GTBank

Guaranty Trust Bank (Liberia) Ltd

GUARANTY TRUST BANK (LIBERIA) LIMITED
REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2016

CONTENTS

CORPORATE INFORMATION

Board of Directors	Ayodeji Bejide (appointed August 5, 2016) Opral Mason Benson Cathy N. Echeozo Demola Odeyemi Tayo Asupoto Ernest C.B. Jones Richard Tolbert
Registered Office:	Guaranty Trust Bank (Liberia) Ltd. 13th Street, Sinkor Tubman Boulevard P.O. Box 0382 1000 Monrovia 10, Liberia
Solicitors:	Sherman & Sherman Law Firm R. Foley Sherman Law Building 17th Street, Sinkor Cheeseman Avenue P. O. Box 10-3218 1000 Monrovia 10, Liberia
Independent auditor:	PricewaterhouseCoopers (Liberia) LLC 9th Street, Payne Avenue Sinkor 1000 Monrovia 10, Liberia
Correspondent Banks:	Guaranty Trust Bank UK Citi Bank, New York Bank of Beruit (UK) Limited Central Bank of Liberia Banque de commerce et de placement (BCP)

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their report on the affairs of Guaranty Trust Bank (Liberia) Limited, a subsidiary of Guaranty Trust Bank Plc, Nigeria, together with the audited financial statements and the auditor's report for the financial year ended December 31, 2016.

Legal form and principal activity

Guaranty Trust Bank (Liberia) Limited was registered on June 7, 2007 and granted a full operational license on March 6, 2009. The Bank's principal activity remains the provision of commercial banking services to its customers, such as retail banking, granting of loans and advances, corporate finance, money market activities and related services, as well as foreign exchange operations.

The Bank is a subsidiary of Guaranty Trust Bank Plc, one of the banks in Nigeria, quoted on the London Stock Exchange.

GTBank Plc, Nigeria, currently owns 99.43% of the issued share capital of the Bank with some highly reputable Liberians holding 0.57%.

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

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

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

   In particular, the Board has ensured that:

   a. the accounting records of the Bank are satisfactorily maintained and its financial statements presented in accordance with the applicable framework (IFRS)
   b. applicable accounting standards have been followed, subject to any material departures to be disclosed or explained in the financial statements;
   c. the financial statements are prepared on the going-concern basis unless it is inappropriate to presume that the Bank will continue in business.

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

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

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

REPORT OF THE DIRECTORS (CONTINUED)

Statement of responsibility of the Board of Directors Regarding the Financial Statements of the Bank (continued)

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

Changes on the Board

During the period under review, Mr Ayodeji Bejide was on August 5, 2016, appointed Managing Director of the Bank after the demise of the late Dan Orogun during the earliest part of 2016. Tunde Macaulay, an Executive Director, also resigned during the period. Below is a table showing the details of the Board of Directors.

	Name	% of Shares in Banks	Type of Director	E-mail Address	Date Appointed	CBL Approval Date
1.	Opral Mason Benson	0.27	Non-Executive	opralmbenson@gmail.com	28-Jan-2009	28-Jan-2009
2.	Cathy N. Echeozo	0.00	Non-Executive	cathy.echeozo@gtbank.com	28-Jan-2009	28-Jan-2009
3.	Demola Odeyemi	0.00	Non-Executive	demola.odeyemi@gtbank.com	28-Jan-2009	28-Jan-2009
4.	Tayo Asupoto	0.00	Non-Executive	tayo.asupoto@gtbank.com	12-Apr-2012	12-Jun-2012
5.	Ernest C.B. Jones	0.00	Independent	ecbjonesjr@yahoo.com	12-Oct-2013	2-Dec-2013
6.	Richard Tolbert	0.00	Independent	bentol333@yahoo.com	1-Apr-2015	11-May-2015
7.	Ayodeji Bejide	0.00	Managing Director	ayodeji.bejide@gtbank.com	5-Aug-2016	26-Aug-2016

REPORT OF THE DIRECTORS (CONTINUED)

Operating results

For the financial year ended 31 December 2016

The Bank's Gross earnings increased by 39%. Highlights of the Bank's operating results for the year ended 31 December 2016 is summarized in the below table:

	31-Dec-16	31-Dec-15
	L$ '000	L$ '000
Gross earnings	1,199,373	865,974
Profit before tax	318,830	171,249
Tax	81,224	42,720
Assets	10,136,328	7,429,892
Shareholders' Fund	1,710,786	1,409,763
Deposits	7,328,122	5,289,632
Risk assets	4,780,673	2,815,694
ROA	2.30%	1.70%
ROE	13.90%	9.10%
EPS:		
Basic	16	9
Diluted	16	9

Mrs Opral Mason Benson
CHAIRMAN OF THE BOARD

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GUARANTY TRUST BANK (LIBERIA) LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Guaranty Trust Bank (Liberia) Limited as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Registered Business Law (2002) and the New Financial Institution Act, 1999.

What we have audited

We have audited the financial statements of Guaranty Trust Bank (Liberia) Limited (the "Bank") for the year ended 31 December 2016.

The financial statements on pages 8 to 98 comprise:

- the statement of financial position as at 31 December 2016;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

Independence

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

Other information

The directors are responsible for the other information. The other information comprises the Report of the Directors but does not include the separate and consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report.

Our opinion on the separate and consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GUARANTY TRUST BANK (LIBERIA) LIMITED (CONTINUED)

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other information

When we read the Report of the Directors and we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Registered Business Law (2002) and the Financial Institution Act of 1999 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GUARANTY TRUST BANK (LIBERIA) LIMITED (CONTINUED)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Auditor's responsibilities for the audit of the financial statements (continued)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

The Registered Business Law (2002) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) in our opinion proper books of account have been kept by the Bank, so far as appears from our examination of those books; and

iii) the Bank's balance sheet (Bank's statement of financial position) and Bank's profit and loss account (part of the Bank's statement of comprehensive income) are in agreement with the books of account.

In accordance with Part IV (21 (1a)) the New Financial Institution Act, 1999, we hereby confirm that:

i) in our opinion, the accounts give a true and fair view of the state of affairs of the Bank and the results of operations for the period under review; and

ii) we were able to obtain all the information and explanations required for the efficient performance of our duties as auditor;

PricewaterhouseCoopers

PricewaterhouseCoopers (Liberia) LLC

Certified Public Accountants

Monrovia, Liberia

May 25, 2017

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STATEMENT OF FINANCIAL POSITION

(All amounts are in Liberian dollars)

	Note	At December 31 2016	2015
Assets			
Cash and cash equivalents	21	3,669,101,651	1,725,348,805
Loans and advances to customers	23	4,780,673,089	2,815,693,535
Investment securities:			
- Held to maturity	22	756,691,336	795,628,158
Property and Equipment	25	534,481554	403,690,666
Intangible assets	26	8,733,682	9,576,490
Other assets	27	386,646,591	1,679,954,783
Total assets	21	**10,136,327,903**	7,429,892,437
Liabilities			
Deposits from customers	28	7,328,121,771	5,289,632,259
Due to related parties	29	8,368,613	17,158,512
Current income tax liabilities	24	50,743,462	19,468,972
Other liabilities	30	530,699,480	146,263,599
Other borrowed funds	31	507,608,604	547,606,315
Total liabilities		**8,425,541,930**	6,020,129,657
Equity			
Share capital	32	1,062,500,000	1,062,500,000
Retained earnings		354,581,018	167,977,397
Other components of equity		293,704,955	179,285,383
Total equity attributable to owners of the Bank		**1,710,785,973**	1,409,762,780
Total liabilities and equity		**10,136,327,903**	7,429,892,437

Mrs. Opral Mason Benson
Chairman of the Board of Directors

Mr. Ayodeji Bejide
Managing Director

The notes on pages 13 to 98 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

(All amounts are in Liberian dollars)

		Year ended December 31	
	Note	**2016**	**2015**
Interest income	8	**493,232,145**	352,891,747
Interest expense	9	**(86,322,215)**	(90,633,839)
Net interest income		**406,909,930**	262,257,908
Fee and commission income	11	**632,175,319**	504,013,823
Fee and commission expense	12	**(15,118,244)**	(9,069,620)
Net fee and commission income		**617,057,075**	494,944,203
Net gains/(losses) on foreign exchange trading	13	**12,868,134**	9,068,109
Other operating income	14	**61,097,587**	-
Other income		**73,965,721**	9,068,109
Operating income		**1,097,932,726**	766,270,220
Personnel expenses	15	**(211,679,861)**	(141,075,562)
Loan impairment charges	10	**(22,984,350)**	(43,755,297)
General and administrative expenses	16	**(205,608,276)**	(153,973,305)
Operating lease expenses	17	**(30,025,563)**	(24,735,309)
Depreciation and amortization	18	**(93,202,573)**	(79,820,352)
Other operating expenses	19	**(215,601,634)**	(151,661,723)
Operating expenses		**(779,102,257)**	(595,021,548)
Profit before income tax		**318,830,469**	171,248,672
Income tax expense	20	**(81,224,205)**	(42,720,175)
Profit after income tax		**237,606,264**	128,528,497
Other comprehensive income		**-**	-
Total comprehensive income for the year		**237,606,264**	128,528,497
Profit attributable to: **Equity holders of the parent entity (total)**			
– Profit for the period		**237,606,264**	128,528,497
Earnings per share for profit attributable to the equity holders			
– Basic and diluted		16	9

The notes on pages 13 to 98 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

	Notes	For the year ended December 31 Dec - 2016	Dec - 2015
Cash flows from operating activities			
Profit for the period		**237,606,264**	128,528,304
Adjustments for:			
Depreciation of property and equipment	18	**90,522,415**	77,719,397
Amortization of Intangibles	18	**2,680,159**	2,100,955
Gains on disposal of property and equipment		**(543,481)**	
Loan impairment charges		**22,984,350**	43,755,297
Net interest income		**(406,909,930)**	(262,257,908)
Foreign exchange gains		**60,554,106**	-
Income tax expense		**81,224,205**	42,720,175
Other non-cash items		**-**	(27,499,000)
Changes in:			
Loans and advances to customers		**(1,997,570,855)**	(716,731,472)
Other assets		**1,293,308,192**	(265,257,237)
Deposits from customers		**2,038,489,512**	737,537,615
Due to intercompany		**(8,789,899)**	(3,727,612)
Other liabilities		**384,435,881**	(11,423,822)
Interest received		**493,232,145**	352,891,747
Interest paid		**(86,322,215)**	(90,633,839)
Income tax paid		**(112,498,695)**	(13,663,673)
Net cash from/(used in) operating activities		**2,092,402,154**	(5,941,073)
Cash flows from investing activities			
Net sale/(purchase) of investment securities		**38,936,820**	(46,118,430)
Purchase of property and equipment	25	**(297,686,442)**	(129,510,788)
Purchase of intangible assets		**-**	(8,763,405)
Proceeds from the sale of property and equipment		**543,481**	(12,179,578)
Net cash from/(used in) investing activities		**(258,206,141)**	**(196,572,201)**
Cash flows from financing activities			
Repayment of debt		**(39,997,711)**	-
Net cash from/(used in) financing activities		**(39,997,711)**	-
Net increase / (decrease) in cash and cash equivalents		**1,794,198,302**	1,886,249,946
Cash and cash equivalents at beginning of period		**1,725,348,805**	41,612,133
Effect of exchange rate fluctuations on cash held		**149,554,544**	1,725,348,805
Cash and cash equivalents at beginning of period		**3,669,101,651**	3,653,210,884

