	**199,503**	**1,844,417**	**3,628,487**	**56,157**	**10,483**	**2,945,749**	**-**	**77,930**	**20,806,775**

Credit Risk Exposure to off-balance sheet items:

Dec-13

In United States dollars	**Agriculture**	**Capital market & Financial institution**	**Construction/real estate**	**General Commerce**	**Government**	**Manufacturing**	**Mining,oil & gas**	**Info.Telecoms & Transport.**	**Individual**	**Others [1]**	**Total**
Financial guarantees	-	-	177,613	74,323	-	-	203,556	325,000	-	4,445	784,937
Other contingents	-	-	-	6,865,166	-	-	3,000,000	700,000	-	-	10,565,166
	-	**-**	**177,613**	**6,939,489**	**-**	**-**	**3,203,556**	**1,025,000**	**-**	**4,445**	**11,350,103**

Dec-12

In United States dollars	**Agriculture**	**Capital market & Financial institution**	**Construction/real estate**	**General Commerce**	**Government**	**Manufacturing**	**Mining,oil & gas**	**Info.Telecoms & Transport.**	**Individual**	**Others**	**Total**
Cash and cash equivalents:											
- Balances held with other banks	-	11,962,748	-	-	-	-	-	-	-	-	11,962,748
- Unrestricted balances with Central banks	-	892,983	-	-	-	-	-	-	-	-	892,983
- Money market placements	-	2,475,829	-	-	-	-	-	-	-	-	2,475,829
											-
Investment securities:											-
- GOL Treasury bills	-	-	-	-	-	-	-	-	-	-	-
- CBL Treasury bills	-	-	-	-	-	-	-	-	-	-	-
- Government Bond	-	-	-	-	-	-	-	-	-	-	-
											-
Loans and advances to customers:											-
- Loans to individuals	322,761	333,114	190,299	60,968	-	197,834	5,551	-	2,491,408	83,236	3,685,171
- Loans to non-individuals	10,562,900	1,329,414	302,023	-	2,699,074	216,065	61,415	642,912	-	1,453,956	17,267,759
											-
Other assets	-	12,875,404	-	1,539,509	-	-	-	-	-	-	14,414,913
	10,885,661	**29,869,492**	**492,322**	**1,600,477**	**2,699,074**	**413,899**	**66,966**	**642,912**	**2,491,408**	**1,537,192**	**50,699,403**

Dec-12

In United States dollars	Agriculture	Capital market & Financial institution	Construction/real estate	General Commerce	Government	Manufacturing	Mining,oil & gas	Info.Telecoms & Transport.	Individual	Others [1]	Total
Loans to individuals:											
Overdraft	15,927	110,417	190,299	35,998	-	163,094	-	-	10,153	-	525,888
Loans	306,834	222,697	-	24,970	-	34,740	5,551	-	2,481,255	83,236	3,159,283
	322,761	**333,114**	**190,299**	**60,968**	**-**	**197,834**	**5,551**	**-**	**2,491,408**	**83,236**	**3,685,171**
Loans to non-individuals:											
Overdraft	9,501,850	370,115	111,064	-	739,390	72,540	61,415	642,912	-	351,569	11,850,855
Loans	1,061,050	959,299	190,959	-	1,959,684	143,525	-	-	-	1,102,387	5,416,904
	10,562,900	**1,329,414**	**302,023**	**-**	**2,699,074**	**216,065**	**61,415**	**642,912**	**-**	**1,453,956**	**17,267,759**

Credit Risk Exposure to off-balance sheet items:

Dec-12

In United States dollars	Agriculture	Capital market & Financial institution	Construction/real estate	General Commerce	Government	Manufacturing	Mining,oil & gas	Info.Telecoms & Transport.	Individual	Others [1]	Total
Financial guarantees	-	-	40,282	139,921	-	180,643	-	8,698	-	-	369,544
Other contingents	-	-	-	6,995,150	-	-	3,488,000	-	-	-	10,483,150
	-	**-**	**40,282**	**7,135,071**	**-**	**180,643**	**3,488,000**	**8,698**	**-**	**-**	**10,852,694**

Loans and advances

Loans and advances are summarised as follows:

