GUARANTY TRUST BANK (LIBERIA) LIMITED
REPORT
AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2015

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Guaranty Trust Bank (Liberia) Ltd.
Board of Directors
As at December 31, 2015

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

	Directors	**Title**
1.	Mrs. Opral Mason Benson	Chairman Board of Directors
2.	Dan Orogun	Managing Director of the Bank
3.	Cathy Echeozo	Director
4.	Demola Odeyemi	Director
5.	Tayo Asupoto	Director
6.	E.C.B. Jones	Director
7.	Richard Tolbert	Director
8.	Tunde Macaulay	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

PKF
Accountants &
business advisers

GTBank
Guaranty Trust Bank (Liberia) Limited

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

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 considered suitable for 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 is also responsible to put in place the relevant mechanisms for safeguarding the assets of the Bank and take reasonable steps for the prevention and detection of fraud and other forms of irregularities, as well as the prompt detection of those that might 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 meeting. 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 shall delegate to the committee such powers as the Board considers relevant and necessary.

The above statement of the responsibilities of the Board with respect to the financial statements of the Bank shall be read in conjunction with the statement of the Auditor’s responsibilities set out in the opinion on page 3 of this document. This is necessary and is being done with the view to distinguishing for the benefit of the shareholders and other users of the 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) Limited

We have audited the accompanying financial statements of **Guaranty Trust Bank (Liberia) Limited,** which comprise the statement of financial position as at December 31, 2015 and the related statement of comprehensive income, statements of changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 from 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 judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control 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 Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the 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 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** as at December 31, 2015,and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS).

PKF - Liberia

PKF
Accountants &
Business advisers

February 25, 2016

Monrovia

As at 31 Dec 2015

In Liberian dollars	Note	Dec - 2015	Dec - 2014
Assets			
Cash and cash equivalents	9	1,725,348,805	1,886,249,946
Investment securities:			
- Held to maturity	10	795,628,158	749,509,727
Loans and Advances to Customers	11	2,815,693,535	2,142,717,361
Property and equipment	12	403,690,666	377,181,551
Intangible assets	13	9,576,490	813,086
Current income tax assets		-	9,587,529
Other assets	14	1,679,954,783	1,414,697,547
Total assets		**7,429,892,437**	**6,580,756,746**
Liabilities			
Deposits from customers	15	5,289,632,259	4,552,094,644
Due to Intercompany	16	17,158,512	20,886,124
Current income tax liabilities		19,468,973	-
Other liabilities	17	693,869,913	705,293,736
Total liabilities		**6,020,129,657**	**5,278,274,504**
Equity			
Share capital	18	1,062,500,000	1,062,500,000
Retained earnings		167,977,397	102,309,301
Other Components of Equity		179,285,383	137,672,942
Total equity attributable to owners of the Bank		**1,409,762,780**	**1,302,482,243**
Total liabilities and equity		**7,429,892,437**	**6,580,756,746**

Mrs. Opral Mason Benson
Chairman of the Board of Directors

Mr. Tunde Macauley
Executive Director

Guaranty Trust Bank (Liberia) Ltd.

Statement of Comprehensive Income

For the year ended 31 December 2015

In Liberian dollars	**Note**	**Dec - 2015**	**Dec - 2014**
Interest income	19	352,891,747	317,312,507
Interest expense	20	(90,633,839)	(36,142,327)
Net interest income		262,257,908	281,170,180
Loan impairment charges	21	(43,755,297)	(14,259,558)
Net interest income after loan impairment charges		218,502,610	266,910,622
Fee and commission income	22	504,013,823	444,906,395
Fee and commission expense		(9,069,620)	(46,593,438)
Net fee and commission income		**494,944,204**	**398,312,958**
Net gains/(losses) on financial instruments classified as held for trading		9,068,109	4,649,952
Other operating income		-	(1,222,268)
Personnel expenses	23	(141,075,562)	(132,503,944)
General and administrative expenses	24	(153,973,305)	(139,318,172)
Operating lease expenses		(24,735,309)	(21,478,874)
Depreciation and amortization	25	(79,820,352)	(79,619,607)
Other operating expenses	26	(151,661,723)	(134,568,329)
Profit before income tax		171,248,671	161,162,338
Income tax expense		(42,720,175)	(40,262,538)
Profit for the period		**128,528,496**	**120,899,800**
Profit attributable to:			
Equity holders of the parent entity (total)			
– Profit for the period		128,528,496	120,899,800
Earnings per share for the profit attributable to the equity holders of the company entity during			
– Basic		9	11
– Diluted		9	11

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GTBank Guaranty Trust Bank (Liberia) Limited

Statement of comprehensive income

Statement of Comprehensive Income

In Liberian dollars

	Notes	Dec - 2015	Dec - 2014
Profit for the period		128,528,496	120,899,800
Other comprehensive income:			
Other comprehensive income to be reclassified to profit or loss in subsequent years:			
Foreign currency translation differences		34,823,663	16,960,500
Income tax relating to Foreign currency translation differences for foreign operations		(8,705,916)	(4,240,125)
Other comprehensive income for the year, net of tax		26,117,747	12,720,375
Total comprehensive income for the year		**154,646,243**	**133,620,175**
Profit attributable to:			
Equity holders of the parent entity (total)		**154,646,243**	**133,620,175**
– Total comprehensive income for the year		154,646,243	133,620,175
Total comprehensive income for the year		**154,646,243**	**133,620,175**

PKF Accountants & business advisers

GTBank Guaranty Trust Bank (Liberia) Limited

Guaranty Trust Bank (Liberia) Ltd
Statement of Changes in Shareholders' equity
As at December 31, 2015

	Share capital	Regulatory risk reserve	Statutory Reserve	Foreign currency translation reserve	Retained earnings	Total
Balance at 1 January 2015	1,062,500,000	2,966,866	70,006,798	64,699,278	102,309,301	1,302,482,243
Total comprehensive income for the period:						
Profit for the period	-	-		-	128,528,496	128,528,496
Other comprehensive income, net of tax						
Foreign currency translation difference	-	-		26,117,747	-	26,117,747
Total other comprehensive income	-	-		26,117,747	-	26,117,747
Total comprehensive income	-	-		26,117,747	128,528,496	154,646,243
Transactions with equity holders, recorded directly in equity:						
Tranfer to Regulatory Risk reserve		587,208			(587,208)	-
Transfer to Statutory reserve	-		14,907,486	-	(14,907,486)	0
Others					(45,374,933)	(45,374,933)
Dividend to equity holders	-	-		-	-	-
Total transactions with equity holders	-	587,208	14,907,486	-	(60,869,626)	(45,374,933)
Balance at 31 December 2015	1,062,500,000	3,554,074	84,914,284	90,817,025	167,977,397	1,409,762,780

	Share capital	Regulatory risk reserve	Statutory Reserve	Foreign currency translation reserve	Retained earnings	Total
Balance at 1 January 2014	1,062,500,000	1,406,303	-	58,626,497	46,329,266	1,168,862,067
Total comprehensive income for the period:						
Profit for the period	-	-		-	120,899,800	120,899,800
Other comprehensive income, net of tax						
Foreign currency translation difference	-	-		6,072,781	-	6,072,781
Total other comprehensive income	-	-	-	6,072,781	-	6,072,781
Total comprehensive income	-	-	-	6,072,781	120,899,800	126,972,581
Transactions with equity holders, recorded directly in equity:						
Tranfer to Regulatory Risk reserve		1,560,563			(1,560,563)	-
Transfer to Statutory reserve	-		70,006,798	-	(70,006,798)	-
Others					6,647,595	6,647,595
Dividend to equity holders	-	-		-	-	-
Total transactions with equity holders	-	1,560,563	70,006,798	-	(64,919,766)	6,647,595
Balance at 31 December 2014	1,062,500,000	2,966,866	70,006,798	64,699,278	102,309,301	1,302,482,243

Guaranty Trust Bank (Liberia) Limited
Statement of cash flows
For the year ended December 31, 2015 10

In Liberian dollars

	Dec - 2015	Dec - 2014
Cash flows from operating activities		
Profit for the period	128,528,304	120,899,800
Adjustments for:		
Depreciation of property and equipment	77,719,397	73,324,955
Amortisation of Intangibles	2,100,955	6,274,652
Gain on disposal of property and equipment	-	3,914,197
Transfers of property, plant and equipment	-	108,000
Impairment on financial assets	43,755,297	14,259,558
Net interest income	(262,257,908)	(281,170,180)
Income tax expense	42,720,175	40,262,538
Other non-cash items	(38,104,612)	59,615,363
	(5,538,391)	37,488,883
Changes in:		
Loans and advances to customers	(716,731,472)	(309,926,535)
Deferred tax assets	-	2,341,475
Other assets	(265,257,237)	459,713,905
Deposits from customers	737,537,615	150,381,236
Other liabilities	(11,423,822)	598,876,204
	(255,874,916)	901,386,284
Interest received	352,891,747	317,312,507
Interest paid	(90,633,839)	(36,142,327)
	844,601	1,220,045,347
Income tax paid	(13,663,673)	(19,800,026)
Net cash from/(used in) operating activities	(12,819,073)	1,200,245,321
Cash flows from investing activities		
Net sale/(purchase) of investment securities	(46,118,430)	(411,298,823)
Purchase of property and equipment	(129,510,788)	(108,998,295)
Purchase of intangible assets	(12,179,578)	(2,693,442)
Proceeds from the sale of property and equipment	1,841,898	(1,222,268)
Net cash from/(used in) investing activities	(185,966,897)	(524,212,828)
Cash flows from financing activities		
Increase in Due to central bank	-	(64,729,582)
Increase in due to intercompany	(3,727,612)	(235,350,861)
Net cash from/(used in) financing activities	(3,727,612)	(300,080,443)
Net increase / (decrease) in cash and cash equivalents	(202,513,582)	375,951,831
Cash and cash equivalents at beginning of period	1,886,249,946	1,497,577,522
Effect of exchange rate fluctuations on cash held	41,612,441	12,720,593
Cash and cash equivalents at end of period	1,725,348,805	1,886,249,946

1. Establishment

The Guaranty Trust Bank (Liberia) Ltd was incorporated on June 7, 2007 to conduct full banking business in Liberia, pursuant to the provisions of the Financial Institutions Act of 1999 and the Business Associations Law of Liberia of 1976, as amended in 2002. Guaranty Trust Bank (Liberia) Limited is 99.43% owned by Guaranty Trust Bank PLC. It was licensed by the Central Bank of Liberia on March 6, 2009 and commenced operations on March 12 of the same year.

1.1 Regulations

1.1.1 Banking operations in Liberia are regulated by the Central Bank of Liberia. The Bank's establishment and continuous operations are therefore subject to specific procedures and standards, including requirements for minimum net capital balances and ratios of capital adequacy, portfolio administration as well as a number of other operational requirements. These are guided by the Prudential Regulations and must be complied with.

1.2 Capital Adequacy Regulation

1.2.1 The Central Bank of Liberia Prudential Regulations and the Financial Institutions Act regarding capital adequacy require all bank financial institutions in Liberia to maintain a minimum adjusted net capital balance of US$10 Million. Banking institutions would therefore be out of compliance with this regulation, if the overall net adjusted capital balance falls below the stipulated threshold. The net capital balance of Guaranty Trust Bank (Liberia) Ltd as at December 31, 2015 was US$**16.392 million (L$1,409.762** million), which translate to 33.23%. The regulated ratio is 10%.

2 Basis of preparation

These financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS).

2.1 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 have 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.

3 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 Bank 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 currencies are translated into equivalent Liberian dollars using the closing rate as at the reporting date. Non-monetary items measured at historical cost that are denominated in a foreign currency are translated using the exchange rates applicable 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 Statement of Comprehensive Income.

All foreign exchange gains and losses recognised in the Statement of Comprehensive Income are presented net in the Statement of Comprehensive Income within the corresponding category. 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 the Statement of Comprehensive Income within "interest income" and "interest expense" using the effective interest method.

3. Other accounting policies (continued)

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 financial instruments. 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 commissions**

Fees and Commissions 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 relate mainly to transaction and service fees, including loan account structuring and service fees, investment management and other fiduciary activity fees, sales commissions, placement line fees, syndication fees and guarantee issuance fees are recognised as the related services are provided or performed.

d) **Net trading income**

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

3.Other Accounting Policies (continued)

e) **Leases**

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

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 statement 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**

Current income tax

Income tax payable is calculated on the basis of the applicable tax law 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 being carried 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 return; ensuring the information disclosed is in agreement with the underlying tax liability, which has been adequately provided for in the financial statements.

Deferred tax

Deferred tax is provided for 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 tax is determined using tax rates that have been enacted or substantively enacted as at the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

3.Other Accounting Policies (continued)

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 Central Bank of Liberia initially recognises loans and advances, deposits, amounts due from Central Bank of Liberia and due to intercompany affiliates 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 loan and receivables comprise loans and advances, cash and cash equivalents 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 the Central Bank of Liberia and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of change 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 statement of financial position.

3.Other Accounting Policies (continued)

b) Other IAS 39 classifications

The Bank does not have Available - for -Sale, financial assets and liabilities at fair value through profit or loss classifications, but has Held-to-maturity instruments as at December 31, 2015.

(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 and 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.

3.Other Accounting Policies (continued)

(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 a servicing contract, depending on whether the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the service.

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.

3.Other Accounting Policies (continued)

(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.

3. **Other Accounting Policies (continued)**

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.

3.Other Accounting Policies (continued)

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, plant 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.

3.Other Accounting Policies (continued)

Items of property, plant 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, plant or equipment have different useful lives, they are accounted for as separate items (major components) of property, plant 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, plant 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, plant 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 its residual value over the estimated useful live of each part of an item of property, plant and equipment. Leased assets under finance lease are depreciated over the shorter of the lease term or 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 IFRS5. Anon-current asset or disposal group is not depreciated while it is classified as held-for-sale.

3.Other Accounting Policies (continued)

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 of property, plant and equipment

An item of property, plant 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, provided that 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.

3.Other Accounting Policies (continued)

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 statement of comprehensive income. 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 rate* 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.

3.Other Accounting Policies (continued)

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 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.

3.Other Accounting Policies (continued)

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**

FinancialguaranteesarecontractsthatrequiretheBanktomakespecifiedpay ments 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 with in 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
Terminationbenefitsarerecognisedasanexpensewhenthe Bankisdemons trablycommitted,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.

3.Other Accounting Policies (continued)

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plan 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 of the 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

The Bank's business involves taking on risks in a targeted manner and managing them professionally. The core functions of the Bank's risk management are to identify key risks for the Bank, measure these risks, manage the risk positions and determine capital allocations. The Bank regularly reviews its risk management policies and systems to reflect changes in markets and products under best market practices. The Bank's aim is to achieve an appropriate balance between risk and return and to minimize any potential adverse effects on the Bank's financial performance.