The notes on pages 13 to 98 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
(All amounts are in Liberian dollars)

	Share capital	Regulatory risk reserve	Statutory Reserve	Foreign currency translation reserve	Retained earnings	Total
Balance at 1 January 2016	1,062,500,000	3,554,074	84,914,284	90,817,025	167,977,397	1,409,762,780
Profit for the year	-	-		-	237,606,264	237,606,264
Other comprehensive income, net of tax						
Foreign currency translation difference	-	-	-	82,332,708	-	82,332,708
Total other comprehensive income	-	-	**-**	**82,332,708**	**-**	**82,332,708**
Total comprehensive income	-	-	-	**82,332,708**	**237,606,264**	**319,938,972**
Transactions with equity holders, recorded directly in equity:						
Transfer from Regulatory Risk reserve		(3,554,074)			3,554,074	-
Transfer to Statutory reserve			35,640,940		(35,640,940)	-
Others	-			-	(15,361,706)	(15,361,706)
Dividend to equity holders	-	-		-	-	-
Total transactions with equity holders	**-**	**(3,554,074)**	**35,640,940**	**-**	**(51,002,643)**	**(18,915,778)**
Balance at 31 December 2016	**1,062,500,000**	**-**	**120,555,224**	**173,149,733**	**354,581,016**	**1,710,785,973**

The notes on pages 13 to 98 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY (continued)
(All amounts are in Liberian dollars)

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:						
Transfer to Regulatory Risk reserve		587,208			-	587,208
Transfer to Statutory reserve	-		14,907,486	-	(17,485,468)	-
Others					(45,374,933)	6,647,595
Dividend to equity holders	-	-		-	-	-
Total transactions with equity holders	**-**	**587,208**	**14,907,486**	**-**	**(63,447,609)**	**(47,365,706)**
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**

The notes on pages 13 to 98 are an integral part of these financial statements.

NOTES

1. Reporting entity

Guaranty Trust Bank (Liberia) Limited (the Bank) is a limited liability company incorporated and domiciled in Liberia. The address of the Bank's registered office is 13th Street, Sinkor, Tubman Boulevard, P.O. Box 0382, 1000 Monrovia 10, Liberia. The Bank is a subsidiary of Guaranty Trust Bank PLC Nigeria. The bank operates with a universal banking license that allows it to undertake all banking and related services.

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These accounting policies have been consistently applied to all periods presented in these financial statements.

2.1 Basis of preparation

The financial statement of the bank has been prepared in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Financial Institutions Act and Business Association Law of Liberia. These financial statements have been prepared under the historical cost convention unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

2.2 Changes in accounting policies and disclosures

(i) New and amended standards adopted by the Bank

The following amendments and International Financial Reporting Interpretation Committee (IFRIC) interpretations were adopted by the Bank for the first time for the financial year beginning on or after 1 January 2016 and have an impact on the Bank's financial statements.

Amendments to IAS 16,'Property, plant and equipment' and IAS 38 'Intangible assets'

This amendment has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption can be overcome if either:

- The intangible asset is expressed as a measure of revenue (ie where a measure of revenue is the limiting factor on the value that can be derived from the asset), or
- It can be shown that revenue and the consumption of economic benefits generated by the asset are highly correlated.

The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption can be overcome if either:

- The intangible asset is expressed as a measure of revenue (ie where a measure of revenue is the limiting factor on the value that can be derived from the asset), or
- It can be shown that revenue and the consumption of economic benefits generated by the asset are highly correlated.

NOTES (continued)

2. Significant Accounting Policies (continued)

2.2 Changes in accounting policies and disclosures (continued)

(i) New and amended standards adopted by the Bank (continued)

Amendments to IAS 1, Presentation of Financial Statements

The amendments to IAS 1 Presentation of Financial Statements are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including materiality, disaggregation and subtotals, notes and other comprehensive income arising from investments accounted for under the equity method. According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards/accounting policies are not required for these amendments.

(ii) New and amended standards not yet adopted by the Bank

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Bank, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L.

The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Bank is yet to assess IFRS 9's full impact.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Bank is assessing the impact of IFRS 15.

NOTES (continued)

2. Significant Accounting Policies (continued)

2.2 Changes in accounting policies and disclosures (continued)

(ii) New and amended standards not yet adopted by the Bank (continued)

IFRS 16, 'Leases' sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, that is the customer (lessee) and the supplier (lessor). IFRS 16 is effective from 1st January, 2019 and the group can choose to apply IFRS 16 before that date but only if it also applies IFRS 15 "Revenue from Contracts with Customers". IFRS 16 replaces the previous leases standard, IAS 17 "Leases" and related interpretations.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Bank.

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

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement.

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

2.4 Interest income and expense

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

NOTES (Continued)

2. Significant accounting policies (continued)

2.5 Interest income and expense (continued)

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

Interest income and expense presented in the Income statement include:

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

2.6 Fees and commission

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

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

2.7 Net trading income

Net trading income comprises trading gains and losses related to foreign exchange transactions undertaken on behalf of customers

2.5 Leases

i) Lease payments made

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

ii) Leased assets – lessee

Leases in which the Bank assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

2. Significant accounting policies (continued)

2.5 Leases (continued)

iii) Leased assets – lessee (continued)

Other leases for which a significant portion of the risks and rewards of ownership are retained by another party other than the Bank are operating leases and are not recognised on the Bank's statement of financial position.

2.6 Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

(i) Current income tax

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

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

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

(ii) Deferred income tax

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

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

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

2. Significant accounting policies (continued)

2.7 Financial assets and liabilities

Recognition

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

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.

2.7.1 Financial assets

The Bank classifies its financial assets in the following categories: loans and receivables, held-to-maturity and fair value through profit or loss financial assets. The directors determine the classification of its financial assets at initial recognition

(i) Loans and 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.

When the Bank is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of an asset to the lessee, the arrangement is presented within loans and advances.

When the Bank purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date ("reverse repo or stock borrowing"), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Bank's financial statements.

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

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the directors have the positive intention and ability to hold to maturity, other than:
(a) those that the Bank upon initial recognition designates as at fair value through profit or loss;
(b) those that the Bank designates as available-for-sale; and
(c) those that meet the definition of loans and receivables.

Held-to-maturity investments are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective interest method.

NOTES (Continued)

2. Significant accounting policies (continued)

2.7 Financial assets and liabilities (continued)

2.7.1 Financial assets (continued)

(iii) Financial assets at fair value through profit or loss

A financial asset is held for trading if acquired or originated principally for the purpose of generating a profit from short-term fluctuations in price or dealer's margin or if it is part of a portfolio of identified instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

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

2.7.2 Financial liabilities

The Bank's holding in financial liabilities represents mainly deposits from banks and customers and other liabilities. Such financial liabilities are initially recognised at fair value and subsequently measured at amortised cost.

2.7.3 Recognition

The Bank initially recognises loans and advances, deposits; debt securities issued and subordinated liabilities 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. The Bank uses the trade date accounting for regular way contracts when recording financial asset transactions.

2.7.4 Derecognition

The Bank derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Bank is recognised as a separate asset or liability.

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

The Bank enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all risks or 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 derecognised from the balance sheet. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

In transactions where the Bank neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if control over the asset is lost.

NOTES (Continued)

2. Significant accounting policies (continued)

2.7 Financial assets and liabilities (continued)

2.7.4 Derecognition (continued)

The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Bank continues to recognise 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.

2.7.5 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.

2.7.6 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.

2.7.7 Determination of fair value

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets. For all other financial instruments, fair value is determined by using valuation techniques. Valuation techniques include net present value techniques, the discounted cash flow method, comparison to similar instruments for which market observable prices exist, and valuation models.

The value produced by a model or other valuation technique is adjusted to allow for a number of factors as appropriate, because valuation techniques cannot appropriately reflect all factors market participants take into account when entering into a transaction. Valuation adjustments are recorded to allow for model risks, bid-ask spreads, liquidity risks, as well as other factors. Management believes that these valuation adjustments are necessary and appropriate to fairly state financial instruments carried at fair value on the balance sheet.

NOTES (Continued)

2. Significant accounting policies (continued)

2.7 Financial assets and liabilities (continued)

2.7.8 Identification and measurement of impairment

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

(a) significant financial difficulty of the issuer or obligor;
(b) a breach of contract, such as a default or delinquency in interest or principal payments;
(c) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
(d) it becomes probable that the borrower will enter bankruptcy or other financial re-organisation;
(e) the disappearance of an active market for that financial asset because of financial difficulties; or
(f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
    (i) adverse changes in the payment status of borrowers in the portfolio; and
    (ii) National economic conditions that correlate with defaults on the assets in the portfolio.

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

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

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

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

NOTES (Continued)

2. Significant accounting policies (continued)

2.7 Financial assets and liabilities (continued)

2.7.8 Identification and measurement of impairment

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

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

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

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

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

2.7.9 Classes of financial instruments

The Bank classifies the financial instruments into classes that reflect the nature of information and take into account the characteristics of those financial instruments. The classification made can be seen in the table as follows:

NOTES (Continued)

2. Significant accounting policies (continued)

2.7 Financial assets and liabilities (continued)

2.7.9 Classes of financial instruments

<table>
<tr><th colspan="2">Category
(as defined by IAS 39)</th><th colspan="2">Class (as determined by the Bank)</th><th>Subclasses</th></tr>
<tr><td rowspan="9">Financial assets</td><td rowspan="7">Loans and receivables</td><td colspan="2">Loans and advances to banks</td><td></td></tr>
<tr><td rowspan="6">Loans and advances to customers</td><td rowspan="3">Loans to individuals (retail)</td><td>Overdrafts</td></tr>
<tr><td>Term loans</td></tr>
<tr><td>Mortgages</td></tr>
<tr><td rowspan="3">Loans to corporate entities</td><td>Large corporate customers</td></tr>
<tr><td>Small and Medium Enterprises (SMEs)</td></tr>
<tr><td>Others</td></tr>
<tr><td>Held-to-maturity Investments</td><td colspan="2" rowspan="2">Investment securities - debt securities</td><td rowspan="2">Unlisted</td></tr>
<tr><td>Held-for-trading Investments</td></tr>
<tr><td rowspan="4">Financial liabilities</td><td rowspan="4">Amortised cost</td><td colspan="2">Deposits from banks</td><td></td></tr>
<tr><td rowspan="3">Deposits from customers</td><td>Retail customers</td><td></td></tr>
<tr><td>Large corporate customers</td><td></td></tr>
<tr><td>SMEs</td><td></td></tr>
<tr><td rowspan="2">Off-balance sheet financial Instruments</td><td colspan="3">Loan commitments</td><td></td></tr>
<tr><td colspan="3">Guarantees, acceptances and other financial facilities</td><td></td></tr>
</table>

2.8 Cash and cash equivalents

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

2.9 Pledged assets

Securities sold subject to repurchase agreements ('repos') are reclassified in the financial statements as pledged assets when the transferee has the right by contract to sell or repledge the collateral; the counterparty liability is included in deposits from banks or deposits from customers as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method. Securities lent to counterparties are also retained in the financial statements.