	Dec-13			Dec-12		
In United States dollars	Loans to Individual	Loans to non-Individual	Total	Loans to Individual	Loans to non-Individual	Total
Neither past due nor impaired	1,567,788	7,799,054	9,366,842	3,225,662	12,569,903	15,795,565
Past due but not impaired	85,736	393,012	478,748	83,180	128,888	212,068
Individually impaired	268,470	1,061,218	1,329,688	26,684	972,613	999,297
Collectively Impaired	1,290,768	12,285,352	13,576,120	413,975	4,442,869	4,856,844
Gross	**3,212,762**	**21,538,636**	**24,751,398**	**3,749,501**	**18,114,273**	**21,863,774**
Less allowances for impairment:						
Individually impaired	189,643	442,992.00	632,635	21,104	612,477	633,581
Portfolio allowance	11,851	288,869.00	300,720	43,226	234,037	277,263
Total allowance	**201,494**	**731,861**	**933,355**	**64,330**	**846,514**	**910,844**
Net Loans and Advances	**3,011,268**	**20,806,775**	**23,818,043**	**3,685,171**	**17,267,759**	**20,952,930**

The total impairment for loans and advances is $933,355 (2012: $910,844) of which $632,635 (2012: $633,581) represents the impairment on individually impaired loans and the remaining amount of $300,720 (2012: $277,263) represents the portfolio allowance. Further information of the impairment allowance for loans and advances to banks and to customers is provided in Notes 24.

(i) Loans and advances neither past due nor impaired.

The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Bank.

Dec-13

In United States dollars	Overdraft	Loans	Total
Rating			
Exceptional Capacity	1,000,769	-	1,000,769
Very strong Capacity	2,188,050	4,122,408	6,310,458
Strong Repayment Capacity	653,121	1,402,494	2,055,615
	3,841,940	**5,524,902**	**9,366,842**

Dec-12

In United States dollars	**Overdraft**	**Loans**	**Total**
Rating			
Exceptional Capacity	-	-	-
Very strong Capacity	72,540	5,655,481	5,728,021
Strong Repayment Capacity	8,909,506	1,158,038	10,067,544
	8,982,046	**6,813,519**	**15,795,565**

(ii) **Loans and advances past due but not impaired**

Clearing cheques, late processing and other administrative delays on the side of the borrower can lead to a financial asset being past due but not impaired. Therefore, loans and advances less than 90 days past due are not usually considered impaired, unless other information is available to indicate the contrary. Gross amount of loans and advances by class to customers that were past due but not impaired were as follows:

Dec-13 *In United States dollars*	**Loans to Individual**	**Loans to Non-individual**	**Total**
Age			
0 – 90	4,446	26,488	30,934
91 – 180	65,411	-	65,411
181 – 365	15,879	366,524	382,403
	85,736	**393,012**	**478,748**
FV of collateral	**716,240**	**7,138,627**	**7,854,867**
Amount of undercollateralisation	**-**	**-**	**-**

Dec-12 *In United States dollars*	**Loans to Individual**	**Loans to Non-individual**	**Total**
Age			
0 – 90	64,949	93,894	158,843
91 – 180	-	-	-
181 – 365	18,231	34,994	53,225
	83,180	**128,888**	**212,068**
FV of collateral	**550,008**	**735,317**	**1,285,325**
Amount of	**-**	**-**	**-**

undercollateralisation

(iii) **Loans and advances individually impaired**

The breakdown of the gross amount of individually impaired loans and advances by class, along with the fair value of related collateral held by the Bank as security, are as follows:

Dec-13 *In United States dollars*	**Loans to Individual**	**Loans to Non-individual**	**Total**
Gross amount	268,470	1,061,218	1,329,688
Impairment	189,643	442,992	632,635
Net Amount	78,827	618,226	697,053
FV of collateral	151,176	1,185,638	1,336,814
Amount of undercollateralisation	**-**	**-**	**-**

Dec-12 *In United States dollars*	**Loans to Individual**	**Loans to Non-individual**	**Total**
Gross amount	26,684	972,613	999,297
Impairment	21,104	612,477	633,581
Net Amount	5,580	360,136	365,716
FV of collateral	6,510	420,158	426,668
Amount of undercollateralisation	**-**	**-**	**-**

Upon initial recognition of loans and advances, the fair value of collateral is based on valuation techniques commonly used for the corresponding assets. In subsequent periods, the fair value is assessed by reference to market price or indexes of similar assets.