The Bank defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

Risk management is carried out by the Bank's Risk Department under policies approved by the Board of Directors. The Department identifies and evaluates financial risks in close co-operation with the other operating units of the Bank. The Board provides guiding principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, credit risk, legal/compliance risk, liquidity risk, operational risk, strategic risk, and reputational risk. In addition, internal audit is responsible for the independent review of risk management and the control environment.

The risks arising from financial instruments to which the Bank is exposed are financial risks, which include the various risks discussed below.

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.

Financial risk management (continued)

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 maybe 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 executive and non-executive members.

Financial risk management (continued)

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:

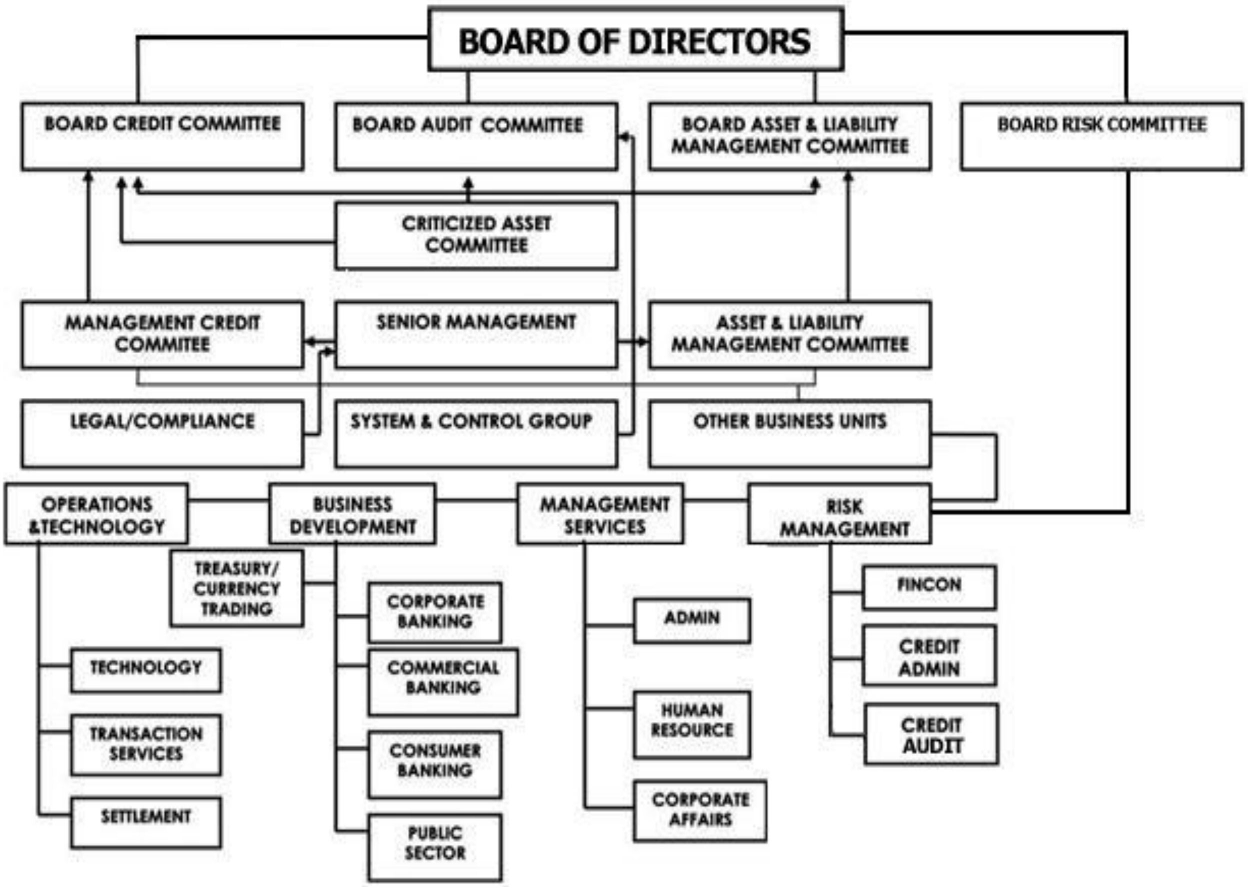
- The Management Credit Committee
- Criticized Assets Committee
- Asset and Liability Management Committee (ALMAC)
- Other Ad-hoc Committees

These committees meet on a regular basis while others are setup 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.

4. Financial risk management (Continued)

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 profile 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. The 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 secretary 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.

4.Financial risk management (continued)

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
- Bank Credit Policy

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 3maininherentrisk
(ii) groups–Credit, Market/Liquidity and Operational;
(iii) 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 counter party'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 Base lll Pillar l, 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.

Financial risk management (continued)

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. The* 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.

Financial risk management (continued)

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 (Liberia) Limited 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.

Financial risk management (continued)

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 awa 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 derives 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 counter parties and related parties.

Although the Bank is guided by this regulatory limit, we apply additional parameters internally in determining the suitable limitsthatanindividualborrowershouldhave.Theseincludeobligorrating, 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 counter parties 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.

4. Financial risk management (Continued)

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 regulatoryAuthoritiesfromtimetotimebutcurrentlyputat20%of
Management Credit Committee	UptoUS$250,000Thousand (LD$18,000,000)
MD/DMD	UptoUS$150,000Thousand (LD$10,800,000)
Other Approving Officers	As delegated by the Managing Director

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 are subject to master netting arrangements.

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.

Financial risk management (Continued)

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.

4. Financial risk management (Continued)

In Liberian dollars

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

4.1 Credit risk exposure relating to On-Balance Sheet

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

	Maximum exposure	
	Dec -2015	**Dec -2014**
Classification	L$	L$
Cash and cash equivalents:		
- Balances held with other banks	834,032,721	990,321,528
- Unrestricted balances with Central Bank	535,795,871	895,928,460
- Money market placements	956,034	-
Investment securities:		
- GOL Treasury bills	360,458,704	292,651,128
- CBL Treasury bills	347,019,452	370,758,612
- Government Bond	88,150,000	86,100,000
Loans and advances to customers:		
- Loans to individuals	901,021,931	514,252,167
- Loans to non-individuals	1,914,671,604	1,628,465,194
Other assets[2]	1,529,675,000	1,273,480,147
Total	**6,511,781,327**	**6,051,957,236**
Loans exposure to total exposure	43%	35%
Other exposure to total exposure	57%	65%

Financial risk management (Continued)

In Liberian dollars

[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 2015 and 31 December 2014 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 statement of financial position.

Loans and advances to customers is analyzed below:

	Dec -2015	**Dec -2014**
Loans to individuals:		
Overdraft	243,275,921	179,988,258
Loans	657,746,010	334,263,908
Total	**901,021,931**	**514,252,167**
Loans to non-individuals:		
Overdraft	670,135,061	569,962,818
Loans	1,244,536,543	1,058,502,376
Total	**1,914,671,604**	**1,628,465,194**

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

	Maximum exposure	
	Dec -2015	**Dec -2014**
Financial guarantees	78,829,836	117,230,652
Other contingents	672,356,600	1,401,232,224
Total	**751,186,436**	**1,518,462,876**

(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

As at December 31, 2015

In Liberian dollars

	Liberia	Rest of Africa	Outside Africa	Total
Classification	L$	L$	L$	L$
Cash and cash equivalents:				
- Balances held with other banks	-	-	834,032,731	834,032,731
- Unrestricted balances with Central banks	535,795,871	-	-	535,795,871
- Money market placements	956,034	-	-	956,034
Investment securities:				
- GOL Treasury bills	360,458,704	-	-	360,458,704
- CBL Treasury bills	347,019,452	-	-	347,019,452
- Government Bond	88,151,000	-	-	88,150,000
Loans and advances to customers:				
- Loans to individuals	901,021,931	-	-	901,021,931
- Loans to non-individuals	1,914,671,604	-	-	1,914,671,604
Other assets[2]	1,662,907,888	-	-	1,662,907,888
Total	**5,810,981,485**	**-**	**834,032,731**	**6,645,014,216**

[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' loans have been excluded.

Credit risk exposure relating to On-Balance Sheet (continued)
In Liberian dollars

Loans and advances to customers is analysed below:

As at December 31, 2015

	Liberia	**Rest of Africa**	**Outside Africa**	**Total**
Loans to individuals:	L$	L$	L$	L$
Overdraft	260,080,090	-	-	260,080,090
Loans	703,179,502	-	-	703,179,502
	963,259,592	-	-	**963,259,592**
Loans to non-individuals:				
Overdraft	648,355,380	-	-	648,355,380
Loans	1,204,088,563	-	-	1,204,088,563
	1,852,443,943	-	-	**1,852,443,943**

As at December 31, 2014

	Liberia	**Rest of Africa**	**Outside Africa**	**Total**
Classification	L$	L$	L$	L$
Cash and cash equivalents:				
- Balances held with other banks	290,874,644	-	699,,446,884	990,321,528
- Unrestricted balances with Central banks	895,928,460	-	-	895,928,460
- Money market placements	-	-	-	-
Investment securities:				
- GOL Treasury bills	292,651,128	-	-	292,651,128
- CBL Treasury bills	370,758,612	-	-	370,758,612
- Government Bond	86,100,000	-	-	86,100,000
Loans and advances to customers:				
- Loans to individuals	514,252,167	-	-	514,252,167
- Loans to non-individuals	1,628,465,194	-	-	1,628,465,194
Other assets[2]	1,273,480,147	-	-	1,273,480,147
Total	**5,352,510,352**	**-**	**699,446,884**	**6,051,957,236**

Credit risk exposure relating to On-Balance Sheet (continued)
In Liberian dollars

As at December 31, 2014

	Liberia	Rest of Africa	Outside Africa	Total
Loans to individuals:	L$	L$	L$	L$
Overdraft	179,988,258	-	-	5,179,988,258
Loans	334,263,908	-	-	334,263,908
	514,252,167	-	-	**514,252,167**
Loans to non-individuals:				
Overdraft	569,962,818	-	-	569,962,81
Loans	1, 058,502,376	-	-	1,058,502,376
	1,628,465,194	-	-	**1,628,465,194**

Credit risk exposure relating to Off-Balance Sheet

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

As at December 31, 2015

	Liberia	**Rest of Africa**	**Outside Africa**	Total
Financial guarantees	78,829,836	L$-	-	78,829,836
Other contingents	672,356,600	-	-	672,356,600
	751,186,436	-	-	751,186,436

As at December 31, 2014

	Liberia	**Rest of Africa**	**Outside Africa**	**Total**
Financial guarantees	117,230,652	-	-	117,230,652
Other contingents	1,401,232,224	-	-	1,401,232,224
	1,518,462,876	**-**	-	1,518,462,876

Credit Risk Exposure to on-balance sheet items

Liberian dollars

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.

As at December 31, 2015

	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:	L$	L$	L$	L$	L$	L$	L$	L$	L$	L$	L$
- Balances held with other banks	-	834,032,730	-	-	-	-	-	-	-	-	834,032,730
- Unrestricted balances with Central banks	-	-	-	-	535,795,910	-	-	-	-	-	535,795,910
- Money market placements	-	956,062	-	-	-	-	-	-	-	-	956,062
Investment securities:											
- GOL Treasury bills	-	-	-	-	360,458,680	-	-	-	-	-	360,458,680
- CBL Treasury bills	-	-	-	-	347,019,460	-	-	-	-	-	347,019,460
- Government Bond	-	-	-	-	88,150,000	-	-	-	-	-	88,150,000
Loans and advances to customers:											
- Loans to individuals	-	-	-	-	-	-	-	-	901,021,931	-	901,021,931
- Loans to non-individuals	78,033,992	-	231,257,440	671,627,062	302,583,948	-	279,767,288	307,030,492	-	44,371,356	1,914,671,604
Other assets	-	33,258,157	-	1,629,649,711	-	-	-	-	-	-	1,662,907,868
	78,033,992	**33,258,157**	**231,257,440**	**2,301,276,773**	**1,098,212,088**	**-**	**279,767,288**	**307,030,492**	**901,021,931**	**44,371,356**	**6,645,014,245**

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

Credit Risk Exposure to off-balance sheet items:
In Liberian dollars
As at December 2015

	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	-	-	-	-	-	-	-	-	245,855,940	-	245,855,940
Loans	-	-	-	-	-	-	-	-	655,165,991	-	655,165,991
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**901,021,931**	**-**	**901,021,931**
Loans to non-individuals:											
Overdraft	-	-	-	83,468,736	-	-	149,996,298	34,806,364	-	-	268,271,398
Loans	78,033,992	-	236,075,191	583,340,592	302,583,948	-	129,771,028	272,224,142	-	44,371,356	1,646,400,249
	78,033,992	**-**	**236,075,191**	**666,809,328**	**302,583,948**	**-**	**279,767,326**	**307,030,506**	**-**	**44,371,356**	**1,914,671,647**

Credit Risk Exposure to off-balance sheet items:
In Liberian dollars
As at December 2015

	Agriculture	Capital market & Financial institution	Construction/ real estate	General Commerce	Government	Manufacturing	Mining,oil& gas	Info.Telecoms& Transport.	Individual	Others	Total
Financial guarantees	-	-	47,297,902	23,648,951	-	7,822,984	-	-		-	78,829,836
Other contingents	-	-	-	235,324,810	-	369,796,130	-	-		67,235,660	672,356,600
	-	-	47,297,902	**258,973,761**	-	**377,679,114**	-	-		67,235,660	**751,186,436**

Credit Risk Exposure to off-balance sheet items:
In Liberian dollars
As at December 2014

	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:	L$	L$	L$	L$	L$	L$	L$	L$	L$	L$	L$
- Balances held with other banks	-	990,321,528	-	-	-	-	-	-	-	-	990,321,528
- Unrestricted balances with Central Banks	-	895,928,460	-	-	-	-	-	-	-	-	895,928,460
- Money market placements	-	-	-	-	-	-	-	-	-	-	-
Investment securities:											-
- GOL Treasury bills	-	-	-	-	292,651,128	-	-	-	-	-	292,651,128
- CBL Treasury bills	-	-	-	-	370,758,612	-	-	-	-	-	370,758,612
- Government Bond	-	-	-	-	86,100,000	-	-	-	-	-	86,100,000
											-
Loans and advances to customers:											-
- Loans to individuals	-	-	-	-	-	-	-	-	-	514,252,200	514,252,200
- Loans to non-individuals	176,693,076	-	252,736,428		88,211,844	-	369,782,700	-		741,041,112	1,628,465,160

				-					-		
Other assets	-	11,785,400	-	577,484,596	-	-	-	-	-	-	589,269,996
	176,693,076	**1,911,719,591**	**252,736,428**	**577,484,596**	**837,721,584**	**-**	**369,782,700**	-	-	**1,255,293,312**	**5,367,747,084**

Credit Risk Exposure to off-balance sheet items:
In Liberian dollars

As at December 2015

	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	-	-	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	514,252,167	-	514,252,167
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**514,252,167**	**-**	**514,252,167**
Loans to non-individuals:											
Overdraft	176,693,076	-	-	-	-	-	-	-	-	-	176,693,076
Loans	-	-	252,736,428	-	88,211,844	-	369,782,700	-	431,762,268	309,278,844	1,451,772,084
	176,693,076	**-**	**236,075,191**	**-**	**88,211,844**	**-**	**369,782,700**	**-**	**431,762,268**	**309,278,844**	**1,628,465,160**

Credit Risk Exposure to off-balance sheet items:

In Liberian dollars

As at December 2015

	Agriculture	Capital market & Financial institution	Construction/ real estate	General Commerce	Government	Manufacturing	Mining,oil& gas	Info.Telecoms & Transport.	Individual	Others	Total
Financial guarantees	-	-	47,297,902	23,648,951	-	-	7,882,984	-	-	-	78,829,836
Other contingents	-	-	-	235,324,810	-	-	369,796,130	-	-	-	672,356,600
	-	**-**	**47,297,902**	**258,973,761**	**-**	**-**	**377,679,114**	**-**	**-**	**67,235,660**	**751,186,436**

Financial risk management (continued)

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 10in 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 area 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.