NOTES (Continued)

2. Significant accounting policies (continued)

2.10 Property and equipment

Recognition and measurement

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

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

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

Subsequent costs

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

Depreciation

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

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

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

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

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

2. Significant accounting policies (continued)

2.10 Property and equipment (continued)

De-recognition

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

2.11 Intangible assets

Software

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

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

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

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

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

2.12 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.

NOTES (Continued)

2. Significant accounting policies (continued)

2.12 Impairment of non-financial assets (continued)

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

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

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

2.13 Deposit

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

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

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

2.14 Provisions

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

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

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

2. Significant accounting policies (continued)

2.15 Financial guarantees

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee liabilities are initially recognised at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable). Financial guarantees, principally consisting of letters of credit are included within other liabilities.

2.16 Employee benefits

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.

Termination benefits

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

Short-term employee benefit

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

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

2.17 Share capital and reserves

Ordinary shares

Ordinary shares are classified as ‘share capital’ in equity.

Share issue costs

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

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.

NOTES (Continued)

2. Significant accounting policies (continued)

2.18 Earnings per share

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

2.19 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.

3. Financial risk management

3.1 Introduction and overview

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

- Credit risk
- Liquidity risk
- Market risks

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

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

3.2 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.

NOTES (Continued)

3. Financial risk management (continued)

3.2 Risk management philosophy (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.

3.3 Risk management framework

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

The Board of Directors has overall responsibility for the establishment and oversight of the bank's risk management framework via its committees – The Board Risk Committee, Board Credit Committee, and Board Audit Committee. These committees are responsible for developing and monitoring risk policies in their specified areas and report regularly to the Board of Directors on their activities. All Board committees have both executive and non-executive members.

The Board Committees are assisted by the various Management Committees in identifying and assessing risks arising from day to day activities of the bank. These committees are:

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

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

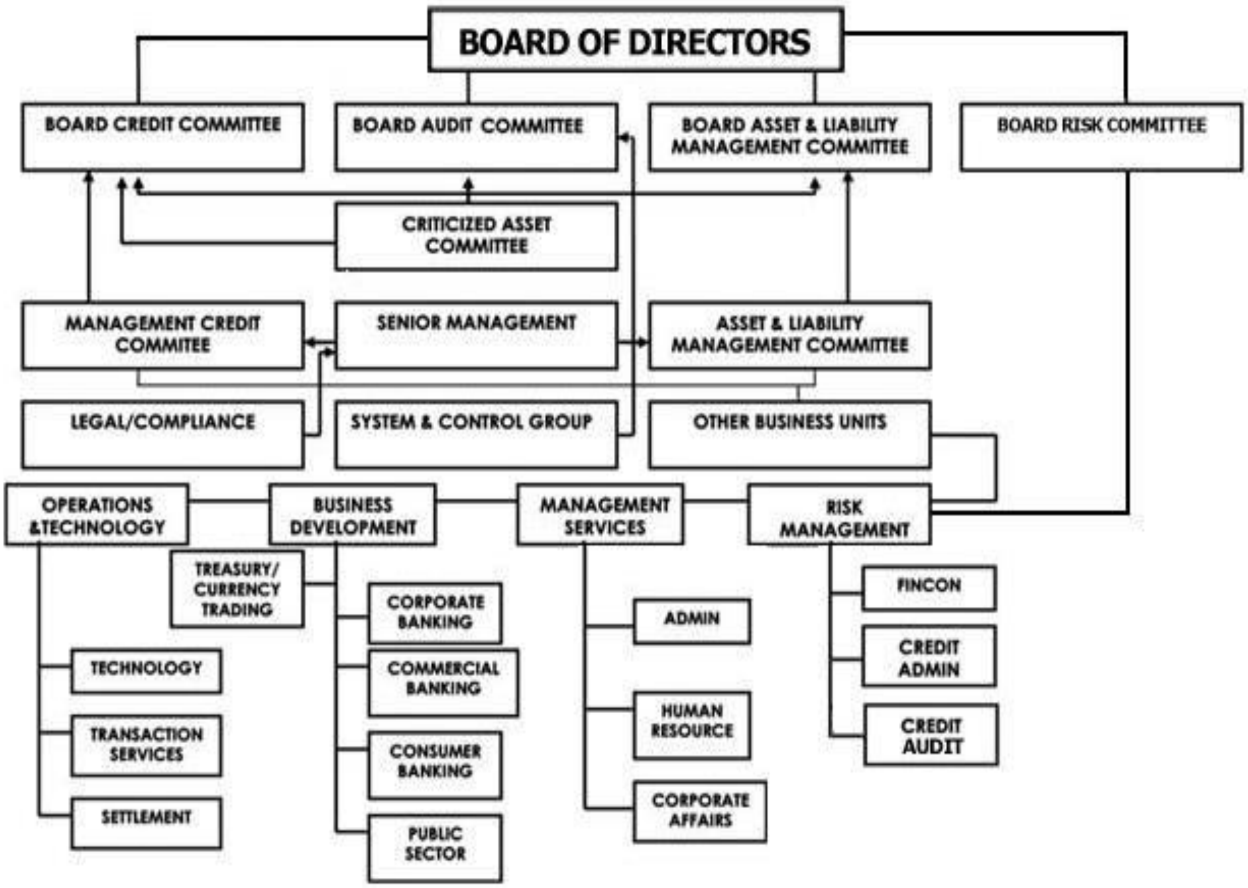
The bank's Audit Committee is responsible for monitoring compliance with the risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to risks faced by the bank. The Audit Committee is assisted by the Internal Audit department, in carrying out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

NOTES (Continued)

3. Financial risk management (continued)

3.3 Risk management framework (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 profiles including risk philosophy, risk appetite and risk tolerance of the bank. The oversight functions cut across all risk areas. The committee monitors the Bank's plans and progress towards meeting regulatory Risk-Based Supervision requirements and migration to Basel II compliance as well as the overall Regulatory and Economic Capital Adequacy.

The bank's Board of Directors has delegated responsibility for the management of credit risk to the Board Credit Committee. The Board Credit Committee considers and approves all lending exposures, including treasury investment exposures, as well as insider-related credits in excess of limits assigned to the **Management Credit Committee** by the Board. Management Credit Committee formulates credit policies in consultation with business units, covering credit assessment, risk grading and reporting, collateral, regulatory and statutory requirements. The committee also assesses and approves all credit exposures in excess of the Managing Director's limit as approved by the Board.

NOTES (Continued)

3. Financial risk management (continued)

3.3 Risk management framework (continued)

The **Asset & Liability Management Committee** establishes the bank's standards and policies covering the various components of Market and Liquidity Risks. These include issues on Interest Rate Risk, Liquidity Risk, Investment Risk and Trading Risk. It ensures that the authority delegated by the Board and **Management Risk Committees** with regard to Market Risk is exercised, and that Market Risk exposures are monitored and managed. Furthermore, the Committee limits and monitors the potential impact of specific pre-defined market movements on the comprehensive income of the Bank through stress tests and simulations.

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

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

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

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

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

Risk management overview

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

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

NOTES (Continued)

3. Financial risk management (continued)

3.3 Risk management framework (continued)

Risk management overview (continued)

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.

3.4 Credit risk

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

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

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

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

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

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

NOTES (Continued)

3. Financial risk management (continued)

3.4 Credit risk (continued)

3.4.1 Management of credit risk

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

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

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

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

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

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

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

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

3.4.2 Credit risk measurement

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

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

3. Financial risk management (continued)

3.4 Credit risk (continued)

3.4.2 Credit risk measurement (continued)

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

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

NOTES (Continued)

3. Financial risk management (continued)

3.4 Credit risk (continued)

3.4.2 Credit risk measurement (continued)

Rating Grade	Description	Characteristics
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 await 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

NOTES (continued)

3. Financial risk management (continued)

3.4 Credit risk (continued)

3.4.2 Credit risk measurement (continued)

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

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

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

i. The ‘probability of default’ (PD)
ii. Exposures to the counterparty and its likely future development, from which the bank derive the ‘exposure at default’ (EAD); and
iii. The likely recovery ratio on the defaulted obligations (the ‘loss given default’) (LGD).

The models are reviewed regularly to monitor their robustness relative to actual performance and amended as necessary to optimise their effectiveness.

i. Probability of Default (PD)

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

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

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

ii. Exposure at Default (EAD)

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

iii. Loss Given Default (LGD)

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

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

NOTES (Continued)

3. Financial risk management (continued)

3.4 Credit risk (continued)

3.4.3 Risk Limit Control and Mitigation Policies

(i) Lending limits

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

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

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

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

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

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

Designation	Limit
Board of Directors	Up to the single obligor limit as advised by the regulatory authorities from time to time but currently put at 20% of shareholders' funds (total equity)
Management Credit Committee	Up to US$250,000Thousand (LD$18,000,000)
MD/DMD	Up to US$150,000 Thousand (LD$10,800,000)
Other Approving Officers	As delegated by the Managing Director
Board of Directors	Up to the single obligor limit as advised by the regulatory Authorities from authorities from time to time but currently put at 20% of shareholders' funds (total equity)

3. Financial risk management (continued)

3.4 Credit risk (continued)

3.4.3 Risk Limit Control and Mitigation Policies (continued)

(i) Lending limits (continued)

The lending authority 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.

(ii) 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.

NOTES (Continued)

3. Financial risk management (continued)

3.4 Credit risk (continued)

3.4.3 Risk Limit Control and Mitigation Policies

(iii) Master Netting Arrangements

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

Off-balance sheet engagements

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

Contingencies

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

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

Placements

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

NOTES (continued)
(All amounts are in Liberian dollars)

3. Financial risk management (continued)

3.4 Credit risk (continued)

3.4.4 Credit risk exposure

The maximum exposure to credit risk before collateral held and other credit enhancements in respect of loans and advances to customers are:

(i) Credit risk exposure relating to On-Balance Sheet

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

	Maximum exposure	
	Dec -2016	**Dec -2015**
Classification		
Cash and cash equivalents:		
- Balances held with other banks	994,892,581	834,032,731
- Unrestricted balances with Central banks	1,895,231,424	535,795,871
- Money market placements	410,999,374	956,034
	-	-
Investment securities:	-	-
- GOL Treasury bills	651,628,837	360,458,704
- CBL Treasury bills	-	347,019,452
- Government Bond	105,062,499	88,150,000
	-	-
Loans and advances to customers:	-	-
- Loans to individuals	2,180,690,188	901,021,931
- Loans to non-individuals	2,599,982,901	1,914,671,604
	-	-
Other assets[2]	181,440,924	1,662,907,888
Total	**9,019,928,728**	**6,645,014,216**
Loans exposure to total exposure	53%	42%
Other exposure to total exposure	47%	58%

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.