(iv) **Undercollaterisation of individual loans against gross loans is shown below:**

In United States dollars	**Dec -2013**	**Dec -2012**
Past due and impaired:		
Gross loans	842,311	948,930.00
Collateral	600,414	374,168.00
Undercollaterisation	**(241,897)**	**(574,762)**
Collectively impaired		
Gross loans	13,496,916	4,856,845
Collateral	9,937,062	3,462,004
Undercollaterisation	**(3,559,854)**	**(1,394,841)**

Summary of collaterals pledged against loans and advances

An estimate of the fair value of any collateral and other security enhancements held against loans and advances is shown below:

Dec-13

In United States dollars	**Gross Loans**	**Collateral**
Against individually impaired	1,329,688	1,336,814
Against collectively impaired	13,576,120	10,025,542
Against past due but not impaired	478,748	7,854,867
Against neither past due nor impaired	9,366,842	33,305,350
Total	**24,751,398**	**52,522,573**

Dec-12

In United States dollars	**Gross Loans**	**Collateral**
Against individually impaired	999,297	426,668
Against collectively impaired	4,856,845	3,462,004
Against past due but not impaired	212,068	1,285,325
Against neither past due nor impaired	15,795,564	38,876,146
Total	**21,863,774**	**44,050,143**

In United States dollars	**Dec -2013**	**Dec -2012**
Against individually impaired:		
Cash	-	-
Domiciliation	-	-
Guarantees	774,200	190,339
Others	362,600	-
Property	200,014	236,329
Total	**1,336,814**	**426,668**
Against collectively impaired:		
Cash	-	2,366,000
Domiciliation	-	357,350
Guarantees	4,035,116	205,525
Others	4,263,684	-
Property	1,726,742	533,129
Total	**10,025,542**	**3,462,004**

Against past due but not impaired:		
Cash	-	183,829
Domiciliation	-	367,658
Guarantees	5,950,000	183,829
Others	-	-
Property	1,904,867	550,009
Total	**7,854,867**	**1,285,325**

Against neither past due nor impaired:		
Cash	-	3,642,039
Domiciliation	-	2,697,929
Guarantees	4,635,662	4,458,483
Others	7,869,011	5,055,548
Property	20,800,677	23,022,147
Total	**33,305,350**	**38,876,146**

Debt securities

The table below shows analysis of debt securities into the different classifications:

Dec-13 *In United States dollars*	**Financial assets held for trading**	**Investment securities**	**Assets pledged as collateral**	**Total**
GOL Treasury bills	-	1,094,465	-	1,094,465
CBL Treasury bills	-	2,108,171	-	2,108,171
Government Bond	-	1,025,000	-	1,025,000
Total	**-**	**4,227,636**	**-**	**4,227,636**

Dec-12 *In United States dollars*	**Financial assets held for trading**	**Investment securities**	**Assets pledged as collateral**	**Total**
GOL Treasury bills	-	-	-	-
CBL Treasury bills	-	-	-	-
Government Bond	-	-	-	-
Total	**-**	**-**	**-**	**-**

Financial risk management (continued)

The following table shows the undiscounted cash flows on the Group's financial assets and liabilities and on the basis of their earliest possible contractual maturity. The Gross nominal inflow / (outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial assets and liabilities.

(iii) Gross nominal (undiscounted) maturities of financial assets and liabilities

December-2013

In US Dollars	***Note***	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than1 3 months**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets								
Cash and cash equivalents	23	18,719,720	18,719,720	18,719,720	-	-	-	-
Loans and advances to customers	25	23,818,042	27,222,233	7,727,042	6,164,363	1,929,754	8,901,074	2,500,000
Investment Securities:			-					
– Held to maturity	27	4,227,636	4,227,636	1,094,465	2,108,171	-	1,025,000	-
Other Assets	34	23,430,143	23,430,143	1,481,935	10,846,314	190,990	461,207	10,449,697
		70,195,541	73,599,732	29,023,162	19,118,848	2,120,744	10,387,281	12,949,697
Financial liabilities								
Deposits from customers	37	55,021,418	55,021,418	54,475,659	238,259	307,500	-	-
Due to Central Bank		809,120	809,120	809,120	-	-	-	-
Due to Intercompany		3,202,962	3,202,962	-	3,202,962	-	-	-
Other Liabilities	39	1,330,219	1,330,219	1,330,219	-	-	-	-
		60,363,719	60,363,719	56,614,998	3,441,221	307,500	-	-
Gap (asset - liabilities)				(27,591,836)	15,677,627	1,813,244	10,387,281	12,949,697
Cumulative liquidity gap				(27,591,836)	(11,914,209)	(10,100,965)	286,316	13,236,013