- **Non-Performing Loans (NPL) ratio**

  The ratio of Non-Performing Loans (NPL) to total loans as at December 31, 2015 is 3.414%.

In Liberian dollars

Loans and advances

Loans and advances are summarised as follows:

	Dec-15			Dec-14		
	Loans to Individual	Loans to non-Individual	Total	Loans to Individual	Loans to non-Individual	Total
Neither past due nor impaired	602,830,502	1,258,663,664	1,861,491,166	354,242,778	555,170,806	909,413,584
Past due but not impaired	122,758,888	240,276,088	363,034,976	18,193,910	59,392,100	77,586,011
Individually impaired	163,510,080	234,783,010	398,293,090	31,366,050	63,542,623	94,908,673
Collectively Impaired	98,899,828	196,175,976	295,075,804	145,806,484	1,062,323,633	1,208,130,117
Gross	**987,999,298**	**1,929,898,738**	**2,917,898,036**	**549,609,223**	**1,740,429,162**	**2,290,038,385**
Less allowances for impairment:						
Individually impaired	17,147,058	52,488,782	69,635,840	30,403,365	96,277,321	126,680,686
Portfolio allowance	15,558,382	17,010,278	32,568,659	4,953,688	15,686,679	20,640,367
Total allowance	32,705,440	69,499,060	102,204,500	35,357,053	111,964,000	147,321,053
Net Loans and Advances	955,293,858	1,860,399,678	2,815,693,536	**514,252,170**	**1,628,465,162**	**2,142,717,332**

The total impairment for loans and advances is $102,204,500 (2014: $147,321,053) of which $69,635,840 (2014: $126,640,367) represents the impairment on individually impaired loans and the remaining amount of $32,568,659 (2014: $20,640,367) represents the portfolio allowance.

(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.

As at December 31, 2015

	Overdraft	Loans	Total
Rating	L$	L$	L$
Exceptional Capacity	296,278,170	303,432,249	599,710,419
Very strong Capacity	109,465,100	326,352,456	435,817,556
Strong Repayment Capacity	495,754,399	330,211,792	825,966,191
	901,497,669	**959,996,497**	**931,066,289**

In Liberia dollars

As at December 31, 2014

Rating	Overdraft L$	Loans L$	Total L$
Exceptional Capacity	35,910,904	104,877,476	140,788,380
Very strong Capacity	190,683,083	429,519,103	620,202,186
Strong Repayment Capacity	91,700,767	56,722,250	148,423,017
	318,294,754	**591,118,830**	**909,413,584**

(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:

As at December 31, 2015	**Loans to Individual**	**Loans to Non-individual**	**Total**
Age	L$	L$	L$
0 – 90	51,058,974	84,864,628	135,923,602
91 – 180	58,529,278	31,702,352	90,231,630
181 – 365	33,248,718	103,631,026	136,879,744
	142,836,970	**220,198,006**	**363,034,976**
Fair Value of collateral	**62,599,400**	**850,708,646**	**913,308,046**
Amount of under collateralization	**80,237,570**	**-**	**-**

As at December 31, 2014	**Loans to Individuals**	**Loans to Non-individuals**	**Total**
	L$	L$	L$
Age			
0 – 90	6,068,374	15,755,484	21,823,857
91 – 180	3,267,587	8,483,722	11,751,309
181 – 365	19,771,639	24,239,206	44,010,844
	29,107,599	**48,478,412**	**77,586,010**
Fair Value of collateral	**503,050,272**	**2,483,470,490**	**2,986,520,762**
Amount of undercollateralization	**-**	**-**	**-**

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

In Liberian dollars

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:

As at December 31, 2015	**Loans to Individual**	**Loans to Non-Individual**	**Total**
	L$	L$	L$
Gross amount	163,510,080	234,783,010	398,293,090
Impairment	(13,164,192)	(56,471,642)	(69,635,834)
Net Amount	150,345,888	178,311,368	328,657,256
Fair Value of collateral	62,599,400	850,708,646	913,308,046
Amount of undercollateralisation	87,746,488	-	-

As at December 31, 2014	**Loans to Individual**	**Loans to Non-Individual**	**Total**
	L$	L$	L$
Gross amount	18,589,124	76,319,550	94,908,673
Impairment	(10,949,489)	(58,710,880)	(69,660,369)
Net Amount	7,639,635	17,608,670	25,248,305
Fair Value of collateral	7,671,635	83,043,167	90,714,803
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:**

	Dec -2015	**Dec -2014**
	L$	L$
Past due and impaired:		
Gross loans	102,204,464	75,526,752
Collateral	-61,687,886	60,417.420
Undercollaterisation	**40,516,578**	**15,109,332**
Collectively impaired		
Gross loans	1,339,785,400	1,056,602,400
Collateral	1,071,863,838	850,511,172
Undercollaterisation	**267,921,562**	**206,091,228**

(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 safekeeping, 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 maybe 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 individuallyassessedasimpaired.Collateralgenerallyisnotheldoverloans and advances to Banks, except when securities are held as part of reverse re purchase and securities borrowing activity.

In Liberian dollars

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:

As at December 31, 2015

	Gross Loans	Collateral
	L$	L$
Against individually impaired	1,861,494,166	2,986,520,762
Against collectively impaired	363,034,976	740,115,500
Against past due but not impaired	398,293,090	90,714,803
Against neither past due nor impaired	295,075,804	1,042,161,900
Total	**2,917,898,036**	**4,859,512,964**

As at December 31, 2014

	Gross Loans	Collateral
	L$	L$
Against individually impaired	909,413,584	2,986,520,762
Against collectively impaired	77,586,011	740,115,500
Against past due but not impaired	94,908,673	90,714,803
Against neither past due nor impaired	1,208,130,117	1,042,161,900
Total	**2,290,038,385**	**4,859,512,964**

	2015	2014
	L$	L$
Against individually impaired:		
Cash	438,500,756	-
Domiciliation	-	-
Guarantees	-	-
Others	-	-
Property	836,793,846	90,714,803
Total	**1,275,294,602**	**106,945,150**

In Liberian dollars

	2015	2014
	L$	L$
Against collectively impaired:		
Cash	-	-
Domiciliation	-	235,200
Guarantees	-	343,015,709
Others	-	250,890,370
Property	295,075,804	448,020,621

Total	**295,075,804**	**1,042,161,900**
Against past due but not impaired:		
Cash	-	-
Domiciliation	-	-
Guarantees	-	-
Others	-	-
Property	363,034,976	740,115,500
Total	**363,034,976**	**740,115,500**
Against neither past due nor impaired:		
Cash	-	-
Domiciliation	-	1,128,960
Guarantees	-	1,240,356,060
Others	-	923,017,212
Property	1,422,993,410	822,018,530
Total	**1,422,993,410**	**2,986,520,762**

Debt securities

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

As at December 31, 2015

	Financial assets held for trading	**Investment securities**	**Assets pledged as collateral**	**Total**
	L$	L$	L$	L$
GOL Treasury bills	-	360,458,704	-	360,458,704
CBL Treasury bills	-	347,019,452	-	347,019,452
Government Bond	-	88,150,000	-	88,150,000
Total	**-**	**795,628,156**	**-**	**795,628,156**

In Liberian dollars

As at December 31, 2014

	Financial assets held for trading	**Investment Securities**	**Assets pledged as collateral**	**Total**
	L$	L$	L$	L$
GOL Treasury bills	-	292,651,128	-	292,651,128
CBL Treasury bills	-	370,758,612	-	370,758,612
Government Bond	-	86,100,000	-	86,100,000
Total	**-**	**749,509,740**	**-**	**749,509,740**

(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 ALMACsetslimitswhichareinconformitywiththeregulatorylimits.Thelimits aremonitored 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. Forth is 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).

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

As at December 31, 2015

	Note	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than 3 months**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets		L$	L$	L$	L$	L$	L$	L$
Cash and cash equivalents	9	1,725,348,805	1,725,348,805	1,725,348,805				
Loans and advances to customers	11	2,815,693,535	2,815,693,535	464,589,433	168,941,612	211,177,015	1,970,985,475	
Investment Securities:								
– Held to maturity	10	795,628,156	795,628,156	707,478,156			88,150,000	
Other Assets	16	1,679,954,783	1,679,954,783	201,594,574	302,391,861	251,993,218	335,990,957	587,984,174
		7,016,625,280	**7,016,625,280**	**3,099,010,969**	**471,333,473**	**463,170,233**	**2,395,126,431**	587,987,174
Financial liabilities								
Deposits from customers	17	5,289,632,259	5,289,632,259	4,963,605,833	163,013,213	163,013,213		-
Due to Intercompany	19	17,158,512	17,158,512	17,158,512				
Other Liabilities	20	713,338,886	713,338,886	91,869,913	19,468,972	-	602,000,000	-
		6,020,129,657	6,020,129,657	5,072,634,258	182,482,185	163,013,213	602,000,000	
Gap (asset - liabilities)		-	-	(1,973,623,289)	288,851,288	300,157,019	1,793,126,431	587,984,174
Cumulative liquidity gap		-	-	(1,973,623,289)	(1,684,771,657)	(1,384,614,638)	408,511,793	996,495,968

In Liberian Dollars

As at December 31, 2014

	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**
		L$	L$	L$	L$	L$	L$	L$

Financial assets								
Cash and cash equivalents	9	1,886,249,988	1,886,249,988	1,886,249,988	-	-	-	-
Loans and advances to customers	11	2,142,717,360	2,142,717,360	2,142,717,360	321,407,604	428,543,472	1,178,494,548	-
Investment Securities:								
– Held to maturity	10	749,509,740	749,509,740	675,000,000	-	-	86,099,998	-
Other Assets	16	1,414,697,508	1,414,697,508	414,574,000	1,000,000,448	123,060	-	-
		6,193,174,596	6,193,174,596	3,178,505,466	1,321,408,052	428,666,532	1,264,594,546	-
Financial liabilities								
Deposits from customers	17	4,552,094,644	4,552,094,644	4,451,192,508	-	-	100,902,144	-
Due to Intercompany	19	20,886,124	20,886,124	20,886,124	-	-	-	-
Other Liabilities	20	705,293,736	705,293,736	117,293,736	-	-	588,000,000	-
		5,257,388,380	759,485,339	170,284,123	-	-	-	5,257,388,380
Gap (asset - liabilities)			3,008,221,343	1,321,408,052	428,666,532	675,393,330	-	-
Cumulative liquidity gap			3,008,221,343	4,329,629,395)	4,758,295,927	5,433,689,257)	5,433,689,257	-

(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 risks of loss due to the failure of accompany 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 there turn 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 flowsorfairvaluesoffinancialinstrumentsbecauseofachangeinmarketinter estrates. 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.

In Liberian Dollars

(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.

As at December 31, 2015

	Note	**Carrying amount L$**	**Less than1 3 months L$**	**3 to 6 months L$**	**6 to 12 months L$**	**1 to 5 years L$**	**More than 5 years L$**
Financial assets							
Cash and cash equivalents	9	1,725,348,805	1,725,348,805				
Loans and advances to customers	11	2,815,693,535	464,589,433	168,941,612	211,177,015	1,970,985,475	-
Investment Securities:							
– Held to maturity	10	795,628,156	707,478,156			88,150,000	
Other Assets	16	1,679,954,783	201,594,574	302,391,861	251,993,218	335,990,957	587,984,174
		7,016,625,280	3,090,010,969	471,333,473	463,170,233	2,395,126,431	587,984,174
Financial liabilities							
Deposits from customers	17						
Due to Central Bank of Liberia		5,289,631,915	4,963,605,489	163,013,213	63,013,213	-	-
Due to Intercompany	19						
Other Liabilities	21	17,158,512	17,158,512				-
		713,338,886	713,338,886	152,069,913	19,468,972	541,800,000	
Gap (asset - liabilities)		6,020,129,313	5,132,834,258	182,482,185	163,013,213	541,800,000	-
Cumulative liquidity gap		-	(2,033,823,289)	288,851,288	300,157,019	1,853,326,431	587,984,174
			(2,033,823,289)	(1,744,972,001)	(1,444,814,982)	408,511,499	996,495,624

In Liberian Dollars

As at December 31, 2014

	Note	**Carrying amount L$**	**Less than1 3 months L$**	**3 to 6 months L$**	**6 to 12 months L$**	**1 to 5 years L$**	**More than 5 years L$**
Financial assets							
Cash and cash equivalents	9	1,886,249,988	1,886,249,988				
Loans and advances to customers	11	2,142,717,360	746,238,948	393,856,092	140,849,856	648,938,136	212,834,328
Investment Securities:							
– Held to maturity	10	749,509,740	663,409,740			86,100,000	
Assets pledged as collateral	16	1,414,697,508	169,763,701	254,645,551	212,204,625	282,939,502	495,144,128
Other Assets		6,193,174,596	3,465,662,377	648,501,643	353,054,482	1,017,977,638	707,978,456
Financial liabilities							
Deposits from customers	17	4,551,735,804	4,525,800,804	25,422,348	512,652	-	
Due to Intercompany	19	20,886,096	20,886,096				
Other Liabilities	21	705,293,736	117,293,736	-		588,000,000	
		5,277,915,636	4,663,980,636	25,422,348	512,652	588,,000,000	
Gap (asset - liabilities)		915,258,960	(1,198,318,259)	623,079,295	352,541,830	429,977,638	707,978,456
Cumulative liquidity gap		-	(1,198,318,259)	(575,238,964)	(222,697,133)	207,280,504	915,258,960

In Liberian Dollars

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 categorised by the earlier of contractual re–pricing or maturity dates.