NOTES (Continued)
(All amounts are in Liberian dollars)

3. Financial risk management (continued)

3.4 Credit risk (continued)

3.4.4 Credit risk exposure (continued)

(i) Credit risk exposure relating to On-Balance Sheet (continued)

The table above shows a worst-case scenario of credit risk exposure to the Bank as at 31 December 2016 and 31 December 2015 without taking account of any collateral held or other credit enhancements attached. For on-balance-sheet assets, the exposures set out above are based on amounts reported in the statements of financial position.

Loans and advances to customers is analyzed below:

In Liberian dollars	**Dec -2016**	**Dec -2015**
Loans to individuals:		
Overdraft	588,786,363	243,275,957
Loans	1,591,903,869	657,745,974
	2,180,690,232	**901,021,931**
Loans to non-individuals:		
Overdraft	909,994,031	670,135,074
Loans	1,689,988,914	1,244,536,530
	2,599,982,945	**1,914,671,604**

(ii) Credit risk exposure relating to Off-Balance Sheet

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

	Maximum exposure	
In Liberian dollars	**Dec -2016**	**Dec -2015**
Financial guarantees	217,117,469	78,829,836
Other contingents	1,419,962,943	672,356,600
	1,637,080,412	**751,186,436**

NOTES (Continued)
(All amounts are in Liberian dollars)

3. Financial risk management (continued)

3.4 Credit risk (continued)

3.4.4 Credit risk exposure (continued)

Concentration of risks of financial assets with credit risk exposure

Geographical region

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

Credit risk exposure relating to On-Balance Sheet

Dec-16	Liberia	Rest of Africa	Outside Africa	Total
Classification				
Cash and cash equivalents:				
- Balances held with other banks	-	-	994,892,581	994,892,581
- Unrestricted balances with Central Banks	1,895,231,424	-	-	1,895,231,424
- Money market placements	-	410,999,375	-	410,999,375
	-	-		-
Investment securities:	-	-		-
- GOL Treasury bills	651,628,837	-	-	651,628,837
- CBL Treasury bills	-	-	-	-
- Government Bond	105,062,499	-	-	105,062,499
	-	-		-
Loans and advances to customers:	-	-		-
- Loans to individuals	2,180,690,188	-	-	2,180,690,188
- Loans to non-individuals	2,599,982,901	-	-	2,599,982,901
	-	-		-
Other assets[2]	177,451,627	-	3,989,297	181,440,924
Total	**7,610,047,476**	**410,999,375**	**998,881,878**	**9,019,928,728**

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

(All amounts are in Liberian dollars)

3. Financial risk management (continued)

3.4 Credit risk (continued)

3.4.4 Credit risk exposure (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

Geographical region (continued)

Loans and advances to customers is analyzed below:

Dec-16

	Liberia	Rest of Africa	Outside Africa	Total
Loans to individuals:				
Overdraft	588,786,363	-	-	588,786,363
Loans	1,591,903,869	-	-	1,591,903,869
	2,180,690,232	**-**		**2,180,690,232**
Loans to non-individuals:				-
Overdraft	909,994,031	-	-	909,994,031
Loans	1,689,988,914	-	-	1,689,988,914
	2,599,982,945	**-**		**2,599,982,945**

Dec-15

	Liberia	Rest of Africa	Outside Africa	Total
Classification				
Cash and cash equivalents:				
- Balances held with other banks	472,496,519	-	716,100,381	1,188,596,900
- 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	88,150,000	-	-	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	**6,283,478,003**	**-**	**716,100,381**	**6,999,578,385**

3. Financial risk management (continued)

3.4 Credit risk (continued)

3.4.4 Credit risk exposure (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

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

Dec-15	Liberia	Rest of Africa	Outside Africa	Total
In Liberian dollars				
Loans to individuals:				
Overdraft	243,275,957	-	-	243,275,957
Loans	657,745,974	-	-	657,745,974
	901,021,931	**-**		**901,021,931**
Loans to non-individuals:				-
Overdraft	670,135,074	-	-	670,135,074
Loans	1,244,536,530	-	-	1,244,536,530
	1,914,671,604	**-**		**1,914,671,604**

Credit risk exposure relating to Off-Balance Sheet

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

Dec-16	Liberia	Rest of Africa	Outside Africa	Total
In Liberian dollars				
Financial guarantees	217,117,469	-	-	217,117,469
Other contingents	1,419,962,943	-	-	1,419,962,943
	1,637,080,412	**-**	**-**	**1,637,080,412**

Dec-15	Liberia	Rest of Africa	Outside Africa	Total
In Liberian dollars				
Financial guarantees	78,829,836	-	-	78,829,836
Other contingents	672,356,600	-	-	672,356,600
	751,186,436	**-**	**-**	**751,186,436**

NOTES (continued)
(All amounts are in Liberian dollars)

3. Financial risk management (continued)

3.4 Credit risk (continued)

3.4.4 Credit risk exposure (continued)

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.

Dec-16

On balance sheet items	Agriculture	Capital market & Financial institution	Construction/real estate	General Commerce	Govt.	Manufacturing	Mining, oil & gas	Info. Telecoms & Transport.	Individual	Others	Total
Cash and cash equivalents:											-
- Balances held with other banks	-	994,892,573	-	-	-	-	-	-	-	-	994,892,573
- Unrestricted balances with Central banks	-	-	-	-	1,895,231,458	-	-	-	-	-	1,895,231,458
- Money market placements	-	410,999,375	-	-	-	-	-	-	-	-	410,999,375
Investment securities:											
- GOL Treasury bills	-	-	-	-	651,628,888	-	-	-	-	-	651,628,888
- CBL Treasury bills	-	-	-	-	-	-	-	-	-	-	-
- Government Bond		-			105,062,500	-	-	-	-	-	105,062,500
Loans and advances to customers:											
- Loans to individuals	-	-	-	-	-	-	-	-	2,180,690,232	-	2,180,690,232
- Loans to non-individuals	194,111,425	-	277,073,798	1,183,428,738	15,225,145	-	208,252,821	239,695,943	-	482,195,077	2,599,982,945
Other assets	-	3,989,297	-	-	148,533,000	-	-	-	28,918,627	-	181,440,924
	194,111,425	**1,409,881,244**	**277,073,798**	**1,183,428,738**	**2,815,680,990**	**-**	**208,252,821**	**239,695,943**	**2,209,608,859**	**482,195,077**	**9,019,928,893**

Others includes NGOs, Other Professionals and Other Public Services

NOTES (continued)
(All amounts are in Liberian dollars)

3. Financial risk management (continued)

3.4 Credit risk (continued)

Loans and advances to customers is analyzed below:

Dec-16

	Agriculture	Capital market & Financial institution	Construction/real estate	General Commerce	Govt.	Manu.	Mining, oil & gas	Info. Telecoms & Transport.	Individual	Others	Total
Loans to individuals:											
Overdraft		-	-	-	-	-	-	-	588,786,363	-	588,786,363
Loans		-	-	-	-	-	-	-	1,591,903,869	-	1,591,903,869
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	2,180,690,232	**-**	2,180,690,232
Loans to non-individuals:											
Overdraft	-	-	10,307,019	566,846,525	-	67,658,317	-	201,220,700	-	-	846,032,561
Loans	194,111,425	-	174,573,798	1,054,896,175	15,225,145	-	105,752,821	137,195,943	-	72,195,077	1,753,950,383
	194,111,425	**-**	**184,880,816**	**1,621,742,700**	**15,225,145**	**67,658,317**	**105,752,821**	**338,416,642**	**-**	**72,195,077**	**2,599,982,945**

Credit Risk Exposure to off-balance sheet items:

Dec-16

In Liberian dollars	Agriculture	Capital market & Financial institution	Construction /real estate	General Commerce	Govt.	Manuf.	Mining, oil & gas	Info. Telecoms & Transport.	Individual	Others	Total
Financial guarantee	-	-	130,270,481	65,135,240.71	-	-	21,711,747	-	-	-	217,117,469
Other contingent	-	-	-	496,987,030	-	-	780,979,618	-	-	141,996,294	1,419,962,943
	-	-	**130,270,481**	**562,122,271**	**-**	**-**	**802,691,365**	**-**	**-**	**141,996,294**	**1,637,080,412**

NOTES (continued)

(All amounts are in Liberian dollars)

3. Financial risk management (continued)

3.4 Credit risk (continued)

Dec-15

	Agric.	Capital market & Financial institution	Construction/real estate	General Commerce	Govt.	Manuf.	Mining, oil & gas	Info. Telecoms & Transport.	Individual	Others	Total
Cash and cash equivalents:											
- Balances held with other banks	-	1,188,596,900	-	-	-	-	-	-	-	-	1,188,596,900
- 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	-	44,371,382	1,914,671,604
Other assets	-	33,258,178	-	1,629,649,690	-	-	-	-	-	-	1,662,907,868
	78,033,992	**1,758,607,050**	**231,257,440**	**2,301,276,752**	**1,098,212,088**	**-**	**279,767,288**	**307,030,492**	**901,021,931**	**44,371,382**	**6,999,578,415**

NOTES (continued)
(All amounts are in Liberian dollars)

3. Financial risk management (continued)

3.4 Credit risk (continued)

Loans and advances to customers is analyzed below:

Dec-15

In Liberian dollars	**Agric.**	**Capital market & Financial institution**	**Construction /real estate**	**General Commerce**	**Govt.**	**Manuf.**	**Mining, oil & gas**	**Info. Telecoms & Transport.**	**Individual**	**Others [1]**	**Total**
Loans to individuals :											
Overdraft	-	-	-	-	-	-	-	-	245,855,940	-	245,855,940
Loans	-	-	-	-	-	-	-	-	655,165,974	-	655,165,974
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**901,021,914**	**-**	**901,021,914**
Loans to non-individuals :											
Overdraft	-	-	-	83,468,762	-	-	149,996,298	34,806,350	-	-	268,271,410
Loans	78,033,992	-	236,075,160	583,340,580	302,583,948	-	129,770,990	272,224,142	-	44,371,356	1,646,400,168
	78,033,992	**-**	**236,075,160**	**666,809,342**	**302,583,948**	**-**	**279,767,288**	**307,030,492**	**-**	**44,371,356**	**1,914,671,578**

NOTES (continued)
(All amounts are in Liberian dollars)

3. Financial risk management (continued)

3.4 Credit risk (continued)

3.4.4 Credit risk exposure (continued)

Credit Risk Exposure to off-balance sheet items:

Dec-15

In Liberian dollars	**Agric.**	**Capital market & Financial institution**	**Construction/real estate**	**General Commerce**	**Govt.**	**Manuf.**	**Mining, oil & gas**	**Info. Telecoms & Transport.**	**Individual**	**Others [1]**	**Total**
Financial guarantees	-	-	47,297,936	23,648,968	-	-	7,883,018	-	-	-	78,829,922
Other contingents	-	-	-	235,324,810	-	-	369,796,044	-	-	67,235,660	672,356,514
	-	**-**	**47,297,936**	**258,973,778**	**-**	**-**	**377,679,062**	**-**	**-**	**67,235,660**	**751,186,436**

NOTES (continued)
(All amounts are in Liberian dollars)

3. Financial risk management (Continued)

3.4 Credit risk (continued)

(i) Impaired loans and securities

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

(ii) 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.