December-2012

In US Dollars	***Note***	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than1 3 months**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets								
Cash and cash equivalents	23	15,331,560	15,331,560	12,855,731	2,475,829	-	-	-
Loans and advances to customers	25	20,952,930	23,580,440	9,178,072	2,948,237	3,703,373	7,750,758	-
Investment Securities:			-					
– Held to maturity	27	-	-	-	-	-	-	-
Assets pledged as collateral	29	-	-	-	-	-	-	-
Other Assets	34	15,408,903	15,408,903	1,710,751	5,626,404	229,712	593,036	7,249,000
		51,693,393	54,320,903	23,744,554	11,050,470	3,933,085	8,343,794	7,249,000
Financial liabilities								
Deposits from customers	37	36,135,423	36,135,423	27,105,869	-	9,029,554	-	-
Due to Central Bank		772,722	772,722	772,722	-	-	-	-
Due to Intercompany		4,040,000	4,040,000	4,040,000	-	-	-	-
Other Liabilities	39	1,683,282	1,683,282	1,683,282	-	-	-	-
		42,631,427	42,631,427	33,601,873	-	9,029,554	-	-
Gap (asset - liabilities)				(9,857,319)	11,050,470	(5,096,469)	8,343,794	7,249,000
Cumulative liquidity gap				(9,857,319)	1,193,151	(3,903,318)	4,440,476	11,689,476

(iv) **Residual contractual maturities of financial assets and liabilities**

The following table shows the contractual maturities at period end of the Group's financial assets and liabilities and represents actual and in some cases assumed obligation expected for the assets or liability to be recovered or settled. These figures do not include elements of future incomes or costs.

December-2013

In US Dollars	***Note***	**Carrying amount**	**Less than1 3 months**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	18,719,720	18,719,720	-	-	-	-
Loans and advances to customers	25	23,818,043	7,727,042	4,588,763	1,576,784	7,425,454	2,500,000
Investment Securities:							
– Held to maturity	27	4,227,636	1,094,465	2,108,171	-	1,025,000	-
Other Assets	34	23,430,143	1,481,935	10,846,314	190,990	461,207	10,449,697
		70,195,542	29,023,162	17,543,248	1,767,774	8,911,661	12,949,697
Financial liabilities							
Deposits from customers	37	55,021,418	54,475,659	238,259	307,500	-	-
Due to Central Bank		809,120	809,120	-	-	-	-
Due to Intercompany		3,202,962	-	3,202,962	-	-	-
Other Liabilities	39	1,330,219	1,330,219	-	-	-	-
		60,363,719	56,614,998	3,441,221	307,500	-	-
Gap (asset - liabilities)			(27,591,836)	14,102,027	1,460,274	8,911,661	12,949,697
Cumulative liquidity gap			(27,591,836)	(13,489,809)	(12,029,535)	(3,117,874)	9,831,823

December-2012

In US Dollars	***Note***	**Carrying amount**	**Less than1 3 months**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	15,331,560	12,855,731	2,475,829	-	-	-
Loans and advances to customers	25	20,952,930	9,178,072	2,591,997	2,921,713	6,261,148	-
Investment Securities:		-					
– Held to maturity	27	-	-	-	-	-	-
Other Assets	34	15,408,903	1,710,751	5,626,404	229,712	593,036	7,249,000
		51,693,393	23,744,554	10,694,230	3,151,425	6,854,184	7,249,000
Financial liabilities							
Deposits from customers	37	36,135,423	27,105,869	-	9,029,554	-	-
Due to Central Bank		772,722	772,722	-	-	-	-
Due to Intercompany		4,040,000	4,040,000	-	-	-	-
Other Liabilities	39	1,683,282	1,683,282	-	-	-	-
		42,631,427	33,601,873	-	9,029,554	-	-
Gap (asset - liabilities)			(9,857,319)	10,694,230	(5,878,129)	6,854,184	7,249,000
Cumulative liquidity gap			(9,857,319)	836,911	(5,041,218)	1,812,966	9,061,966

Repricing period of financial assets and liabilities

The table below analyses the Group's interest rate risk exposure on financial assets and liabilities. The Group's assets and liabilities are included at carrying amount and categorized by the earlier of contractual re–pricing or maturity dates.