As at December 31, 2015

	Note	**Carrying amount**	**Less than1 3 months**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
		L$	**L$**	**L$**	**L$**	**L$**	**L$**
Financial assets							
Cash and cash equivalents	9	1,725,348,805	1,725,348,805				
Loans and advances to customers	11	2,815,693,535	464,589,433	168,941,612	211,177,015	1,970,985,475	-
Investment Securities:							
– Held to maturity	10	795,628,156	707,478,156	-	-	88,150,000	
Assets pledged as collateral		1,679,954,783	201,594,574	302,391,861	251,993,218	335,990,957	587,984,174
Other Assets	16	7,016,625,280	3,090,010,969	471,333,473	463,170,233	2,395,126,431	587,984,174
Financial liabilities		-					
Deposits from customers	17	5,289,631,915	4,963,605,489	163,013,213	63,013,213	-	
Due to Central Bank of Liberia		-					
Due to Intercompany	91	17,158,512	17,158,512				
Other Liabilities	20	713,338,886	91,869,913	19,468,972		602,000,000	
		6,020,129,313	5,072,633,914	182,482,185	163,013,213	602,000,000	-
Gap (asset - liabilities)		-	(1,973,622,945)	288,851,288	300,157,019	1,793,126,431	587,984,174
Cumulative liquidity gap		-	(1,973,622,945)	(1,684,771,657)	(1,384,614,638)	408,511,793	996,495,968

In Liberian Dollars

As at December 31, 2014

	Note	**Carrying amount L$**	**Less than1 3 months L$**	**3 to 6 months L$**	**6 to 12 months L$**	**1 to 5 years L$**	**More than 5 years L$**
Cash and cash equivalents	***29***	1,886,249,988	1,886,249,988	-	-	-	-
Loans and advances to customers	***11***	2,142,717,360	746,238,948	393,856,092	140,849,856	648,938,136	212,834,328
Investment Securities:							
– Held to maturity	***10***	749,509,740	663,409,740				-
Assets pledged as collateral		-	-	-	-	-	-
Other Assets	***16***	1,414,697,508	169,763,701	254,645,551	212,204,626	282,939,502	495,144,128
		6,193,174,596	3,465,662,377	648,501,643	353,054,482	1,017,977,638	707,978,456
Financial liabilities							
Deposits from customers	***17***	4,551,735,804	4,525,800,804	25,422,348	512,652	-	
Due to Central Bank of Liberia	***18***			-	-	-	-
Due to Intercompany	***19***	20,886,096	20,886,096		-	-	-
Other Liabilities	***20***	705,293,736	117,293,736	-	-	-	-
		5,277,915,636	4,663,980,636	25,422,348	512,652	588,000,000	-
Gap (asset - liabilities)		**915,258,960**	**(1,198,318,259)**	**623,079,295**	**352,541,830**	**429,977,638**	**707,978,456**
Cumulative liquidity gap		-	**(1,198,318,259)**	**(575,238,964)**	**(222,697,133)**	**207,280,504**	**915,258,960**

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.

At31December, 2015, 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-2015 Pre-tax	Dec-2014 Post-tax
Decrease	-	(3,403,420)
Increase	-	3,403,420

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 counter party 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 judgementsaboutcounterparty'sfinancialsituationandthenetrealisablevalueofanyunderlyingcollateral.Eachimpairedasset is assessed on its merits, and the work out 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 counter party 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 policy3b (j)(vii).For financial instruments that trade in frequently 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, plant 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, plant 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.

Level1: Quoted market price in an active market for an identical instrument.

Level2: 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.

Level3: 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's Managing Director, who is the Bank’s Chief Operating Decision Maker, based on US Generally Accepted 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 US 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 US 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 US 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 believesthatsuchinformationisthemostrelevantinevaluatingtheresultsofcertainsegmentsrelativetootherentitiesthatoperatewithintheseindustries.Intersegmentpricingisdeterminedonanarm’slengthbasis.

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.

In Liberian Dollars

Operating segments (Continued)
Information about operating segments

As at December 31, 2015

	Corporate Banking	Retail Banking	Commercial Banking	Total
Revenue:	L$	L$	L$	L$
Derived from external customers	346,389,472	216,493,420	303,090,788	865,973,679
Total Revenue	346,389,472	216,493,420	303,090,788	865,973,679
Interest expenses	(36,253,536)	(22,658,460)	(13,771,884)	(90,633,839)
Fee and commission expenses	(3,627,848)	(2,267,405)	(3,174,367)	(9,069,620)
Net operating income	306,508,088	191,567,555	268,194,577	766,270,220
Expense:				
Operating expenses	(188,587,160)	(117,866,975)	(165,013,765)	(471,467,899)
Net impairment loss on financial assets	(17,502,119)	(10,938,824)	(15,314,354)	(43,755,297)
Depreciation and amortization	(31,928,141)	(230,695)	(27,937,123)	(60,095,959)
Total Cost	(238,017,420)	(129,036,494)	(208,265,242)	(575,319,156)
Profit before income tax	68,490,668	62,531,061	59,929,335	190,951,064
Corporate income Tax	(17,088,077)	(10,680,044)	(14,952,061)	(42,720,175)
Profit after income tax	51,402,599	32,126,624	44,977,274	128,528,496
Assets and liabilities:				
Total assets	2,971,956,975	1,857,473,109	2,600,463,353	7,429,892,437
Total liabilities	2,408,051,863	1,505,032,414	2,107,045,380	6,020,129,657
Net Assets/ (Liabilities)	563,905,112	352,440,695	493,416,973	1,409,762,780

In Liberian Dollars

As at December 31, 2014

	Corporate Banking	Retail Banking	Commercial Banking	Total
Revenue:	L$	L$	L$	L$
Derived from external customers	306,258,635	267,976,305	191,411,647	765,646,587
Total Revenue	306,258,635	267,976,305	191,411,647	765,646,587
Interest expenses	(14,456,931)	(12,649,815)	(9,035,582)	(36,142,327)
Fee and commission expenses	(18,637,375)	(16,307,703)	(11,648,359)	(46,593,438)
Net operating income	273,164,329	239,018,788	170,727,705	682,910,822
Expense:				
Operating expenses	(175,806,058)	(153,830,300)	(109,878,786)	(439,515,144)
Net impairment loss on financial assets	(5,703,818)	(4,990,840)	(3,564,886)	(14,259,544)
Depreciation and amortization	(27,189,513)	(23,790,824)	(16,993,445)	(67,973,782)
Total Cost	(208,699,388)	(182,611,964)	(130,437,117)	(521,748,470)
Profit before income tax	64,464,941	56,406,823	40,290,588	161,162,352
Corporate income Tax	(16,105,015)	(14,091,888)	(10,065,635)	(40,262,538)
Profit after income tax	48,359,926	42,314,935	30,224,953	120,899,814
Assets and liabilities:				
Total assets	3,290,378,373	658,075,675	2,632,302,698	6,580,756,746
Total liabilities	3,430,878,428	1,055,654,901	791,741,176	5,278,274,504
Net Assets/ (Liabilities)	(140,500,055)	(397,579,226)	1,840,561,523	1,302,482,242

8. Accounting classification measurement basis and fair values

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.

		December 31 2015 L$	December 31 2014 L$
9	**Cash and cash equivalents**		
	Cash and balances with banks	1,188,596,900	990,321,514
	Unrestricted balances with Central banks	535,795,871	895,928,433
	Money market placements	956,034	-
		1,725,348,805	**1,886,249,946**
10	**Investment Securities**		
	Held Till Maturity (HTM)		
	- GOL Treasury bills	360,458,704	292,651,132
	- CBL Treasury bills	347,019,452	370,758,596
	- Government Bond	88,150,000	86,099,998
		795,628,156	**749,509,727**
	Current	707,478,156	663,409,740
	Non - current	88,150,000	86,100,000

11 Loans and Advances to Customers

As at December 31, 2015

	Gross amount L$	Specific Impairment L$	Portfolio Impairment L$	Total Impairment L$	Carrying amount L$
Loans to Individuals	987,999,298	(13,164,192)	(11,575,514)	(24,739,706)	963,259,592
Loans to Non Individuals	**1,929,898,738**	**(56,471,642)**	**(20,993,153)**	**(77,464,795)**	**1,852,443,943**
	2,917,898,036	**(69,635,834)**	**(32,568,667)**	**(102,204,501)**	**2,815,693,535**

As at December 31, 2014

	Gross amount L$	Specific Impairment L$	Portfolio Impairment L$	Total Impairment L$	Carrying amount L$
Loans to Individuals	549,609,219	(30,403,365)	(4,953,688)	(35,357,053)	514,252,167
Loans to Non Individuals	**1,740,429,194**	**(96,277,321)**	**(15,686,679)**	**(111,964,000)**	**1,628,465,194**
	2,290,038,413	**(126,680,686)**	**(20,640,367)**	**(147,321,053)**	**2,142,717,361**

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	2015	**2014**
	L$	L$
Current	844,708,060	1,111,743,600
Non - Current	**1,970,985,475**	**1,030,973,761**
	2,815,693,535	**2,142,717,361**

Loans to Individuals

	Dec-2015			Dec-2014		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
	L$	L$	L$	L$	L$	L$
Balance at 1 January	30,403,365	4,953,688	35,357,053	15,171,440	948,080	16,119,520
Foreign currency translation and other adjustments	3,378,152	843,699	4,221,851	1,685,716	105,342	1,791,058
Increase in impairment allowances	14,390,594	3,111,525	17,502,119	13,546,209	3,900,266	17,446,475
Reversal of impairment	(24,375,582)	-	(24,375,582)	-	-	-
Write offs	-	-	-	-	-	-
	23,796,528	**8,908,912**	**32,705,440**	**30,403,365**	**4,953,688**	**35,357,053**

Loans to Non-individuals	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
	L$	L$	L$	L$	L$	L$
Balance at 1 January2014	96,277,623	15,686,679	111,964,000	35,439,360	23,109,520	58,548,880
Foreign currency translation and other adjustments	10,697,480	1,742,964	12,440,444	3,937,707	2,567,724	6,505,431
Increase in impairment allowances	21,585,891	- 4,667,287	26,253,178	56,900,254	-	56,900,254
Reversal of impairment	(77,993,070)	(3,165,493)	(81,158,562)	-	(9,990,565)	(9,990,565)
Write offs	-	-	-	-	-	-
	50,567,623	**18,931,438**	**69,499,060**	**96,277,321**	**15,686,679**	**111,964,000**

12 Property and equipment

In Liberian dollars	**Motor Vehicles**	**Premises**	**Furniture & Equipment**	**Work in Progress**	**Total**
2015					
Cost:					
Balance at beginning of the year	70,887,800	292,039,114	248,173,691	21,336,026	632,436,631
Additions	21,754,840	19,482,182	51,605,088	36,668,679	129,510,788
Disposals	(4,744,190)	-	(5,250,039)	-	(9,994,229)
Transfers	-	-		(17,812,121)	(17,812,121)
Reclassifications	-	-	-	-	-
	86,111,008	311,521,296	294,528,740	40,192,583	732,353,627
Accumulated depreciation:					
Balance at beginning of the year	36,252,601	61,767,870	157,234,609	-	255,255,080
Charge for the year	17,551,553	16,260,018	43,907,826	-	77,719,397
Disposals	(5,710,272)	-	(4,229,501)	-	(9,939,773)
	48,855,585	79,404,564	200,402,812	-	328,662,961
Carrying amounts					
Balance at 1 January 2015	34,635,199	230,271,244	90,939,082	21,336,026	377,181,551
Balance at 31 Dec 2015	37,255,423	232,116,732	94,125,928	40,192,583	403,690,666

In Liberian dollars	**Motor Vehicles**	**Premises**	**Furniture & Equipment**	**Leased Asset** depreciation	**Work in Progress**	**Total**
2014						
Cost:						
Balance at beginning of the year	64,788,825	275,965,960	187,023,888	-	8,839,588	536,618,261
Additions	18,293,100	16,073,154	62,027,603	-	21,568,438	117,962,295
Disposals	(12,194,125)	-	(877,800)	-	-	(13,071,925)
Transfers	-	-		-	(9,072,000)	(9,072,000)
Reclassifications	-	-	-	-	-	-
	70,887,800	292,039,114	248,173,691	-	21,336,026	632,436,631
Accumulated depreciation:						
Balance at beginning of the year	29,457,338	46,586,183	115,044,331	-	-	191,087,852
Charge for the year	15,133,711	15,181,687	43,009,557	-	-	73,324,956
Disposals	(8,338,448)	-	(819,280)	-	-	(9,157,728)
	36,252,601	61,767,870	157,234,609	-	-	255,255,080
Carrying amounts						
Balance at 1 January 2014	35,331,487	229,379,777	71,979,557	-	8,839,588	345,530,409
Balance at 30 Dec 2014	34,635,199	230,271,244	90,939,082	-	21,336,026	377,181,551

13 Intangible assets

In Liberian dollars	Purchased Software	
	Dec -2015	**Dec-14**
Cost:		
Balance at beginning of the year	56,562,276	53,868,834
Additions	12,179,578	2,693,442
Disposals	-	-
Reclassifications	-	-
	68,741,854	56,562,276
Accumulated amortisation:		
Balance at beginning of the year	55,749,191	49,474,539
Amortisation for the year	2,100,955	6,274,652
Disposals	-	-
	59,165,363	55,749,191
Carrying amounts		
Balance at 1 January 2015	813,086	4,394,295
Balance at 31 Dec 2015	9,576,490	813,086

14 Other assets

In Liberian dollars	Dec -2015	31-Dec
Accounts receivable	89,055,381	89,781,730
Prepayments	133,232,888	123,082,629
Restricted deposits with central banks	721,267,000	556,033,000
Stock/Stationery	17,046,895	18,134,770
Prepaid benefits on employee loans	-	-
Due from foreign banks - cash coll	719,352,619	627,665,417
	1,679,954,783	**1,414,697,547**
Current	755,979,653	1,001,539,128
Non-current	923,975,131	413,158,419

15 [**Deposits from customers**

Term deposits	543,377,378	100,902,126
Current deposits	3,567,672,283	3,485,659,866
Savings deposits	1,178,582,598	965,532,652
	5,289,632,259	**4,552,094,644**
Current	5,289,632,259	4,552,094,644
Non-current	-	-