(iii) 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.

(iv) Allowances for impairment

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

(v) 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.

NOTES (continued)
(All amounts are in Liberian dollars)

3. Financial risk management (Continued)

3.4 Credit risk (continued)

3.4.5 Loans and advances

All loans and advances are categorized as follows:

1. **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).

2. **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.

3. **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.

4. **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.

NOTES (continued)
(All amounts are in Liberian dollars)

4. Financial risk management (continued)

3.4 Credit risk (continued)

3.4.5 Loans and advances

Loans and advances are summarized as follows:

	Dec-16			Dec-15		
In Liberian dollars	**Loans to Individual**	**Loans to non-Individual**	**Total**	Loans to Individual	Loans to non-Individual	Total
Neither past due nor impaired	1,875,834,050	2,081,164,818	3,956,998,868	602,830,502	1,258,663,664	1,861,494,166
Past due but not impaired	109,429,513	232,185,159	341,614,671	122,758,894	240,276,088	363,034,982
Individually impaired	110,253,920	202,532,825	312,786,745	163,510,080	234,783,010	398,293,090
Collectively Impaired	134,708,985	169,359,623	304,068,608	98,899,828	196,175,976	295,075,804
Gross	**2,230,226,468**	**2,685,242,424**	**4,915,468,892**	987,999,304	1,929,898,738	2,917,898,042
Less allowances for impairment:						
Individually impaired	37,253,933	53,184,483	90,438,463	13,164,192	56,471,642	69,635,834
Portfolio allowance	12,282,268	32,075,120	44,357,339	11,575,514	20,993,116	32,568,630
Total allowance	**49,536,201**	**85,259,603**	**134,795,803**	24,739,706	77,464,758	102,204,464
Net Loans and Advances	**2,180,690,267**	**2,599,982,918**	**4,780,673,089**	963,259,598	1,852,433,980	2,815,693,578

The total impairment for loans and advances is $134,795,803 (2015: $102,204,464) of which $90,438,415 (2015: $69,635,834) represents the impairment on individually impaired loans and the remaining amount of $44,357,388 (2015: $32,568,630) 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.

Dec-16

In Liberian dollars	**Overdraft**	**Loans**	**Total**
Rating			
Exceptional Capacity	1,440,172.00	2,406,250	3,846,422
Very strong Capacity	1,961,513	4,060,648	6,022,161
Strong Repayment Capacity	9,229,303	19,506,981	28,736,284
	12,630,988	**25,973,879**	**38,604,867**

NOTES (continued)
(All amounts are in Liberian dollars)

3. Financial risk management (Continued)

3.4 Credit risk (continued)
3.4.5 Loans and advances (continued)

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

Dec-15

In Liberian dollars	**Overdraft**	**Loans**	**Total**
Rating			
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	330,211,972	825,966,371
	901,497,669	959,996,677	1,861,494,346

(ii) Loans and advances past due but not impaired

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

Dec-16 *In Liberian dollars*	**Loans to Individual**	**Loans to Non-individual**	**Total**
Age			
0 – 90	395,946	888,391	1,284,337
91 – 180	482,810	270,225	753,035
181 – 365	188,850	1,106,605	1,295,455
	1,067,606	**2,265,221**	**3,332,827**
FV of collateral	**25,491,196**	**60,965,419**	**86,456,615**
Amount of under collateralization	**-**	**-**	**-**

Dec-15 *In Liberian dollars*	**Loans to Individual**	**Loans to Non-individual**	**Total**
Age			
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**
FV of collateral	**62,599,400**	**850,708,646**	**913,308,046**
Amount of under collateralization	**80,237,570**	**-**	**-**

NOTES (continued)
(All amounts are in Liberian dollars)

3. Financial risk management (Continued)

3.4 Credit risk (continued)

3.4.5 Loans and advances (continued)

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:

December 31 2016 *In Liberian dollars*	**Loans to Individual**	**Loans to Non-individual**	**Total**
Gross amount	1,075,648	1,975,930	3,051,578
Impairment	363,453	518,873	882,326
Net Amount	712,195	1,457,057	2,169,252
FV of collateral	25,491,196	60,965,419	86,456,615
Amount of under collateralization	-	-	-

December 31, 2015	**Loans to Individual**	**Loans to Non-individual**	**Total**
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
FV of collateral	62,599,400	850,708,646	913,308,046
Amount of under collateralization	87,746,488	-	-

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. Under collateralization of individual loans against gross loans is shown below:

	2016	**2015**
Past due and impaired:		
Gross loans	2,341,600	102,204,646
Collateral	1,936,912	(61,687,886)
Under collateralization	**(404,688)**	**40,516,760**

NOTES (continued)
(All amounts are in Liberian dollars)

3. Financial risk management (Continued)

3.4 Credit risk (continued)

3.4.5 Loans and advances (continued)

(iv) Under collateralization of individual loans against gross loans is shown below:

Collectively impaired		
Gross loans	15,578,900	1,339,785,400
Collateral	12,463,533	1,071,863,838
Under collateralization	**(3,115,367)**	**267,921,562**

Summary of collaterals pledged against loans and advances

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

Dec-16

In Liberian dollars	**Gross Loans**	**Collateral**
Against individually impaired	38,604,867	43,727,948
Against collectively impaired	3,332,827	3,974,338
Against past due but not impaired	3,051,578	6,976,052
Against neither past due nor impaired	2,966,523	5,067,646
Total	**47,955,795**	**59,745,984**

Dec-15

In Liberian dollars	**Gross Loans**	**Collateral**
Against individually impaired	3,320,018,562	2,986,520,762
Against collectively impaired	286,623,122	740,115,500
Against past due but not impaired	262,435,708	90,714,803
Against neither past due nor impaired	255,120,978	1,042,161,900
Total	**4,124,198,370**	**4,859,512,965**

NOTES (continued)
(All amounts are in Liberian dollars)

3. Financial risk management (Continued)

3.4 Credit risk (continued)

3.4.6 Loans and advances (continued)

Summary of collaterals pledged against loans and advances

In Liberian dollars	**Dec -2016**	**Dec -2015**
Against individually impaired:		
Cash	-	438,500,756
Property	6,976,052	836,793,846
Total	**6,976,052**	**1,275,294,602**
Against collectively impaired:		
Property	5,067,646	295,075,804
Total	**5,067,646**	**295,075,804**

Against past due but not impaired:	**Dec -2016**	**Dec -2015**
Property	3,974,338	363,034,976
Total	**3,974,338**	**363,034,976**
Against neither past due nor impaired:		
Property	43,727,948	1,422,993,410
Total	**43,727,948**	**1,422,993,410**

NOTES (continued)
(All amounts are in Liberian dollars)

3. Financial risk management (Continued)

3.4 Credit risk (continued)

3.4.7 Debt securities (continued)

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

Dec-16 *In Liberian dollars*	**Financial assets held for trading**	**Investment Securities**	**Assets pledged as collateral**	**Total**
GOL Treasury bills	-	651,628,837	-	651,628,837
Government Bond	-	105,062,499	-	105,062,499
Total	**-**	756,691,336	**-**	756,691,336

Dec-15 *In Liberian dollars*	**Financial assets held for trading**	**Investment Securities**	**Assets pledged as collateral**	**Total**
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**

Additional Disclosures of Loans and advances as per the Central Bank of Liberia Prudential regulations are as follows:

Loans and Advances to Customers: **ANALYSIS BY:** *In Liberian dollars*	**31-Dec-16**	**31-Dec-15**
TYPES		
Loans	3,314,793,055	1,914,671,664
Overdrafts	1,360,661,925	901,021,914
Past Due Loans	240,014,000	102,204,464
Total Gross Loan	**4,915,468,980**	**2,917,898,042**
Collective Impairment	(49,536,200)	(24,739,792)
Specific Impairment	(85,259,603)	(77,464,758)
	4,780,673,089	**2,815,693,492**
PERFORMANCE		
Performing	4,675,454,980	2,815,693,578
Impaired	240,014,000	102,204,464
	4,915,468,980	**2,917,898,042**

NOTES (continued)
(All amounts are in Liberian dollars)

3. Financial risk management (Continued)

3.4 Credit risk (continued)

3.4.7 Debt securities (continued)

CUSTOMER		
Individual	2,230,226,460	901,021,914
Private Corporation & Business	2,670,017,375	1,714,292,180
Central and other level of Government	15,225,145	302,583,948
	4,915,468,980	**2,917,898,042**

SECTOR		
Agriculture, Fishery & Forestry	194,111,520	78,033,992
Mining & Quarry	108,005,070	279,767,288
Manufacturing	-	-
Services	-	-
Communication	239,695,942	272,224,142
Transportation	483,222,515	34,806,350
Oil & Gas	496,516,765	279,767,288
Government of Liberia	15,225,043	302,583,948
Public Corporations	-	-
Others	3,378,692,125	1,670,715,034
	4,915,468,980	**2,917,898,042**

3.5 Liquidity risk

Liquidity risk is the risk that the bank will encounter difficulty in meeting obligations from its financial liabilities.

(i) Management of 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.

NOTES (continued)
(All amounts are in Liberian dollars)

3. Financial risk management (Continued)

3.5 Liquidity risk (continued)

(ii) Management of liquidity risk (continued)

4. 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.
5. 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.
6. Regular measurement & monitoring of its liquidity position/ratios in line with regulatory requirements and in-house limits
7. Regular monitoring of non-earning assets
8. Monitoring of deposit concentration
9. Ensure diversification of funding sources
10. Monitoring of level of undrawn commitments
11. Maintaining a contingency funding plan.

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

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

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

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

(iii) Exposure to liquidity risk

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

NOTES (continued)
(All amounts are in Liberian dollars)

3. Financial risk management (Continued)

3.5 Liquidity risk (continued)

(iv) Assets used in managing liquidity risk

The bank holds a diversified portfolio of cash and highly liquid securities to support payment obligations and contingent funding in a structured market environment. The bank assets held for managing liquidity risk comprised cash and balances with central banks, due from other banks and investment securities. Government bonds and securities that are readily acceptable in repurchase agreements with the central bank.