December-2013

In US Dollars	***Note***	**Carrying amount**	**Less than1 3 months**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	18,719,720	18,719,720	-	-	-	-
Loans and advances to customers	25	23,818,043	7,727,042	4,588,763	1,576,784	7,425,454	2,500,000
Investment Securities:							
– Held to maturity	27	4,227,636	1,094,465	2,108,171	-	1,025,000	-
Other Assets	34	23,430,143	1,481,935	10,846,314	190,990	461,207	10,449,697
		70,195,542	29,023,162	17,543,248	1,767,774	8,911,661	12,949,697
Financial liabilities							
Deposits from customers	37	55,021,418	54,475,659	238,259	307,500	-	-
Due to central bank		809,120	809,120	-	-	-	-
Due to Intercompany		3,202,962	-	3,202,962	-	-	-
Other Liabilities	39	1,330,219	1,330,219	-	-	-	-
		60,363,719	56,614,998	3,441,221	307,500	-	-
Gap (asset - liabilities)			(27,591,836)	14,102,027	1,460,274	8,911,661	12,949,697
Cumulative liquidity gap			(27,591,836)	(13,489,809)	(12,029,535)	(3,117,874)	9,831,823

December-2012

In US Dollars	***Note***	**Carrying amount**	**Less than1 3 months**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	15,331,560	12,855,731	2,475,829	-	-	-
Loans and advances to customers	25	20,952,930	9,178,072	2,591,997	2,921,713	6,261,148	-
Investment Securities:		-					
– Held to maturity	27	-	-	-	-	-	-
Other Assets	34	15,408,903	1,710,751	5,626,404	229,712	593,036	7,249,000
		51,693,393	23,744,554	10,694,230	3,151,425	6,854,184	7,249,000
Financial liabilities							
Deposits from customers	37	36,135,423	27,105,869	-	9,029,554	-	-
Due to Central Bank		772,722	772,722	-	-	-	-
Due to Intercompany		4,040,000	4,040,000	-	-	-	-
Other Liabilities	39	1,683,282	1,683,282	-	-	-	-
		42,631,427	33,601,873	-	9,029,554	-	-
Gap (asset - liabilities)			(9,857,319)	10,694,230	(5,878,129)	6,854,184	7,249,000
Cumulative liquidity gap			(9,857,319)	836,911	(5,041,218)	1,812,966	9,061,966

Operating segments (Continued)
Information about operating segments

DECEMBER-31-2013

In US Dollars	**Corporate Banking**	**Retail Banking**	**Commercial Banking**	**Total**
Revenue:				
Derived from external customers	3,435,219	2,147,013	3,005,818	8,588,050
Derived from other business segments	-	-	-	-
Total Revenue	**3,435,219**	**2,147,013**	**3,005,818**	**8,588,050**
Interest expenses	(137,483)	(85,927)	(120,297)	(343,707)
Fee and commission expenses	(195,319)	(122,074)	(170,904)	(488,297)
Net operating income	**3,102,418**	**1,939,012**	**2,714,616**	**7,756,046**
Expense:				
Operating expenses	(1,975,633)	(1,234,771)	(1,728,679)	(4,939,082)
Net impairment loss on financial assets	(9,052)	(5,658)	(7,921)	(22,631)
Depreciation and amortization	(345,833)	(216,146)	(302,604)	(864,583)
Total Cost	**(2,330,518)**	**(1,456,574)**	**(2,039,204)**	**(5,826,296)**
Profit before income tax	**771,899**	**482,438**	**675,413**	**1,929,750**
Tax				
Profit after income tax	**771,899**	**482,438**	**675,413**	**1,929,750**
Assets and liabilities:				
Total assets	32,315,289	9,018,220	33,818,326	75,151,836
Total liabilities	39,351,689	12,108,212	9,081,159	60,541,060
Net Assets/ (Liabilities)	**(7,036,400)**	**(3,089,992)**	**24,737,167**	**14,610,776**