16 Due to intercompany

	Dec -2015	31-Dec
In Liberian dollars		
Due to parent company	17,158,512	20,886,124
	17,158,512	**20,886,124**

17 Other liabilities

	Dec -2015	31-Dec
In Liberian dollars		
Financial guarantee contracts issued	-	-
Certified Cheques	450,017	-
Accounts payables on Western Union	2,008,010	4,896,503
Due to PROPARCO	541,800,000	-
Other current liabilities	133,990,598	683,418,082
Payables on employee Benefits	97,031	5,787,097
Liability for Defined Contribution Obligations	15,524,257	11,192,054
	693,869,913	**705,293,736**
Current		
Non-current	**152,069,913**	**117,293,736**
	541,800,000	**588,000,000**

18 Equity

In Liberian dollars	Share capital	Regulatory risk reserve	Statutory Reserve	Foreign currency translation reserve	Retained earnings	Total
Balance at 1 January 2015	1,062,500,000	2,966,866	70,006,798	64,699,278	102,309,301	1,302,482,243
Total comprehensive income for the period:						
Profit for the period	-	-		-	128,528,496	128,528,496
Other comprehensive income, net of tax						
Foreign currency translation difference	-	-		26,117,747	-	26,117,747
Total other comprehensive income	-	-		26,117,747	-	26,117,747
Total comprehensive income	-	-		26,117,747	128,528,496	154,646,243
Transactions with equity holders, recorded directly in equity:						
Tranfer to Regulatory Risk reserve		587,208			(587,208)	-
Transfer to Statutory reserve	-		14,907,486	-	(17,485,468)	(2,577,982)
Others					(45,374,933)	(45,374,933)
Dividend to equity holders	-	-		-	-	-
Total transactions with equity holders	-	587,208	14,907,486	-	(63,447,608)	(47,952,914)
Balance at 31 December 2015	1,062,500,000	3,554,074	84,914,284	90,817,025	167,977,397	1,409,762,780

In Liberian dollars	Share capital	Regulatory risk reserve	Statutory Reserve	Foreign currency translation reserve	Retained earnings	Total
Balance at 1 January 2014	1,062,500,000	1,406,303	-	58,626,497	46,329,266	1,168,862,067
Total comprehensive income for the period:						
Profit for the period	-	-		-	120,899,800	120,899,800
Other comprehensive income, net of tax						
Foreign currency translation difference	-	-		6,072,781	-	6,072,781
Total other comprehensive income	-	-	-	6,072,781	-	6,072,781
Total comprehensive income	-	-	-	6,072,781	120,899,800	126,972,581
Transactions with equity holders, recorded directly in equity:						
Tranfer to Regulatory Risk reserve		1,560,563			(1,560,563)	-
Transfer to Statutory reserve	-		70,006,798	-	(70,006,798)	-
Others					6,647,595	6,647,595
Dividend to equity holders	-	-		-	-	-
Total transactions with equity holders	-	1,560,563	70,006,798	-	(64,919,766)	6,647,595
Balance at 31 December 2014	1,062,500,000	2,966,866	70,006,798	64,699,278	102,309,301	1,302,482,243

19 Interest income

	Dec -2015	Dec -2014
In Liberian dollars		
Loans and advances to Customers	302,526,250	274,711,905
Cash and Cash equivalents	3,798,040	8,741,370
Held to maturity	46,567,457	33,859,232
	352,891,747	**317,312,507**

Geographical location

Interest income earned in Liberia	352,891,747	317,312,507
Interest income earned outside Liberia	-	-
	352,891,747	**317,312,507**

20 Interest expense

	Dec -2015	Dec -2014
In Liberian dollars		
Deposit from banks	-	-
Deposit from customers	42,274,067	33,672,322
Other Borrowed Funds	48,359,772	2,470,006
	90,633,839	**36,142,327**

21 Loan impairment charges

	Dec -2015	Dec -2014
In Liberian dollars		
Loans and advances to customers:		
Increase in collective impairment	7,778,812	1,526,951
Increase in specific impairment	35,976,486	12,732,606
Reversal of collective impairment	-	-
Reversal of specific impairment	-	-
Amounts written off during the year as uncollectible	-	-
	43,755,297	**14,259,558**

	2015 L$	2014 L$

22 Fee and commission income

Credit related fees and commissions	105,174,588	105,989,287
Commission on FX deals	1,967,025	612,312
Income from Financial guarantee contracts issued	124,582,092	132,655,506
Other fees and commissions	272,290,118	205,649,291
	504,013,823	444,906,395

Fee and commission expense

Fee and commission expense	9,069,620	46,593,438
	9,069,620	46,593,438

Other Operating income

Foreign exchange gain/Loss	-	-
Gain on Disposal of Fixed Assets	-	(1,222,268)
	-	(1,222,268)

23 Personnel expenses

Wages and Salaries	126,356,007	118,967,587
Contributions to defined contribution plans	8,121,394	7,330,561
Other staff cost	6,598,160	6,205,796
	141,075,562	132,503,944

		2015 L$	2014 L$
24	**General and administrative expenses**		
	Stationery and postage	14,805,353	13,312,426
	Business travel expenses	3,537,245	1,441,823
	Advert, promotion and corporate gifts	17,565,039	15,322,045
	Other premises and equipment costs	53,992,979	49,004,801
	Directors' emoluments	8,344,876	8,401,751
	Contract Services	**55,727,814**	**51,835,327**
		153,973,305	**139,318,172**
25	**Depreciation and amortization**		
	Amortization of Intangibles	2,100,955	6,294,652
	Depreciation of Property, Plants and Equipment	**77,719,397**	**73,324,955**
		79,820,352	**79,619,607**
26	**Other operating expenses**		
	Insurance Premium Paid	13,083,523	13,511,079
	Consulting and auditing costs	6,264,039	2,251,925
	Management Technical Services Expense	24,912,000	34,120,563
	Fuel expense	26,593,514	36,738,098
	Others	80,808,647	47,946,663
		151,661,723	**134,568,329**

SUPPLEMENTARY

DATA

GUARANTY TRUST BANK (LIBERIA) LIMITED

SUPPLEMENTARY DATA

FOR THE YEAR ENDED DECEMBER 31, 2015

CONTENTS:

<u>Supplementary data brief</u>

The financial statements for the year ended December 31, 2015 are presented on pages **5 to 98**, in accordance with the requirements of law. Presented on a supplementary basis in this section (pages **102 to 143**), is a summary of additional information intended to facilitate a further understanding of the Bank's financial statements.

The supplementary data for the year ended December 31, 2015 comprised the financial statements of the Bank, presented in the United States dollars as shown (pages**102 to 107**).

Guaranty Trust Bank (Liberia) Ltd.
Statement of Financial Position
As at 31 Dec 2015

In United States dollars	Note	Dec - 2015	Dec - 2014
Assets			
Cash and cash equivalents	1	20,062,195	22,455,357
Investment securities:		-	
- Available for sale		-	-
- Held to maturity	2	9,251,490	8,922,735
Loans and Advances to Customers	3	32,740,623	25,508,540
Property and equipment	4	4,694,078	4,490,257
Intangible assets	5	111,355	9,680
Current income tax assets		-	114,137
Other assets	6	19,534,358	16,841,637
Total assets		**86,394,098**	78,342,342
Liabilities			
Deposits from customers	7	61,507,352	54,191,603
Due to Intercompany		199,518	248,644
Current income tax liabilities		226,383	-
Other liabilities	8	8,068,255	8,396,354
Total liabilities		**70,001,508**	62,836,601
Equity			
Share capital	9	15,000,000	15,000,000
Retained earnings		1,664,208	903,781
Other Components of Equity		(271,617)	(398,041)
Total equity attributable to owners of the Bank		**16,392,590**	15,505,740
Total liabilities and equity		**86,394,098**	78,342,342

Guaranty Trust Bank (Liberia) Ltd.
Statement of Comprehensive income
For year ended 31 Dec 2015

In United States dollars	**Note**	**Dec - 2015**	Dec - 2014
Assets			
Interest income	11	4,079,673	3,755,178
Interest expense	12	(1,047,790)	(427,720)
Net interest income		3,031,883	3,327,458
Loan impairment charges	13	(505,842)	(168,752)
Net interest income after loan impairment charges		2,526,042	3,158,706
Fee and commission income	14	5,826,749	5,265,164
Fee and commission expense	15	(104,851)	(551,402)
Net fee and commission income		5,721,898	4,713,762
Net gains/(losses) on financial instruments classified as held for trading		104,834	55,029
Other operating income		-	(14,465)
Personnel expenses	16	(1,630,931)	(1,568,094)
General and administrative expenses	17	(1,780,038)	(1,648,736)
Operating lease expenses		(285,957)	(254,188)
Depreciation and amortization	18	(922,779)	(804,423)
Other operating expenses	19	(1,753,569)	(1,731,478)
Profit before income tax		1,979,499	1,906,114
Income tax expense	25	(493,875)	(476,480)
Profit for the period		1,485,624	1,429,634
Profit attributable to:			
Equity holders of the parent entity (total)			
– Profit for the period		1,485,624	1,429,634
Earnings per share for the profit attributable to the equity holders of the company entity during the period (expressed in dollar per share):			
– Basic		0.10	0.13
– Diluted		0.10	0.13

	Notes	Dec - 2015	Dec - 2014
Profit for the period		1,485,624	1,429,634
Other comprehensive income:			
Other comprehensive income to be reclassified to profit or loss in subsequent years:			
Foreign currency translation differences for foreign operations		(268,420)	(713,529)
Income tax relating to Foreign currency translation differences for foreign operations		67,105	178,382
Other comprehensive income for the year, net of tax		(201,315)	(535,146)
Total comprehensive income for the year		**1,284,309**	894,488
Profit attributable to:			
Equity holders of the parent entity (total)		**1,284,309**	894,488
– Total comprehensive income for the year		1,284,309	894,488
Total comprehensive income for the year		**1,284,309**	894,488

In United States dollars	Share capital	Regulatory risk reserve	Statutory Reserve	Foreign currency translation reserve	Retained earnings	Total
Balance at 1 January 2015	15,000,000	40,922	851,593	(1,290,555)	903,781	15,505,740
Total comprehensive income for the period:						
Profit for the period	-	-		-	1,485,624	1,485,624
Other comprehensive income, net of tax						
Foreign currency translation difference	-	-		(201,315)	-	(201,315)
Total other comprehensive income	-	-		(201,315)	-	(201,315)
Total comprehensive income	-	-		(201,315)	1,485,624	1,284,309
Transactions with equity holders, recorded directly in equity:						
Transfer for the period					(484,019)	(484,019)
Transferred to Statutory reserve	-	-	241,179	-	(241,179)	(0)
Transferred to Regulatory risk reserve		8,100			(8,100)	(0)
Dividend to equity holders	-	-		-	-	-
Total transactions with equity holders	-	8,100	241,179	-	(733,298)	(484,019)
Balance at 31 December 2015	15,000,000	49,022	1,171,232	(1,491,870)	1,664,208	16,392,590

Statement of changes in equity

As at December 2014

In United States dollars	Share capital	Regulatory risk reserve	Statutory Reserve	Foreign currency translation reserve	Retained earnings	Total
Balance at 1 January 2014	15,000,000	19,397	-	(589,409)	180,787	14,610,775
Total comprehensive income for the period:						
Profit for the period	-	-		-	1,429,634	1,429,634
Other comprehensive income, net of tax						
Foreign currency translation difference	-	-		(701,146)	-	(701,146)
Total other comprehensive income	-	-		(701,146)	-	(701,146)
Total comprehensive income	-	-		(701,146)	1,429,634	728,488
Transactions with equity holders, recorded directly in equity:						
Transfers for the period	-	21,525	851,593	-	(706,640)	166,478
Dividend to equity holders	-	-		-	-	-
Total transactions with equity holders	-	21,525	851,593	-	(706,640)	166,478
Balance at 31 December 2014	15,000,000	40,922	851,593	(1,290,555)	903,781	15,505,741

Guaranty Trust Bank (Liberia) Ltd
Notes to the financial statements
For the year ended December 31, 2015

In United States dollars	***Notes***	**2015**	2014
Cash flows from operating activities			
Profit for the period		1,485,527	1,429,634
Adjustments for:			
Depreciation of property and equipment	18	898,490	759,174
Amortisation of Intangibles	18	24,289	45,249
Gain on disposal of property and equipment		-	14,465
Impairment on financial assets		505,842	168,752
Net interest income		(3,031,883)	(3,327,458)
Income tax expense		493,875	-
Other non-cash items		(509,882)	-
		(133,744)	(910,183)
Changes in:			
Loans and advances to customers		(7,737,924)	(1,859,249)
Other assets		(2,692,720)	6,588,506
Deposits from customers		7,315,749	(829,815)
Other liabilities		(328,099)	7,066,135
		(3,442,995)	10,965,577
Interest received		4,079,673	3,755,178
Interest paid		(1,047,790)	(427,241)
		(544,855)	13,383,331
Income tax paid		(153,354)	290,757
Net cash from/(used in) operating activities		(698,210)	13,674,087
Cash flows from investing activities			
Net sale/(purchase) of investment securities		(328,755)	(4,695,099)
Purchase of property and equipment	4	(1,330,846)	(938,125)
Purchase of intangible assets		(125,963)	-
Proceeds from the sale of property and equipment		21,417	(6,641)
Net cash from/(used in) investing activities		(1,764,148)	(5,639,864)
Cash flows from financing activities			
Increase in Due to central bank		-	(809,120)
Increase in due to intercompany		(49,127)	(2,954,318)
Net cash from/(used in) financing activities		(49,127)	(3,763,438)
Net (decrease) /increase in cash and cash equivalents		(2,511,485)	4,270,784
Cash and cash equivalents at beginning of period		22,455,357	18,719,719
Effect of exchange rate fluctuations on cash held		118,324	(535,146)
Cash and cash equivalents at end of period	21	20,062,195.41	22,455,356

Guaranty Trust Bank (Liberia) Ltd
Notes to the financial statements
For the year ended December 31, 2015

		2015	2014
		US$	US$
1	**Cash and cash equivalents**		
	Cash and balances with banks	13,820,894	11,789,542
	Unrestricted balances with Central Bank of Liberia	6,230,185	10,665,815
	Money market placements	11,116	-
		20,062,195	**22,455,357**
2	**Investment Securities**		
	Held Till Maturity (HTM)		
	- GOL Treasury bills	4,191,380	3,483,942
	- CBL Treasury bills	4,035,110	4,413,793
	- Government Bond	1,025,000	1,025,000
		9,251,490	**8,922,735**
	Current	3,330,536	3,202,636
	Non – current	5,920,954	5,720,099

Guaranty Trust Bank (Liberia) Ltd
Notes to the financial statements
For the year ended December 31, 2015