(v) Liquidity ratio

The bank's liquidity ratio as at December 31, 2016 stood at **40.4%** as compared to **39.3%** at the end of December 2015, which is far above the regulatory required ratio of 15% and also above 25%.

NOTES (continued)
(All amounts are in Liberian dollars)

(vi) **Financial risk management (continued)**

3.5 Liquidity risk (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.

Gross nominal (undiscounted) maturities of financial assets and liabilities

December-2016

In Liberian Dollars	***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								
Cash and cash equivalents	21	3,669,101,651	3,669,101,651	3,669,101,651	-	-	-	-
Loans and advances to customers	23	4,780,673,088	4,780,673,088	109,153,356	264,244,925	958,185,478	3,449,089,330	-
Investment Securities:								
– Held to maturity	22	756,691,336	756,691,336	-	-	651,628,837	105,062,499	-
Other Assets	27	386,646,392	386,646,392	54,908,849	171,275,953	64,965,137	95,496,454	-
		9,593,112,543	**9,593,112,543**	**3,833,163,855**	**435,520,878**	**1,674,779,451**	**3,649,648,283**	**-**
Financial liabilities								
Deposits from customers	28	7,328,121,771	7,328,121,771	7,005,140,715	322,981,056	-	-	-
Due to Central Bank		-	-	-	-	-	-	-
Due to Intercompany	30	8,368,613	8,368,613	8,368,613	-	-	-	-
Other Borrowed funds	33	507,608,604	507,608,604	-	-	-	507,608,604	-
Other Liabilities	32	581,442,943	581,442,943	530,699,481	50,743,462	-	-	-
		8,425,541,930	**8,425,541,930**	**7,544,208,809**	**373,724,517**	**-**	**507,608,604**	**-**
Gap (asset - liabilities)				**(3,711,044,954)**	**61,796,361**	**1,674,779,451**	**3,142,039,679**	**-**
Cumulative liquidity gap				**(3,711,044,954)**	**(3,649,248,593)**	**(1,974,469,141)**	**1,167,570,538**	**-**

NOTES (continued)
(All amounts are in Liberian dollars)

3. Financial risk management (continued)

3.5 Liquidity risk (continued)

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

December-2015

In Liberian Dollars	*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								
Cash and cash equivalents	21	1,725,348,805	1,725,348,805	1,725,348,805	-	-	-	-
Loans and advances to customers	23	2,815,693,535	2,815,693,535	464,589,433	168,941,612	211,177,015	1,970,985,475	-
Held to Maturity	22	795,628,156	795,628,156	707,478,156	-	-	88,150,000	
Other Assets	27	1,679,954,783	1,679,954,783	201,594,574	302,391,861	251,993,218	335,990,957	587,984,174
		7,016,625,279	**7,016,625,280**	**3,099,010,968**	**471,333,473**	**463,170,233**	**2,395,126,432**	**587,984,174**
Financial liabilities								
Deposits from customers	28	5,289,632,259	5,289,632,259	4,963,605,833	163,013,213	163,013,213	-	-
Due to Central Bank		-	-	-	-	-	-	-
Due to Intercompany	30	17,158,512	17,158,512	17,158,512	-	-	-	-
Other Borrowed Funds	33	547,606,315	547,606,315	-	-	-	547,606,315	
Other Liabilities	32	146,263,599	146,263,572	91,869,913	54,393,658	-	-	-
		6,000,660,685	6,000,660,658	5,072,634,258	217,406,871	163,013,213	547,606,315	-
Gap (asset - liabilities)				**(1,973,623,289)**	**253,926,602**	**300,157,019**	**1,847,520,116**	**587,984,174**
Cumulative liquidity gap				**(1,973,623,289)**	**(1,719,696,687)**	**(1,419,539,668)**	**427,980,448**	**1,015,964,623**

3. Financial risk management (continued)

3.6 Market risk

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

Management of market risk

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

3.6.1 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.

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

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

NOTES (continued)
(All amounts are in Liberian dollars)

3. Financial risk management (Continued)

3.6 Market risk (continued)

3.6.2 Exposure to interest rate risk – Trading and non-trading portfolios (continued)

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

December-2016

	Note	**Carrying amount**	**Less than1 3 months**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	21	3,669,101,651	3,669,101,651	-	-	-	-
Loans and advances to customers	23	4,780,673,088	109,153,281	264,245,000	958,185,478	3,449,089,330	-
Investment Securities:		-					
– Held to maturity	22	756,691,336	-	-	651,628,837	105,062,499	-
Assets pledged as collateral	29	-	-	-	-	-	-
Other Assets	27	386,646,392	54,908,849	171,275,953	64,965,137	95,496,454	-
		9,593,112,468	3,833,163,780	435,520,953	1,674,779,451	3,649,648,283	-
Financial liabilities							
Deposits from customers	28	7,328,121,771	7,005,140,715	322,981,056	-	-	-
Due to Central Bank		-	-	-	-	-	-
Due to Intercompany	30	8,368,613	8,368,613	-	-	-	-
Other Borrowed Funds	33	507,608,604	-	-	84,152,500	423,456,104	
Other Liabilities	32	**581,442,943**	**530,699,481**	**50,743,462**	**-**	**-**	**-**
		8,425,541,930	**7,544,208,809**	**373,724,517**	**84,152,500**	**423,456,104**	**-**
Gap (asset - liabilities)			**(3,711,045,029)**	**61,796,436**	**1,590,626,895**	**3,226,192,179**	**-**
Cumulative liquidity gap			**(3,711,045,029)**	**(3,649,248,593)**	**(2,058,621,698)**	**1,167,570,481**	**1,167,570,538**

NOTES (continued)
(All amounts are in Liberian dollars unless otherwise stated)

3. Financial risk management (Continued)

3.6 Market risk (continued)

3.6.2 Exposure to interest rate risk – Trading and non-trading portfolios (continued)

December-2015

In Liberian Dollars	***Note***	**Carrying amount**	**Less than1 3 months**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	21	1,725,348,805	1,725,348,805	-	-	-	-
Loans and advances to customers	23	2,815,693,535	464,589,433	168,941,612	211,177,015	1,970,985,475	-
Investment securities							
-Held to maturity	22	795,628,156	707,478,156	-	-	88,150,000	
Other assets	27	1,679,954,783	201,594,574	302,391,861	251,993,218	335,990,957	587,984,174
		7,016,625,279	3,099,010,968	471,333,473	463,170,233	2,395,126,432	587,984,174
Financial liabilities							
Deposits from customers	28	5,289,632,259	4,963,605,833	163,013,213	163,013,213	-	-
Due to Central Bank		-	-	-	-	-	-
Due to intercompany	30	17,158,512	17,158,512	-	-	-	-
Other borrowed funds	33	547,606,315	-	-	-	547,606,315	
Other liabilities	32	146,263,599	146,263,599	-	-	-	-
		6,000,660,685	**5,127,027,944**	**163,013,213**	**163,013,213**	**547,606,315**	**-**
Gap (asset - liabilities)			**(2,028,016,976)**	**308,320,260**	**300,157,020**	**1,847,520,117**	**587,984,174**
Cumulative liquidity gap			**(2,028,016,976)**	**(1,719,696,714)**	**(1,419,539,695)**	**427,980,421**	**1,015,964,596**

NOTES (continued)
All amounts are in Liberian dollars unless otherwise stated)

3. Financial risk management (Continued)

3.6 Market risk (continued)

3.6.3 Foreign exchange risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarises the Bank's exposure to foreign exchange risk at 31 December 2016. Included in the table are the Bank's financial instruments at carrying amounts, categorised by currency:

December-2016

In Liberian Dollars	***Note***	**Total**	**LRD**	**USD**	**GBP**
Financial assets					
Cash and cash equivalents	21	3,669,101,651	455,983,649	3,213,118,002	-
Loans and advances to banks	-	-			
Loans and advances to customers	23	4,780,673,088	342,180,477	4,438,492,611	-
Investment Securities					
– Held to maturity	22	756,691,336	651,628,837	105,062,499	-
Other Assets	27	386,646,392	161,237,182	225,409,210	-
		9,593,112,468	**1,716,092,644**	**7,877,019,823**	**-**
Financial liabilities					
Deposits from banks	-	-			
Deposits from customers	28	7,328,121,771	761,714,019	6,566,407,752	-
Due to intercompany	30	8,368,613	-	8,368,613	-
Other borrowed funds	33	507,608,604	-	507,608,604	-
Other liabilities	32	581,442,943	108,426,841	473,016,102	-
		8,425,541,930	**870,140,860**	**7,555,401,071**	**-**

NOTES (continued)
(All amounts are in Liberian dollars unless otherwise stated)

3. Financial risk management (Continued)

3.6 Market risk (continued)

3.6.3 Foreign exchange risk (continued)

December-2015

In US Dollars	Note	Total	LRD	USD	GBP
Financial assets					
Cash and cash equivalents	21	1,725,348,805	214,420,564	1,510,928,241	-
Loans and advances to banks	-	-	-	-	-
Loans and advances to customers	23	2,815,693,535	201,535,503	2,614,158,032	-
Investment Securities:	-	-			
– Available for sale	-	-	-	-	-
– Held to maturity	22	795,628,156	795,628,156	-	-
Assets pledged as collateral	-	-	-	-	-
Other Assets	27	1,679,954,783	700,565,634	979,389,149	-
		7,016,625,280	**1,912,149,857**	**5,104,475,422**	**-**
Financial liabilities					
Deposits from banks	-	-	-	-	-
Deposits from customers	28	5,289,632,259	549,825,340	4,739,806,919	-
Due to Intercompany	30	17,158,512	-	17,158,512	-
Other Borrowed Funds	33	547,606,315	-	547,606,315	-
Other Liabilities	32	146,263,599	27,275,075	118,988,524	-
		6,000,660,685	**577,100,416**	**5,423,560,269**	**-**

NOTES (continued)
All amounts are in Liberian dollars unless otherwise stated)

3. Financial risk management (Continued)

3.7. Capital management

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. However the Bank's Capital adequacy ratio as at December 31, 2016 was 26% which was well above the regulatory limit.