Dec-2012

In US Dollars	Corporate Banking	Retail Banking	Commercial Banking	Total
Revenue:				
Derived from external customers	2,936,021	1,835,013	2,569,018	7,340,052
Derived from other business segments	-	-	-	-
Total Revenue	**2,936,021**	**1,835,013**	**2,569,018**	**7,340,052**
Interest expenses	(77,701)	(48,563)	(67,988)	(194,252)
Fee and commission expenses	(198,004)	(123,753)	(173,254)	(495,010)
Net operating income	**2,660,316**	**1,662,698**	**2,327,777**	**6,650,790**
Expense:				
Operating expenses	(1,589,823)	(993,639)	(1,391,095)	(3,974,557)
Net impairment loss on financial assets	(219,687)	(137,304)	(192,226)	(549,217)
Depreciation and amortization	(327,762)	(204,851)	(286,792)	(819,405)
Total Cost	**(2,137,272)**	**(1,335,795)**	**(1,870,113)**	**(5,343,179)**
Profit before income tax	**523,044**	**326,903**	**457,664**	**1,307,611**
Tax				
Profit after income tax	**523,044**	**326,903**	**457,664**	**1,307,611**
Assets and liabilities:				
Total assets	24,093,236	6,723,694	25,213,851	56,030,781
Total liabilities	27,880,616	8,578,651	6,433,988	42,893,256
Net Assets/ (Liabilities)	**(3,787,381)**	**(1,854,957)**	**18,779,863**	**13,137,525**

The table below summaries the Group's financial assets and financial liabilities at carrying amount, categorized by currency:

2013

In US Dollars	**TOTAL**	**LBD**	**USD**	**GBP**	**EUR**
Cash and cash equivalents	18,719,719	12,113,359	6,594,201	4,683	7,476
Investment securities:					
- Held to maturity	4,227,636	3,202,636	1,025,000	-	-
Loans and Advances to Customers	23,818,043	128,858	23,689,185	-	-
Property and equipment	4,319,130	-	4,319,130	-	-
Intangible assets	54,929	-	54,929	-	-
Current income tax assets	375,626	55,422	320,204	-	-
Deferred tax assets	206,610	-	206,610	-	-
Other assets	23,430,143	1,027,356	22,402,787	-	-
	75,151,836	**16,527,631**	**58,612,046**	**4,683**	**7,476**
Deposits from customers	55,021,418	5,466,194	49,555,224	-	-
Due to Central Bank	809,120	-	809,120	-	-
Due to Intercompany	3,202,962	-	3,202,962	-	-
Current income tax liabilities	-	-	-	-	-
Deferred tax liabilities	177,341	-	177,341	-	-
Other liabilities	1,330,219	531,705	798,514	-	-
	60,541,060	**5,997,899**	**54,543,161**	**-**	**-**

2012

In US Dollars	**TOTAL**	**LBD**	**USD**	**GBP**	**EUR**
Cash and cash equivalents	15,331,560	6,781,633	8,549,927	-	-
Investment securities:				-	-
- Held to maturity	-	-	-	-	-
Loans and Advances to Customers	20,952,930	118,769	20,834,161	-	-
Property and equipment	4,114,660	-	4,114,660	-	-
Intangible assets	183,949	-	183,949	-	-
Deferred tax assets	38,780	-	38,780	-	-
Other assets	15,408,903	428,481	14,980,422	-	-
	56,030,782	**7,328,883**	**48,701,899**	**-**	**-**
Deposits from customers	36,135,423	2,777,088	33,358,335	-	-
Due to Central Bank	772,722	-	772,722	-	-
Due to Intercompany	4,040,000	-	4,040,000	-	-
Current income tax liabilities	37,496	5,532	31,964	-	-
Deferred tax liabilities	224,333	-	224,333	-	-
Other liabilities	1,683,282	30,823	1,652,459	-	-
	42,893,256	**2,813,443**	**40,079,813**	**-**	**-**