3 Loans and Advances to Customers

As at December 31, 2015

	Gross amount	Specific Impairment	Portfolio Impairment	Total Impairment	Carrying amount
	US$	US$	US$	US$	US$
Loans to Individuals	10,875,295	(276,704)	(103,592)	(380,296)	10,476,999
Loans to Non Individuals	23,071,752	(587,996)	(220,133)	(808,129)	22,263,623
	33,929,047	(864,699)	(323,725)	(1,188,424)	32,740,623

As at December 31, 2014

	Gross amount	Specific Impairment	Portfolio Impairment	Total Impairment	Carrying amount
Loans to Individuals	6,542,967	(361,945)	(58,972)	(420,917)	6,122,050
Loans to Non Individuals	20,719,395	(1,146,159)	(186,746)	(1,332,905)	19,386,490
	27,262,362	(1,508,103)	(245,719)	(1,753,822)	25,508,540

	2015	2014
	US$	US$
Current	13,896,795	13,896,795
Non - Current	18,843,828	11,611,745
	32,740,623	**25,508,540**

Guaranty Trust Bank (Liberia) Ltd
Notes to the financial statements
For the year ended December 31, 2015

Loans to Individuals

	Dec-2015			Dec-2014		
	Specific allowance for impairment	**Collective allowance for impairment**	**Total allowance for impairment**	**Specific allowance for impairment**	**Collective allowance for impairment**	**Total allowance for impairment**
	US$	US$	US$	US$	US$	US$
Balance at 1 January	361,945	58,972	420,917	189,643	11,851	201,494
Foreign currency translation and other adjustments	-	-	-	-	-	-
Increase in impairment allowances	-	44,620	44,620	172,302	47,121	219,423
Reversal of impairment	(85,241)	-	(85,241)	-	(31,375)	(31,375)
Write offs	-	-	-	-	-	-
	276,704	103,592	380,296	361,945	58,972	420,917

Loans to Non Individuals

	Dec-2015			Dec-2014		
	Specific allowance for impairment	**Collective allowance for impairment**	**Total allowance for impairment**	**Specific allowance for impairment**	**Collective allowance for impairment**	**Total allowance for impairment**
	US$	US$	US$	US$	US$	US$
Balance at 1 January	1,146,159	186,746	1,332,905	442,992	288,869	731,861
Foreign currency translation and other adjustments	-	-	-	-	-	-
Increase in impairment allowances	-	33,387	33,387	703,167	-	703,167
Reversal of impairment	(558,163)	-	(558,163)	-	(102,123)	(102,123)
Write offs	-	-	-	-	-	-
Balance as at December 31,	587,996	320,133	808,129	1,146,159	186,746	1,332,905

Guaranty Trust Bank (Liberia) Ltd
Notes to the financial statements
For the year ended December 31, 2015

4 Property and equipment

In United States dollars	Motor Vehicles	Premises	Furniture & Equipment	Leased Asset depreciation	Work in Progress	Total
Dec-15						
Cost:						
Balance at beginning of the year	843,902	3,476,656	2,954,449	-	254,000	7,529,008
Additions	233,338	145,685	531,351	-	420,473	1,330,846
Disposals	(75,949)	-	(61,047)	-	-	(136,996)
Transfers	-	-	-	-	(207,118)	(207,118)
Reclassifications	-	-	-	-	-	-
	1,001,291	3,622,341	3,424,753	-	467,356	8,515,740
Accumulated depreciation:						
Balance at beginning of the year	431,579	735,332	1,871,841	-	-	3,038,751
Charge for the year	202,908	187,977	507,605	-	-	898,490
Disposals	(66,399)	-	(49,180)	-	-	(115,579)
	568,088	923,309	2,330,265	-	-	3,821,662
Carrying amounts						
Balance at 1 Jan 2015	412,324	2,741,324	1,082,608	-	254,000	4,490,257
Balance at 31 Dec 2015	433,203	2,699,032	1,094,488	-	467,356	4,694,078

Guaranty Trust Bank (Liberia) Ltd
Notes to the financial statements
For the year ended December 31, 2015

4 Property, plant and equipment

	Motor Vehicles	Premises	Furniture & Equipment	Leased Asset	Work in Progress	Total
As at December 31, 2014	US$	US$	US$	US$	US$	US$
Cost:						
Balance at beginning of the year	809,860	3,449,574	2,337,799	-	110,495	6,707,728
Additions	217,775	27,082	627,100	-	251,505	1,123,462
Disposals	(183,733)	-	(10,450)	-	-	(194,183)
Transfers	-	-	-	-	(108,000)	(108,000)
	843,902	3,476,656	2,954,449	-	254,000	7,529,007
Accumulated depreciation:						
Balance at beginning of the year	368,217	582,327	1,438,054	-	-	2,388,598
Charge for the year	162,629	153,005	443,540	-	-	759,173
Disposals	(99,267)	-	(9,753)	-	-	(109,021)
	431,579	735,332	1,871,841	-	-	3,038,751
Carrying amounts						
Balance at 1 Jan 2014	441,644	2,867,247	899,744	-	110,495	4,319,130
Balance at 31 Dec 2014	412,324	2,741,325	1,082,608	-	254,000	4,490,256

Guaranty Trust Bank (Liberia) Ltd
Notes to the financial statements
For the year ended December 31, 2015

5 Intangible assets

Purchased software

	2015	2014
	US$	US$
Cost:		
Balance at beginning of the year	673,360	673,360
Additions	125,963	-
Disposals	-	-
Reclassifications	-	-
	799,324	673,360
Accumulated amortization:		
Balance at beginning of the year	663,681	618,432
Amortization for the year	24,289	45,249
Disposals	-	-
	687,969	663,681
Carrying amounts		
Balance at 1 January	9,680	54,929
Balance at 31 December	111,355	9,680

Current income tax assets/(liabilities)

Balance, beginning of period	114,137	375,626
Charge for the period	(493,875)	(476,480)
Payments during the period	(379,738)	13,284
	-	**114,137**

As at December 2015

	Opening Balance	Foreign exchange Translation differences	Recognized in profit or loss	Recognised in Other comprehensive income	Net
	US$	US$	US$	US$	US$
Property, equipment and software	177,341	-	-	-	177,341
Foreign currency translation differences	(440,325)	-	-	(67,105)	(440,325)
	(262,984)	-	-	**(67,105)**	**(330,089)**

As at December 2014

	Opening Balance	Foreign exchange Translation differences	Recognised in profit or loss	Recognised in Other comprehensive income	Net
	US$	US$	US$	US$	US$
Property, equipment and software	177,341	-	-	-	177,341
Foreign currency translation differences	(206,610)	-	-	(233,715)	(440,325)
	(29,269)	-	-	**(233,715)**	**(262,984)**

Guaranty Trust Bank (Liberia) Ltd
Notes to the financial statements
For the year ended December 31, 2015

6 Other assets

	2015	2014
Accounts receivable	1,035,528	1,068,830
Prepayments	1,549,220	1,465,269
Restricted deposits with central banks	8,386,826	6,619,440
Stock/Stationery	198,220	215,890
Prepaid benefits on employee loans	-	-
Due from foreign banks - cash collateral	8,364,565	7,472,207
	19,534,358	**16,841,637**
Current	8,790,461	12,519,239
Non-current	10,743,893	4,322,398

7 Deposits from customers

	2015	2014
	US$	US$
Term deposits	6,218,342	1,201,216
Current deposits	41,484,561	41,495,951
Savings deposits	13,704,449	11,494,436
	61,507,352	**54,191,603**
Current	61,507,352	54,191,603
Non-current	-	-

Due to intercompany

Due to parent company	199,518	248,644

Guaranty Trust Bank (Liberia) Ltd
Notes to the financial statements
For the year ended December 31, 2015

8 Other liabilities

In United States dollars	**Dec -2015**	Dec -2014
Financial guarantee contracts issued	-	-
Due to PROPARCO	6,300,000	-
Other current liabilities	1,586,612	8,194,222
Payables on employee Benefits	1,128	68,894
Liability for Defined Contribution Obligations	180,515	133,239
	8,068,255	8,396,354

Guaranty Trust Bank (Liberia) Ltd
Notes to the financial statements
For the year ended December 31, 2015

Equity

Dec-15

In United States dollars	Share capital	Regulatory risk reserve	Statutory reserve	Foreign currency translation reserve	Retained earnings	Total
Balance at 1 January 2015	15,000,000	40,922	851,593	(1,290,555)	903,781	15,505,740
Total comprehensive income for the period:						
Profit for the period	-	-		-	1,485,624	1,485,624
Other comprehensive income, net of tax						
Foreign currency translation difference	-	-		(201,315)	-	(201,315)
Total other comprehensive income	-	-	-	(201,315)	-	(201,315)
Total comprehensive income	-	-	-	(201,315)	1,485,624	1,284,309
Transactions with equity holders, recorded directly in equity:						
Transfers for the period	-	-		-	(484,019)	(484,019)
Transfer to Statutory reserve			241,179		(241,179)	(0)
Transfer to Regulatory risk reserve		8,100			(8,100)	(0)
Dividend to equity holders	-	-		-	-	-
Total transactions with equity holders	-	8,100	241,179	-	(733,298)	(484,019)
Balance at 31 December 2015	15,000,000	49,022	1,171,232	(1,491,870)	1,664,208	16,392,590

Guaranty Trust Bank (Liberia) Ltd
Notes to the financial statements
For the year ended December 31, 2015

Statement of changes in equity

As at December 2014

In United States dollars	Share capital	Regulatory risk reserve	Statutory Reserve	Foreign currency translation reserve	Retained earnings	Total
Balance at 1 January 2014	15,000,000	19,397	-	(589,409)	180,787	14,610,775
Total comprehensive income for the period:						
Profit for the period	-	-		-	1,429,634	1,429,634
Other comprehensive income, net of tax						
Foreign currency translation difference	-	-		(701,146)	-	(701,146)
Total other comprehensive income	-	-		(701,146)	-	(701,146)
Total comprehensive income	-	-		(701,146)	1,429,634	728,488
Transactions with equity holders, recorded directly in equity:						
Transfers for the period	-	21,525	851,593	-	(706,640)	166,478
Dividend to equity holders	-	-		-	-	-
Total transactions with equity holders	-	21,525	851,593	-	(706,640)	166,478
Balance at 31 December 2014	15,000,000	40,922	851,593	(1,290,555)	903,781	15,505,741

Guaranty Trust Bank (Liberia) Ltd
Notes to the financial statements
For the year ended December 31, 2015

10 Interest income

	Dec -2015	Dec -2014
In United States dollars		
Loans and advances to Customers	3,497,413	3,251,028
Cash and Cash equivalents	43,908	103,448
Held to maturity	538,352	400,701
	4,079,673	3,755,178

Geographical location

Interest income earned in Liberia	4,079,673	3,755,178
Interest income earned outside Liberia	-	-
	4,079,673	3,755,178

11 Interest expense

	Dec -2015	Dec -2014
In United States dollars		
Deposit from banks	559,073	29,231
Deposit from customers	488,718	398,489
Other Borrowed Funds	-	-
	1,047,790	427,720

12 Loan impairment charges

	Dec -2015	Dec -2014
In United States dollars		
Loans and advances to customers:		
Increase in collective impairment	89,928	18,070
Increase in specific impairment	415,913	150,682
Reversal of collective impairment	-	-
Reversal of specific impairment	-	-
Amounts written off during the year as uncollectible	-	-
	505,842	168,752

13 Fee and commission income

	Dec -2015	Dec -2014
In United States dollars		
Credit related fees and commissions	1,215,891	1,254,311
Commission on FX deals	22,740	7,246
Income from Financial guarantee contracts issued	1,440,255	1,569,888
Other fees and commissions	3,147,863	2,433,719
	5,826,749	5,265,164

Guaranty Trust Bank (Liberia) Ltd
Notes to the financial statements
For the year ended December 31, 2015

7 Other Operating income

In United States dollars	**Dec -2015**	Dec -2014
Foreign exchange gain/Loss	-	-
Gain on Disposal of Fixed Assets	-	(14,465)
	-	(14,465)

8 Personnel expenses

In United States dollars		
Wages and Salaries	1,460,763	1,407,900
Contributions to defined contribution plans	93,889	86,752
Other staff cost	76,279	73,441
	1,630,931	1,568,094

9 General and administrative expenses

In United States dollars		
Stationery and postage	171,160	157,544
Business travel expenses	40,893	17,063
Advert, promotion and corporate gifts	203,064	181,326
Other premises and equipment costs	624,196	579,938
Directors' emoluments	96,473	99,429
Contract Services	644,252	613,436
	1,780,038	1,648,736

9 Operating Lease Expense

In United States dollars		
Operating lease expense	285,957	254,188
	285,957	254,188

10 Depreciation and Ammortisation

	In United States dollars		
	Amortisation of Intangibles	24,289	45,249
ı of prope	Depreciation of Property, Plants and Equipments	898,490	759,174
		922,779	804,423

Other operating expenses

	Dec -2015	Dec -2014
In United States dollars		
Insurance Premium Paid	151,255	159,894
Consulting and auditing costs	72,417	26,650
Management Technical Services Expense	288,000	403,794
Fuel expense	307,439	434,770
Others	934,458	706,369
	1,753,569	1,731,478

Guaranty Trust Bank (Liberia) Ltd
Notes to the financial statements
For the year ended December 31, 2015

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	**2015**	**2014**
Classification	US$	US$
Cash and cash equivalents:		
- Balances held with other banks	9,698,055	11,789,54 2
- Unrestricted balances with Central Bank of Liberia	6,230,185	10,665,81 5
- Money market placements	11 7	-
Investment securities:		
- GOL Treasury bills	4,191,380	3,483,942
- CBL Treasury bills	4,035,110	4,413,793
- Government Bond	1,025,000	1,025,000
Loans and advances to customers:		
- Loans to individuals	10,476,999	6,122,050
- Loans to non-individuals	22,263,623	19,386,49 0
Other assets[2]	19,336,138	15,160,47 8
Total	77,267,607	72,047,11 0
Loans exposure to total exposure	42%	35%
Other exposure to total exposure	58%	65%

[2] Balances included in Other Assets above are those subject to credit risks. Items not subject to credit risk, which include Prepayments Stock/Stationery and Prepaid benefits 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 2015 and 31 December 2014 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.