NOTES (continued)
All amounts are in Liberian dollars unless otherwise stated)

3. Financial risk management (Continued)

3.7. Capital management (continued)

Capital Adequacy ratio (continued)

31-December-2016

In Liberian Dollars

ASSETS	WGTS	AMOUNT	VALUE
Cash & Clearing	0%	460,317,059	-
Balance Held with CBL	0%	1,802,892,638	-
Cash Reserve Requirement	0%	148,533,000	-
Balance Held with Other Banks Outside Liberia	20%	994,892,581	198,978,516
GOL Bonds	0%	105,062,499	-
Treasury Bills	0%	651,628,837	-
Placements (Foreign Banks)	20%	410,999,374	82,199,875
Loans & Advances	100%	4,780,673,089	4,780,673,089
Other Assets	100%	238,113,591	238,113,591
Property and equipment	100%	534,481,554	534,481,554
Intangibles	100%	8,733,682	8,733,682
Bonds & Guarantees	50%	1,637,080,412	818,540,206
TOTAL RISK WEIGHTED ASSETS Gross		**11,773,408,314**	**6,661,720,513**
1ST TIER CAPITAL			
Share Capital			1,062,500,000
Share Premium			-
Statutory Reserves			123,022,627
Bonus shares reserve			-
Translation Difference			170,796,331
Retained earnings			354,467,015
TOTAL QUALIFYING CAPITAL			**1,710,785,973**
2ND TIER CAPITAL			-
CAPITAL ADEQUACY RATIO*			**26%**

NOTES (continued)
All amounts are in Liberian dollars unless otherwise stated)

4. Other risk management

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.

NOTES (continued)
All amounts are in Liberian dollars unless otherwise stated)

4. Other risk management

Operational risk (continued)

- **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.

NOTES (continued)
(All amounts are in Liberian dollars unless otherwise stated)

4. Other risk management

Operational risk (continued)

- **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.

NOTES (continued)
(All amounts are in Liberian dollars unless otherwise stated)

4. Other risk management

Operational risk (continued)

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 bank wide.
- 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

NOTES (continued)
(All amounts are in Liberian dollars unless otherwise stated)

4. Other risk management

Operational risk (continued)

Treatment of Operational Risks (continued)

- **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.

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.

NOTES (continued)
(All amounts are in Liberian dollars unless otherwise stated)

4. Other risk management

Reputational risk management

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.

3. Critical accounting estimates and judgements

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

Accounting policies and directors' judgements for certain items are especially critical for the Bank's results and financial situation due to their materiality.

(i) Allowances for credit losses

Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 3b (j) (viii).
The specific counterparty component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a counter party's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Risk function.

NOTES (continued)
(All amounts are in Liberian dollars unless otherwise stated)

5. Critical accounting estimates and judgements

(i) Allowances for credit losses (continued)

Collectively assessed impairment allowances cover credit losses inherent in portfolios of loans and advances and held to maturity investment securities with similar economic characteristics when there is objective evidence to suggest that they contain impaired loans and advances and held to maturity investment securities, but the individual impaired items cannot yet be identified. A component of collectively assessed allowances is for country risks. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors.

In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances are estimated. Where the net present value of estimated cash flow differ by +/- 1%, the impairment loss to be estimated at US$ higher/lower.

(ii) Determining fair values

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

(iii) Income tax

The Bank is subject to income taxes. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Bank recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions.

5.2 Critical accounting judgements in applying the bank’s accounting policies

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

(i) 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:

NOTES (continued)
(All amounts are in Liberian dollars unless otherwise stated)

5. Critical accounting estimates and judgements

5.2 Critical accounting judgements in applying the bank's accounting policies

(i) Financial asset and liability classification (continued)

The Bank's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

In accordance with IAS 39 guidance, the Bank classifies some non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Bank evaluates its intention and ability to hold such investments 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 2.10.1. If the Bank were to fail to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – the Bank is required to reclassify the entire category as available-for-sale. Accordingly, the investments would be measured at fair value instead of amortised cost. If all held-to-maturity investments were to be so reclassified, the carrying value would decrease by US$ 908,744 with a corresponding entry in the fair value reserve in shareholders' equity.

Details of the bank's classification of financial assets and liabilities are given in note 2 and note 8.

(ii) *Depreciation and carrying value of property and equipment*

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

(iii) *Determination of impairment of property and equipment, and intangible assets*

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The bank applies the impairment assessment to its separate cash generating units.

This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

NOTES (continued)
(All amounts are in Liberian dollars unless otherwise stated)

5. Critical accounting estimates and judgements

5.2 Critical accounting judgements in applying the bank's accounting policies

(iii)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.

(iv) ***Valuation of financial instruments***

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

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

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

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

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

6. 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.

NOTES (continued)
(All amounts are in Liberian dollars unless otherwise stated)

6. Operating segments (continued)

For each of the strategic business units, the Executive Management Committee reviews internal management reports on at least a quarterly basis. Before the adoption of IFRS in Liberia, the bank presented segment information to its Executive Management Committee, headed by the bank Managing Director, who is the bank's Chief Operating Decision Maker, based on Liberian Generally Acceptable Accounting Practice (GAAP) whose requirements differ from those of International Financial Reporting Standards in certain respects. Some of the key differences include:

1. Interest income on impaired assets is not recognised under Liberian GAAP while IFRS requires that such interest income be recognised in the income statement.
2. Provision for loan loss is determined based on Central Bank of Liberia Prudential Guidelines under Liberian GAAP while an incurred loss model is used in determining the impairment loss under IFRS.
3. Credit related fees are recognised in the profit and loss account at the time of occurrence under Liberian GAAP while under IFRS, credit related fees are recognised as part of effective interest or over the period of the contract depending on the nature of the contract.

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

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

- **Corporate banking** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products offered to very large corporate customers and blue chips.
- **Commercial banking** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products for mid-size and fledgling corporate customers.
- **Retail banking** – Incorporates private banking services, private customer current accounts, savings deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages.
- **SME banking** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products for small and medium-size enterprises and ventures.
- **Public Sector** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products for Government Ministries, Departments and Agencies.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Executive Management Committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis
No single external customer accounts for 10% or more of the bank's revenue.

NOTES (continued)
(All amounts are in Liberian dollars unless otherwise stated)

6. Operating segments (continued)

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.

Additional disclosure requirements:

Difference between impairment under IFRS and provisions as per CBL's prudential regulations:

The CBL prudential guidelines provide that the difference between the two calculations of impairment and provision should be disclosed and the impact on profit and capital be stated. At the end of the year December 31, 2016 the calculations were done. Below is a summary with the difference.

	2016
IFRS Impairment	134,795,803
CBL Provision	232,156,044
Difference	**97,360,241**

Fines and penalties: the Central Bank of Liberia's prudential guidelines also requires banks to disclose fines and penalties levied against the bank during the reporting period as an additional disclosure requirement. During the period under review, the bank was fined the amount of **L$300,000.** See details below:

No.	Fine amount	Reasons
1	L$300,000	Late submission of monthly bank returns for December 2016.

NOTES (continued)
(All amounts are in Liberian dollars unless otherwise stated)

6. Operating segments (continued)

Information about operating segments

December 31, 2016

In Liberian Dollars	Corporate Banking	Retail Banking	Commercial Banking	Total
Revenue:				
Derived from external customers	479,749,274	299,843,296	419,780,614	1,199,373,184
Derived from other business segments	-	-	-	-
Total Revenue	**479,749,274**	**299,843,296**	**419,780,614**	**1,199,373,184**
Interest expenses	(34,528,886)	(21,580,554)	(30,212,775)	(86,322,215)
Fee and commission expenses	(6,047,298)	(3,779,561)	(5,291,385)	(15,118,244)
Net operating income	**439,173,090**	**274,483,181**	**384,276,454**	**1,097,932,725**
Expense:				
Operating expenses	(265,166,133)	(165,728,833)	(232,020,367)	(662,915,333)
Net impairment loss on financial assets	(9,193,740)	(5,746,087)	(8,044,522)	(22,984,350)
Depreciation and amortization	(37,281,029)	(23,300,643)	(32,620,901)	(93,202,573)
Total Cost	**(311,640,902)**	**(194,775,563)**	**(272,685,790)**	**(779,102,256)**
Profit before income tax	**127,532,187**	**79,707,617**	**111,590,664**	**318,830,469**
Tax	**(32,489,682)**	**(20,306,051)**	**(28,428,472)**	**(81,224,205)**
Profit after income tax	**95,042,505**	**59,401,566**	**83,162,192**	**237,606,264**
Assets and liabilities:				
Total assets	4,054,531,161	2,534,081,976	3,547,714,766	10,136,327,903
Total liabilities	3,370,216,772	2,106,385,482	2,948,939,675	8,425,541,930
Net Assets/ (Liabilities)	**684,314,389**	**427,696,494**	**598,775,091**	**1,710,785,973**

NOTES (continued)
(All amounts are in Liberian dollars unless otherwise stated)

6. Operating segments (continued)

December 2015

In Liberian Dollars	**Corporate Banking**	**Retail Banking**	**Commercial Banking**	**Total**
Revenue:				
Derived from external customers	346,389,472	216,493,420	303,090,788	865,973,679
Derived from other business segments	-	-	-	-
Total Revenue	346,389,472	216,493,420	303,090,788	865,973,679
Interest expenses	(36,253,536)	(22,658,460)	(31,721,844)	(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	(188,578,360)	(117,861,475)	(165,006,065)	(471,445,899)
Net impairment loss on financial assets	(17,502,119)	(10,938,824)	(15,314,354)	(43,755,297)
Depreciation and amortization	(31,928,141)	(19,955,088)	(27,937,123)	(79,820,352)
Total Cost	(238,008,620)	(148,755,387)	(208,257,542)	(595,021,548)
Profit before income tax	68,499,468	42,812,168	59,937,035	171,248,671
Tax	(17,088,070)	(10,680,044)	(14,952,061)	(42,720,175)
Profit after income tax	51,411,398	32,132,124	44,984,974	128,528,496
Assets and liabilities:				
Total assets	2,971,956,975	1,857,473,109	2,600,462,353	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

NOTES (continued)
(All amounts are in Liberian dollars unless otherwise stated)

7. Financial assets and liabilities

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.