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Guaranty Trust Bank (Liberia) Ltd
Notes to the financial statements
For the year ended December 31, 2015

In United States dollars

Loans and advances to customers is analyzed below:

	2015	2014
Loans to individuals:	US$	US$
Overdraft	2,828,790	2,142,717
Loans	7,648,209	3,979,332
	10,476,999	6,122,050
Loans to non-individuals:		
Overdraft	7,792,268	6,785,272
Loans	14,471,355	12,601,219
	22,263,623	19,386,490

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

	Maximum exposure	
	US$	US$
Financial guarantees	916,626	784,937
Other contingents	7,818,100	10,565,166
Total	8,734,726	11,350,103

Guaranty Trust Bank (Liberia) Ltd
Notes to the financial statements
For the year ended December 31, 2015

In United States dollars

Credit risk exposure relating to On-Balance Sheet

As at December 31, 2015

Classification	**Liberia** US$	**Rest of Africa** US$	**Outside Africa** US$	**Total** US$
Cash and cash equivalents:				
- Balances held with other banks	5,494,146	-	8,326,749	13,820,894
- Unrestricted balances with Central banks	6,230,185	-	-	6,230,185
- Money market placements	11,117	-	-	11,117
Investment securities:				
- GOL Treasury bills	4,191,380	-	-	4,191,380
- CBL Treasury bills	4,035,110	-	-	4,035,110
- Government Bond	1,025,000	-	-	1,025,000
Loans and advances to customers:				
- Loans to individuals	10,476,999	-	-	10,476,999
- Loans to non-individuals	22,263,623	-	-	22,263,623
Other assets[2]	19,336,138	-	-	19,336,138
Total	73,063,698	-	8,326,749	81,390,446

[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 benefits on employees loan have been excluded.

Guaranty Trust Bank (Liberia) Ltd
Notes to the financial statements
For the year ended December 31, 2015

In United States dollars

Loans and advances to customers is analyzed below:

As at December 31, 2015

	Liberia	**Rest of Africa**	**Outside Africa**	**Total**
Loans to individuals:	US$	US$	US$	US$
Overdraft	3,024,187	-	-	3,024,187
Loans	8,176,506	-	-	8,176,506
	11,200,693	-	-	11,200,693
Loans to non-individuals:				
Overdraft	7,539,016	-	-	7,539,016
Loans	14,001,030	-	-	14,001,030
	21,540,046	-	-	21,540,046

As at December 31, 2014

	Liberia	**Rest of Africa**	**Outside Africa**	**Total**
Classification	US$	US$	US$	US$
Cash and cash equivalents:				
- Balances held with other banks	3,462,793	-	8,326,749	11,789,542
- Unrestricted balances with Central banks	10,665,815	-	-	10,665,815
- Money market placements	-	-	-	-
Investment securities:				
- GOL Treasury bills	3,483,942	-	-	3,483,942
- CBL Treasury bills	4,413,793	-	-	4,413,793
- Government Bond	1,025,000	-	-	1,025,000
Loans and advances to customers:				
- Loans to individuals	6,122,050	-	-	6,122,050
- Loans to non-individuals	19,386,490	-	-	19,386,490
Other assets[2]	15,160,478	-	-	15,160,478
Total	73,063,698	-	8,326,749	81,390,446

Guaranty Trust Bank (Liberia) Ltd
Notes to the financial statements
For the year ended December 31, 2015

In United States dollars

As at December 31, 2014

	Liberia	Rest of Africa	Outside Africa	Total
Loans to individuals:	US$	US$	US$	US$
Overdraft	2,142,717	-	-	2,142,717
Loans	3,979,332	-	-	3,979,332
	6,122,050	-	-	6,122,050
Loans to non-individuals:				
Overdraft	6,785,272	-	-	6,785,272
Loans	12,601,219	-	-	12,601,219
	19,386,490	-	-	19,386,490

Credit risk exposure relating to Off-Balance Sheet

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

As at December 31, 2015

	Liberia	Rest of Africa	Outside Africa	Total
Financial guarantees	916,626	-		916,626
Other contingents	7,818,100	-	-	7,818,100
	8,734,726	-	-	8,734,726

As at December 31, 2014

	Liberia	Rest of Africa	Outside Africa	Total
Financial guarantees	1,395,603	-	-	1,395,603
Other contingents	16,681,336	-	-	16,681,336
	18,076,939	-	-	18,076,939

Guaranty Trust Bank (Liberia) Ltd
Notes to the financial statements
For the year ended December 31, 2015

As at December 31, 2015

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

	Agriculture	Capital market & Financial institution	Construction/real estate	General Commerce	Government	Manufacturing	Mining,oil & gas	Info.Telecoms& Transport.	Individual	Others [1]	Total
	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$
Cash and cash equivalents:											-
- Balances held with other banks	-	9,698,055	-	-	-	-	-	-	-	-	9,698,055
- Unrestricted balances with Central banks	-	6,230,185	-	-	-	-	-	-	-	-	6,230,185
- Money market placements	-	11,117	-	-	-	-	-	-	-	-	11,117
Investment securities:	-	-	-	-	-	-	-	-	-	-	-
- GOL Treasury bills	-	-	-	-	4,191,380	-	-	-	-	-	4,191,380
- CBL Treasury bills	-	-	-	-	4,035,110	-	-	-	-	-	4,035,110
- Government Bond	-	-	-	-	1,025,000	-	-	-	-	-	1,025,000
Loans and advances to customers:	-	-	-	-	-	-	-	-	-	-	-
Loans to individuals	-	-	-	-	-	-	-	-	10,476,999		10,476,999
- Loans to non-individuals	907,372	-	2,689,040	7,809,617	3,518,418	-	3,253,108	3,570,122	-	515,946	22,263,623
	-	-	-	-	-	-	-	-	-	-	-
Other assets	-		386,723-	18,949,415	-	-	-	-	-	-	19,336,138
- -	907,372	16,326,080	2,689,040	14,857,268	12,769,908	-	3,253,108	3,570,122	10,476,999	515,946	77,267,601

Includes NGOs, Other Professionals and Other Public Services

In United States dollars

Guaranty Trust Bank (Liberia) Ltd
Notes to the financial statements
For the year ended December 31, 2015

Loans and advances to customers isanalyzed below:

As at December 31, 2015

	Agriculture	Capital market & Financial institution	Construction/real estate	General Commerce	Government	Manufacturing	Mining,oil& gas	Info.Telecoms& Transport.	Individual	Others [1]	Total
	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$
Loans to individuals:											
Overdraft		-	-						2,858,790		2,858,790
Loans		-	-	-	-	-	-	-	7,618,209		7,618,209
	-	-	-	-	-	-	-	-	10,476,999		10,476,999
Loans to non-individuals:											
Overdraft		-		970,567	-		1,744,143	404,725			3,119,435
Loans	907,372	-	2,745,060	6,783,030	3,518,418	-	1,508,965	3,165,397	-	515,946	19,144,189
	907,372	-	2,745,060	7,753,597	ꞁ8,418	-	3,253,108	3,570,122	-	515,946	22,263,624

Credit Risk Exposure to off-balance sheet items:

As at December, 2015

	Agriculture	Capital market & Financial institution	Construction/real estate	General Commerce	Government	Manufacturing	Mining,oil& gas	Info.Telecoms& Transport.	Individual	Others [1]	Total
Financial guarantees	-	-	549/976	274,988	-	-	91,663	-	-	-	916,626
Other contingents	-	-	-	2,736,335	-	-	4,299,955	-	-	781,810	7,818,100
	-	-	549,,976	3,011,323	-	-	4,391,618	-	-	781,810	8,734,726

Guaranty Trust Bank (Liberia) Ltd
Notes to the financial statements
For the year ended December 31, 2015

Credit Risk Exposure to on-balance sheet items

In United States dollars

As at December 31, 2014

	Agriculture	**Capital market & Financial institution**	**Construction/real estate**	**General Commerce**	**Government**	**Manufacturing**	**Mining,oil & gas**	**Info.Telecoms& Transport.**	**Individual**	**Others**	**Total**
	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$
Cash and cash equivalents:											
- Balances held with other banks	-	11,789,542	-	-	-	-	-	-	-	-	11,789,542
- Unrestricted balances with Central banks	-	10,665,815	-	-	-	-	-	-	-	-	10,665,815
- Money market placements	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Investment securities:	-	-	-	-	-	-	-	-	-	-	-
- GOL Treasury bills	-	-	-	-	3,483,942	-	-	-	-	-	3,483,942
- CBL Treasury bills	-	-	-	-	4,413,793	-	-	-	-	-	4,413,793
- Government Bond	-	-	-	-	1,025,000	-	-	-	-	-	1,025,000
	-	-	-	-	-	-	-	-	-	-	-
Loans and advances to customers:	-	-	-	-	-	-	-	-	-	-	-
- Loans to individuals	-	-	-	-	-	-	-	-	-	, 6,122,050	6,122,050
- Loans to non-individuals	2,103,489	-	3,008,767	-	1,050,141	-	4,402,175	-	-	8,821,918	19,386,490
	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	303,210	-	-	-	-	-	-	-	14,857,258	15,160,478
	2,103,489	22,758,567	3,008,767	-	9,972,876	-	4,402,175	-	-	29,801,226	72,047,110

Guaranty Trust Bank (Liberia) Ltd
Notes to the financial statements
For the year ended December 31, 2015

Loans and advances to customers isanalyzed below:

In United States dollars

As at December 31, 2014	**Agriculture**	**Capital market & Financial institution**	**Construction /real estate**	**General Commerce**	**Government**	**Manufacturing**	**Mining,oil & gas**	**Info.Telecoms& Transport.**	**Individual**	**Others** [1]	**Total**
	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$
Loans to individuals:											
Overdraft	-	-	-	-	-	-	-	-	60,000	-	60,000
Loans	-	-	-	-	-	-	-	-	6,062,050	-	6,062,050
		-	-	-	-	-	-	-	6,122,050	-	6,122,050
Loans to non-individuals:											
Overdraft	-	-	953,139	1,150,350	-	-	2,863,572	1,818,210	-	-	6,785,271
Loans	-	-	1,598,162	-	1,050,141	-	4,214,618	2,103,489	1,994,782	1,640,026	12,601,219
	-	-	2,551,301	1,150,350	1,050,141	-	7,078,190	3,921,700	1,994,782	1,640,026	19,386,491

Credit Risk Exposure to off-balance sheet items:

As at December 31, 2014	**Agriculture**	**Capital market & Financial institution**	**Construction /real estate**	**General Commerce**	**Government**	**Manufacturing**	**Mining,oil& gas**	**Info.Telecoms& Transport.**	**Individual**	**Others** [1]	**Total**
	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$
Financial guarantees	-	-	837,362	418,681	-	-	139,560	325,000	-	-	1,395,603
Other contingents	-	-	-	5,838,468	-	-	9,174,735	700,000	-	1,668,134	16,681.336
	-	-	837,362	6,257,149	-	-	9,314,295	1,025,000	-	1,668,134	18,076,939

Guaranty Trust Bank (Liberia) Ltd
Notes to the financial statements
For the year ended December 31, 2015

In United States dollars

Loans and advances

Loans and advances are summarized as follows:

	Dec-15			Dec-14		
	Loans to Individual	**Loans to non-Individual**	**Total**	**Loans to Individual**	**Loans to non-Individual**	**Total**
	US$	US$	US$	US$	US$	US$
Neither past due nor impaired	7,009,657	14,635,624	21,645,281	4,217,176	6,609,176	10,826,352
Past due but not impaired	1,427,429	2,793,908	4,221,337	216,594	707,049	923,643
Individually impaired	1,901,280	2,730,035	4,631,315	373,405	756,460	1,129,865
Collectively Impaired	1,149,998	2,281,116	3,431,114	1,735,791	12,646,710	14,382,501
Gross	11,488,364	22,440,683	33,929,047	6,542,967	20,719,395	27,262,362
Less allowances for impairment:						
Individually impaired	153,072	656,647	809,719	129,970	699,320.00	829,290
Portfolio allowance	134,599	244,106	378,705	482,354	442,177.45	924,532
Total allowance	287,671	900,753	1,188,424	612,324	1,141,497	1,753,822
Net Loans and Advances	11,200,693	21,539,930	32,740,623	5,930,643	19,577,897	25,508,540

The total impairment for loans and advances is $1,188,424 (2014: $1,753,635) of which $129,970 (2014:$829,290) represents the impairment on individually impaired loans and the remaining amount of $378,705 (2014: 924,532) represents the portfolio allowance.

(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.

As at December 31, 2015

	Overdraft	**Loans**	**Total**
Rating	US$	US$	US$
Exceptional Capacity	3,445,095	3,528,282	6,973,377
Very strong Capacity	1,272,850	3,794,796	5,067,646
Strong Repayment Capacity	5,764,586	3,839,672	9,604,258
	10,482,531	11,162,750	21,645,281

Guaranty Trust Bank (Liberia) Ltd
Notes to the financial statements
For the year ended December 31, 2015

In United States dollars

As at December 31, 2014

Rating	Overdraft US$	Loans US$	Total US$
Exceptional Capacity	427,511	1,248,541	1,676,052
Very strong Capacity	2,270,037	5,113,323	7,383,359
Strong Repayment Capacity	1,091,676	675,265	1,766,941
	3,789,223	7,037,129	10,826,352

(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:

As at December 31, 2015	**Loans to Individual**	**Loans to Non-individual**	**Total**
Age			
0 – 90 days	593,709	986,798	1,580,507
91 – 180 days	680,573	368,632	1,049,205
181 – 365 days	386,613	1,205,012	1,591,625
	1,660,895	2,560,442	4,221,337
Fair Value of collateral	727,900	9,891,961	10,619,861
Amount of undercollateralisation	932,995	-	-

As at December 31, 2014	**Loans to Individual**	**Loans to Non-individual**	**Total**
Age	US$	US$	US$
0 – 90 days	72,243	187,565	259,808
91 – 180 days	38,900	100,997	139,897
181 – 365 days	235,377	288,562	523,939
	346,519	577,124	923,643
Fair Value of collateral	5,988,693	29,565,124	35,553,819
Amount of undercollateralisation	-	-	-

Guaranty Trust Bank (Liberia) Ltd
Notes to the financial statements
For the year ended December 31, 2015

In United States dollars

(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:

As at December 31, 2015	**Loans to Individual**	**Loans to Non-individual**	**Total**
	US$	US$	US$
Gross amount	1,901,280	2,730,035	4,631,315
Impairment	153,072	656,647	809,719
Net Amount	1,748,208	2,073,388	3,821,596
Fair Value of collateral	727,900	9,891,961	10,619,861
Amount of undercollateralisation	1,020,308	-	-

As at December 31, 2014	**Loans to Individual**	**Loans to Non-individual**	**Total**
	US$	US$	US$
Gross amount	221,299	908,566	1,129,865
Impairment	129,970	699,320	829,290
Net Amount	91,329	209,246	300,575
Fair Value of collateral	91,329	988,609	1,079,938
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:

	2015	**2014**
Past due and impaired:	US$	US$
Gross loans	1,188,424	899,128
Collateral	717,300	719,255
Undercollaterisation	**(471,118)**	(179,873)
Collectively impaired		
Gross loans	15,578,900	12,578,600
Collateral	12,463,533	10,125,133
Undercollaterisation	**(3,115,367)**	(2,453,467)

Guaranty Trust Bank (Liberia) Ltd
Notes to the financial statements
For the year ended December 31, 2015

In United States dollars

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:

As at December 31, 2015

	Gross Loans	Collateral
	US$	US$
Against neither past due nor impaired	16,546,435	43,727,948
Against past due but not impaired	4,221,337	3,974,338
Against individually impaired	9,730,161	6,976,052
Against collectively impaired	3,431,114	5,067,646
Total	**33,929,047**	59,745,984

As at December 31, 2014

	Gross Loans	Collateral
	US$	US$
Against neither past due nor impaired	10,826,352	35,553,819
Against past due but not impaired	923,643	8,810,899
Against individually impaired	1,129,865	1,977,570
Against collectively impaired	14,382,501	16,406,689
Total	**27,262,362**	62,748,977

	2015	2014
	US$	US$
Against individually impaired:		
Cash	5,098,846	-
Domiciliation	-	-
Guarantees	-	-
Others	-	-
Property	9,730,161	1,079,938
Total	**14,829,007**	1,079,938.13

Guaranty Trust Bank (Liberia) Ltd
Notes to the financial statements
For the year ended December 31, 2015

In United States dollars	2015	2014
Against collectively impaired:	US$	US$
Cash	-	-
Domiciliation	-	2,800
Guarantees	-	4,083,520
Others	-	2,986,790
Property	**3,431,114**	5,333,579
Total	**3,431,114**	12,406,689
Against past due but not impaired:		
Cash	-	-
Domiciliation	-	-
Guarantees	-	-
Others	-	-
Property	**4,221,337**	8,810,899
Total	**4,221,337**	8,810,899
Against neither past due nor impaired:		
Cash	-	-
Domiciliation	-	13,440
Guarantees	-	14,766,144
Others	-	10,988,300
Property	**16,546,435**	9,785,935
Total	**16,546,435**	35,553,819

Debt securities

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

As at December 31, 2015	**Financial assets held for trading**	**Investment Securities**	**Assets pledged as collateral**	**Total**
		US$	US$	
GOL Treasury bills		US$4,191,380	-	4,191,380
CBL Treasury bills	-	4,035,110	-	4,035,110
Government Bond	-	1,025,000	-	1,025,000
Total	**-**	**9,251,490**	**-**	**9,251,490**

Guaranty Trust Bank (Liberia) Ltd
Notes to the financial statements
For the year ended December 31, 2015

In United States dollars

As at December 31, 2014	**Financial assets held for trading**	**Investment securities**	**Assets pledged as collateral**	**Total**
	US$	US$	US$	US$
GOL Treasury bills		3,483,942	-	3,483,942
CBL Treasury bills	-	4,413,793	-	4,413,793
Government Bond	-	1,025,000	-	1,025,000
Total	-	8,922,735	-	8,922,735

Guaranty Trust Bank (Liberia) Ltd
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Financial risk management (continued)

The following table shows the undiscounted cash flows on the bank'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

As at December 31, 2015

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**
US$ Financial assets		**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
Cash and cash equivalents	1	20,062,195	20,062,195	20,062,195				
Loans and advances to customers	3	32,740,623	32,740,623	5,402,203	1,964,437	2,455,547	22,918,436	
Investment Securities:								
– Held to maturity	2	9,251,490	9,251,490	8,226,490			1,025,000	
Other Assets	8	19,534,358	19,534,358	2,344,123	3,516,184	2,930,154	3,906,872	6,837,025
		81,588,666	81,588,666	36,035,011	5,480,622	5,385,700	27,850,307	6,837,025
Financial liabilities								
Deposits from customers	9	61,507,348	61,507,348	57,716,343	1,895,502	1,895,502	-	-
Due to central bank		-		-	-	-	-	-
Due to Intercompany	11	199,518	199,518	199,518	-			
Other Liabilities	13	8,294,638	8,294,638	1,068,255	226,383	-	7,000,000	-
		70,001,504	70,001,504	58,984,115	2,121,886	1,895,502	7,000,000	-
Gap (asset - liabilities)		-	-	(22,949,104)	3,358,736	3,490,198	20,850,307	6,837,025
Cumulative liquidity gap		-	-	(22,949,104)	(19,590,368)	(16,100,170)	4,750,137	11,587,162

Guaranty Trust Bank (Liberia) Ltd
Notes to the financial statements
For the year ended December 31, 2015

As at December 31, 2014

In United States dollars	***Note***	**Carrying amount US$**	**Gross nominal inflow/outflow US$**	**Less than1 3 months US$**	**3 to 6 months US$**	**6 to 12 months US$**	**1 to 5 years US$**	**More than 5 years US$**
Financial assets								
Cash and cash equivalents	1	22,455,357	22,455,357	22,455,357				
Loans and advances to customers	3	25,508,540	25,508,540	2,550,854	3,826,281	5,101,708	14,029,697	
Investment Securities:								
– Held to maturity	2	8,922,735	9,060,714	8,035,714			1,025,000	
Assets pledged as collateral		16,841,637	16,841,637	4,935,405	11,904,767	1,465	-	-
Other Assets	8	73,728,269	73,866,248	37,977,330	15,731,048	5,103,173	15,054,697	-
Financial liabilities		54,191,603	54,191,603	52,990,387			1,201,216	54,191,603
Deposits from customers	9	-	-	-	-	-	-	-
Due to central bank	10	248,644	248,644		248,644			
Due to Intercompany	11	8,396,354	8,396,354	1,396,354			7,000,000	
Other Liabilities	13	62,836,601	62,836,601	54,386,741	248,644	-	8,201,216	-
		-	-	(16,409,411)	15,482,404	5,103,173	6,853,481	-
Gap (asset - liabilities)		-	-	(16,409,411)	(927,007)	4,176,166	11,029,647	11,029,647
Cumulative liquidity gap				(27,591,836)	(11,914,209)	(10,100,965)	286,316	13,236,013

Guaranty Trust Bank (Liberia) Ltd
Notes to the financial statements
For the year ended December 31, 2015

In United States dollars

(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.

As at December 31, 2015

	Note	**Carrying amount US$**	**Less than1 3 months US$**	**3 to 6 months US$**	**6 to 12 months US$**	**1 to 5 years US$**	**More than 5 years US$**
Financial assets							
Cash and cash equivalents	1	20,062,195	20,062,195				
Loans and advances to customers	3	32,740,623	5,402,203	1,964,437	2,455,547	22,918,436	
Investment Securities:			-				
– Held to maturity	2	9,251,490	8,226,490			1,025,000	
Other Assets	8	19,534,358	2,344,123	3,516,184	2,930,154	3,906,872	6,837,025
		81,588,666	36,035,011	5,480,622	5,385,700	27,850,307	6,837,025
Financial liabilities							
Deposits from customers	9	61,507,348	7,716,343	1,895,502	1,895,502	-	
Due to central bank		-	-	-	-	-	-
Due to Intercompany	11	199,518	199,518				
Other Liabilities	13	8,294,638	1,068,255	226,383		7,000,000	
		70,001,504	58,984,115	2,121,886	1,895,502	7,000,000	-
Gap (asset - liabilities)		-	(22,949,104)	3,358,736	3,490,198	20,850,307	6,837,025
Cumulative liquidity gap		-	(22,949,104	(19,580,368)	(16,100,170)	4,750,137	11,587,162

In United Statesdollars

Guaranty Trust Bank (Liberia) Ltd
Notes to the financial statements
For the year ended December 31, 2015

As at December 31, 2014

	Note	Carrying amount US$	Less than1 3 months US$	3 to 6 months US$	6 to 12 months US$	1 to 5 years US$	More than 5 years US$
Financial assets							
Cash and cash equivalents	1	22,455,357	22,455,357				
Loans and advances to customers	3	25,508,540	2,550,854	3,826,281	5,101,708	14,029,697	
Investment Securities:			-				
– Held to maturity	2	8,922,735	7,897,735			1,025,000	
Other Assets	8	16,841,637	16,841,637	4,935,405	11,904,767	1,465	-
		73,728,269	37,839,351	15,731,048	5,103,173	15,054,697	-
Financial liabilities							
Deposits from customers	9	54,191,603	52,990,387			1,201,216	
Due to central bank	10	-	-	-	-	-	-
Due to Intercompany	11	248,644	248,644				
Other Liabilities	**13**	8,396,354	1,396,354			7,000,000	
		62,836,601	54,635,385	-	-	8,201,216	-
Gap (asset - liabilities)		-	(16,796,034)	15,731,048	5,103,173	6,853,481	-
Cumulative liquidity gap		-	(16,796,034)	(1,064,986)	4,038,187	10,891,668	10,891,668

Guaranty Trust Bank (Liberia) Ltd
Notes to the financial statements
For the year ended December 31, 2015

In United States dollars

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.

As at December31, 2015

	Note	Carrying amount US$	Less than1 3 months US$	3 to 6 months US$	6 to 12 months US$	1 to 5 years US$	More than 5 years US$
Financial assets							
Cash and cash equivalents	1	20,062,195	20,062,195				
Loans and advances to customers	3	32,740,623	5,402,203	1,964,437	2,455,547	22,918,436	
Investment Securities:			-				
– Held to maturity	2	9,251,490	8,226,490			1,025,000	
Other Assets	8	19,534,358	2,344,123	3,516,184	2,930,154	3,906,872	6,837,025
		81,588,666	36,035,011	5,480,622	5,385,700	27,850,307	6,837,025
Financial liabilities							
Deposits from customers	9	61,507,348	7,716,343	1,895,502	1,895,502	-	
Due to central bank		-	-	-	-	-	-
Due to Intercompany	11	199,518	199,518				
In United States dollars							
Other Liabilities	13	8,294,638	1,068,255	226,383		7,000,000	
		70,001,504	58,984,115	2,121,886	1,895,502	7,000,000	-
Gap (asset - liabilities)		-	(22,949,104)	3,358,736	3,490,198	20,850,307	6,837,025
Cumulative liquidity gap		-	(22,949,104	(19,580,368)	(16,100,170)	4,750,137	11,587,162

As at December 31, 2014

	Note	Carrying amount US$	Less than1 3 months US$	3 to 6 months US$	6 to 12 months US$	1 to 5 years US$	More than 5 years US$
Financial assets							
Cash and cash equivalents	1	22,455,357	22,455,357				
Loans and advances to customers	3	25,508,540	2,550,854	3,826,281	5,101,708	14,029,697	
Investment Securities:			-				
– Held to maturity	2	8,922,735	7,897,735			1,025,000	
Other Assets	8	16,841,637	16,841,637	4,935,405	11,904,767	1,465	
		73,728,269	37,839,351	15,731,048	5,103,173	15,054,697	-
Financial liabilities							
Deposits from customers	9	54,191,603	52,990,387			1,201,216	
Due to central bank	10	-	-	-	-	-	-
Due to Intercompany	11	248,644	248,644				
Other Liabilities	13	8,396,354	1,396,354			7,000,000	
		62,836,601	54,635,385	-	-	8,201,216	-
Gap (asset - liabilities)		-	(16,796,034)	15,731,048	5,103,173	6,853,481	-
Cumulative liquidity gap		-	(16,796,034)	(1,064,986)	4,038,187	10,891,668	10,891,668

Guaranty Trust Bank (Liberia) Ltd
Notes to the financial statements
For the year ended December 31, 2015

In US Dollars

Operating segments (Continued)
Information about operating segments

In United States dollars

As at December 31, 2015

	Corporate Banking	Retail Banking	Commercial Banking	Total
Revenue:	US$	US$	US$	US$
Derived from external customers	4,004,503	2,502,814	3503,940	10,011,256
		-	-	-
Total Revenue	**4,004,503**	**2,502,814**	**3,503,940**	**10,011,256**
Interest expenses	(419,116)	(261,948)	(366,727)	(1,047,790)
Fee and commission expenses	(41,940)	(26,213)	(36,698)	(104,851)
Net operating income	**3,543,446**	**2,214,654**	**3,100,515**	**8,858,615**
Expense:				
Operating expenses	(2,180,198)	(1,362,624)	(1,907,674)	(5,450,496)
Net impairment loss on financial assets	(202,337)	(126,460)	(177,045)	(505,842)
Depreciation and amortization	(369,111)	(230,695)	(322,973)	(922,779)
Total Cost	**(2,751,646)**	**(1,719,779)**	**(2,407,691)**	**(6,879,116)**
Profit before income tax	791,800	494,875	692,825	1,979,499
Corporate income tax	(197,550)	(123,469)	(172,856)	(493,875)
Profit after income tax	**594,250**	**371,406**	**519,968**	**1,485,624**
Assets and liabilities:				
Total assets	34,557,639	21,598,525	30,237,934	86,394,098
Total liabilities	(28,000,603)	(17,500,377)	(24,500,528)	(70,001,508)
Net Assets/ (Liabilities)	**6,557,036**	**4,098,148**	**5,737,406**	**16,392,590**

Guaranty Trust Bank (Liberia) Ltd
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For the year ended December 31, 2015

In US Dollars

As at December 31, 2014

	Corporate Banking	Retail Banking	Commercial Banking	Total
Revenue:	US$	US$	US$	US$
Derived from external customers	3,624,362	3,171,317	2,265,227	9,060,906
		-	-	-
Total Revenue	**3,624,362**	**3,171,317**	**2,265,227**	**9,060,906**
Interest expenses	(171,088)	(149,702)	(106,930)	(427,720)
Fee and commission expenses	(220,561)	(192,991)	(137,851)	(551,402)
Net operating income	**3,232,714**	**2,828,624**	**2,020,446**	**8,081,784**
Expense:				
Operating expenses	(2,080,998)	(1,820,873)	(1,300,624)	(5,202,495)
Net impairment loss on financial assets	(67,501)	(59,063)	(42,188)	(168,752)
Depreciation and amortization	(321,769)	(281,548)	(201,106)	(804,423)
Total Cost	**(2,470,268)**	**(2,161,485)**	**(2,543,918)**	**(6,175,670)**
Profit before income tax	762,445	667,140	476,528	1,906,114
	(190,592)	(166,768)	(119,120)	(476,480)
Profit after income tax	**571,854**	**500,372**	**357,408**	**1,429,634**
Assets and liabilities:				
Total assets	39,171,171	7,834,234	31,336,937	78,342,342
Total liabilities	40,843,791	12,567,320	9,425,490	62,836,601
Net Assets/ (Liabilities)	**(1,672,620)**	**(4,733,086)**	**21,911,447**	**15,505,741**