NOTES (continued)
(All amounts are in Liberian dollars unless otherwise stated)

8. Interest income

	2016	**2015**
Loans and advances to Customers	422,734,585	302,526,250
Cash and Cash equivalents	9,675,674	3,798,040
Held to maturity	60,821,886	46,567,457
	493,232,145	**352,891,747**

Geographical location

Interest income earned in Liberia	483,556,471	352,891,747
Interest income earned outside Liberia	9,675,674	-
	493,232,145	**352,891,747**

Interest income	493,232,145	**352,891,747**
Interest expense	(86,322,215)	**(90,633,839)**
Net Interest Income	**406,909,930**	**262,257,908**

9. Interest expense

Deposit from banks	-	-
Deposit from customers	52,511,849	42,274,067
Borrowings	33,810,366	48,359,772
	86,322,215	**90,633,839**

By Geographical location

Interest paid in Liberia	52,511,849	42,274,067
Interest paid outside Liberia	33,810,366	48,359,772
	86,322,215	**90,633,839**

NOTES (continued)
(All amounts are in Liberian dollars unless otherwise stated)

10. Loan impairment charges

	2016	2015
Loans and advances to customers:		
Increase in collective impairment	14,413,545	7,778,812
Increase in specific impairment	13,457,404	35,976,486
Reversal of specific impairment	(4,886,599)	-
	22,984,350	**43,755,297**

11. Fees and commission income

In Liberian dollars		
Credit related fees and commissions	173,208,145	105,174,588
Commission on foreign exchange deals	949,174	1,967,025
Income from financial guarantee contracts issued	115,092,107	115,092,107
Commission on transfers	111,078,424	111990429
Account management charges	99,129,866	68,907,795
Other fees and commissions	132,717,603	91,391,894
	632,175,319	**504,013,823**

12. Fee and commission expense

Fee and commission expense	**15,118,244**	9,069,620

13. Net gain on foreign exchange trading

Foreign exchange gains	**12,868,134**	9,068,109

14. Other operating income

Foreign exchange gain	60,554,106	-
Gain on disposal of fixed assets	543,481	-
	61,097,587	**-**

NOTES (continued)
(All amounts are in Liberian dollars unless otherwise stated)

15. Personnel expenses

Wages and Salaries	194,419,138	126,356,007
Contributions to defined contribution plans	10,775,930	8,121,395
Other staff cost	6,484,793	6,598,160
	211,679,861	141,075,562

The average number of persons employed by the bank for the year ended December 31, 2016 was 109 (2015:102).

16. General and administrative expenses

Stationery and postage	24,528,931	14,805,353
Business travel expenses	4,970,700	3,537,245
Advert, promotion and corporate gifts	22,236,785	17,565,039
Other premises and equipment costs	73,663,214	53,992,978
Directors' emoluments	7,462,641	8,344,876
Contract Services	72,746,005	55,727,814
	205,608,276	153,973,305

17. Operating leases

Operating lease expense	30,025,563	24,735,309

Operating Leases include:

Operating lease expense - Land	-	-
Operating lease expense – Office premises	30,025,563	24,735,309

NOTES (continued)
(All amounts are in Liberian dollars unless otherwise stated)

18. Depreciation and amortization

	2016	2015
Amortization of Intangibles	2,680,159	2,100,955
Depreciation of Property, plants and equipment	90,522,414	77,719,397
	93,202,573	79,820,352

19. Other operating expenses

Insurance Premium Paid	14,110,764	13,083,523
Consulting and auditing costs	3,546,009	6,264,039
Management Technical Services Expense	14,672,386	24,912,000
Fuel expense	29,126,377	26,593,514
Legal and secretarial	5,097,833	3,590,612
Donation & Corporate subscription	10,672,446	10,954,863
Internet and communication	33,825,972	13,336,121
Cash shortage	14,175,330	4,604,058
Others	90,374,517	48,322,993
	215,601,634	151,661,723

20. Income tax expense

Current tax expense		
Current year tax expense	81,224,205	42,720,175
Deferred tax expense	-	-
Origination of temporary differences		
	81,224,205	42,720,175

NOTES (continued)
(All amounts are in Liberian dollars unless otherwise stated)

21. Cash and cash equivalents

	2016	2015
Cash and balances with banks	1,362,870,853	1,188,596,900
Unrestricted balances with Central banks	1,895,231,424	535,795,871
Money market placements	410,999,374	956,034
	3,669,101,651	1,725,348,805

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

22. Investment Securities

Held-to-Maturity (HTM)		
- GOL Treasury bills	-	360,458,704
- CBL Treasury bills	105,062,499	347,019,452
- Government Bond	651,628,837	88,150,000
	756,691,336	795,628,156

23. Loans and advances to customers

December 2016

In Liberian dollars	Gross amount	Specific Impairment	Portfolio Impairment	Total Impairment	Carrying amount
Loans to individuals	2,230,226,468	(37,253,933)	(12,282,268)	(49,536,200)	2,180,690,268
Loans to non-individuals	2,685,242,423	(53,184,482)	(32,075,120)	(85,259,603)	2,599,982,821
	4,915,468,891	**(90,438,415)**	**(44,357,388)**	**(134,795,803)**	**4,780,673,089**

As at December 31, 2016 the gross loans and advances included non-performing loan of L$240, 014,000.

NOTES (continued)
(All amounts are in Liberian dollars unless otherwise stated)

23. Loans and advances to customers (continued)

Dec -2015

In Liberian dollars	Gross amount	Specific Impairment	Portfolio Impairment	Total Impairment	Carrying amount
Loans to Individuals	933,727,372	(23,796,528)	(8,908,912)	(32,705,440)	901,021,931
Loans to Non Individuals	1,984,170,664	(50,567,623)	(18,931,438)	(69,499,060)	1,914,671,604
	2,917,898,036	(74,364,151)	(27,840,350)	(102,204,501)	2,815,693,535

Loans to Individuals	**Dec-2016**			Dec-2015		
	Specific allowance for impairment	**Collective allowance for impairment**	**Total allowance for impairment**	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	23,796,528	8,908,912	32,705,440	23,796,528	8,908,912	32,705,440
Foreign currency translation and other adjustments	-	-	-	-	-	-
Increase in impairment allowances	13,457,404	3,373,356	16,830,760	-	-	-
Reversal of impairment	-	-	-	-	-	-
Write offs	-	-	-	-	-	-
	37,253,932	**12,282,268**	**49,536,200**	23,796,528	8,908,912	32,705,440

Loans to non individuals	**Dec-2016**			Dec-2015		
	Specific allowance for impairment	**Collective allowance for impairment**	**Total allowance for impairment**	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	50,567,623	18,931,438	69,499,060	50,567,623	18,931,438	69,499,060
Foreign currency translation and other adjustments	7,503,459	2,103,493	9,606,952	-		-
Increase in impairment allowances	-	11,040,189	11,040,189	-	-	-
Reversal of impairment	(4,886,599)	-	(4,886,599)	-	-	-
Write offs	-	-	-	-	-	-
	53,184,483	**32,075,120**	**85,259,602**	50,567,623	18,931,438	69,499,060

NOTES (continued)
(All amounts are in Liberian dollars unless otherwise stated)

24. Current income tax liabilities

	2016	2015
Balance, beginning of period	19,468,973	137,983
Charge for the period	81,224,205	42,720,175
Payments during the period	(49,949,716)	(23,389,186)
	50,743,462	19,468,973

NOTES (continued)
(All amounts are in Liberian dollars unless otherwise stated)

25. Property and equipment

	Motor Vehicles	Premises	Furniture & Equipment	Land Asset	Work in Progress	Total
December 31, 2016						
Cost:						
Balance at beginning of the year	86,111,008	311,521,296	294,528,740	-	40,192,583	**732,353,627**
Additions	21,855,398	143,206,198	108,817,364	205,000	23,602,484	**297,686,444**
Disposals	(9,810,297)	-	(3,895,000)	-	-	**(13,705,297)**
Transfers	-	(17,038,749)		-	-	**(17,038,749)**
Reclassifications	-	-	-	-	-	**-**
	98,156,109	**437,688,735**	**399,451,104**	**205,000**	**63,795,067**	**999,296,015**
Accumulated depreciation:						
Balance at beginning of the year	48,855,585	79,404,564	200,402,812	-	-	**328,662,961**
Charge for the year	28,440,397	37,372,906	87,766,541	-	-	**90,522,415**
Disposals	(9,810,297)	-	(3,895,000)	-	-	**(13,705,297)**
Transfers	-	(3,723,047)	-	-	-	**(3,723,047)**
	67,485,685	**113,054,423**	**284,274,353**	**-**	**-**	**464,814,461**
Net book value						
Balance at 1 January 2016	37,255,423	232,116,732	94,125,928	-	40,192,583	403,690,666
Balance at 31 Dec 2016	30,670,424	324,634,312	115,176,751	205,000	63,795,067	534,481,554

NOTES (continued)
(All amounts are in Liberian dollars unless otherwise stated)

25. Property and equipment (continued)

	Motor Vehicles	Premises	Furniture & Equipment	Land Asset	Work in Progress	Total
December 31 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	(6,531,632)	-	(5,250,039)	-	-	(11,781,671)
Transfers	-	-		-	(17,812,121)	(17,812,121)
Reclassifications	-	-	-	-	-	-
	86,111,008	311,521,296	294,528,740	-	40,192,584	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	(4,948,569)	1,376,675	(4,619,380)	-	-	(4,311,516)
Exchange Difference						5,628,257
	48,855,585	79,404,563	200,402,813	-	-	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 2016	37,255,423	232,116,732	94,125,928	-	40,192,583	403,690,666

NOTES (continued)
(All amounts are in Liberian dollars unless otherwise stated)

26. Intangible assets

	Purchased Software	
	2016	2015
Cost:		
Balance at beginning of the year	68,741,854	56,562,276
Additions	-	-
Disposals	-	-
Reclassifications	-	-
Revaluation	13,188,844	12,179,578
	81,930,698	68,741,854
Accumulated amortization:		
Balance at beginning of the year	59,165,363	55,749,191
Amortization for the year	2,680,159	2,100,955
Revaluation	11,351,494	1,315,217
	73,197,016	59,165,363
Carrying amounts		
Balance at 1 January	9,576,490	813,086
Balance at 31 December	8,733,682	9,576,491

27. Other assets

Accounts receivable	28,918,627	89,055,381
Prepayments	186,452,011	133,232,888
Restricted deposits with Central Banks	148,533,000	721,267,000
Stock/Stationery	18,753,656	17,046,895
Prepaid benefits on employee loans	-	-
Due from foreign banks - cash collateral	3,989,297	719,352,619
	386,646,591	1,679,954,783

NOTES (continued)
(All amounts are in Liberian dollars unless otherwise stated)

28. Customers' deposits

	2016	2016
Current deposits	5,321,934,172	543,377,378
Savings deposits	1,649,344,365	3,567,672,283
Term deposits	322,981,056	1,178,582,598
Call deposits	33,862,178	
	7,328,121,771	5,289,632,259
Current	**7,328,121,771**	5,289,632,259
Non-current	**-**	**-**

The twenty largest depositors' deposits constitute **4% (L$321,907,905)** of the total deposits as at the end of December 31, 2016.

29. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The ultimate controlling party is the parent company Guaranty Trust Bank Plc, a bank licensed in the Federal Republic of Nigeria.

	2015	2015
Transactions on behalf of the bank	4,100,000	3,440,000
Management technical Services	4,268,613	13,718,512
	8,368,613	17,158,512

Transactions are as in the normal course of business with other customers.

Transactions with key management personnel and disclosures

The bank's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management includes the close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the bank. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the bank.

NOTES (continued)
(All amounts are in Liberian dollars unless otherwise stated)

29. Related parties (continued)

Transactions with key management personnel and disclosures (continued)

i. Transaction with key management staff

The following key personnel had loans/advances with the bank at the end of the period:

	2016	2015
Prince Saye	3,086,685	3,499,770
Octavius Sampson	1,958,225	2,270,944
Lucky Inakpenu	51,250	-
Saah Mayah	1,575,938	587,666
Jonathan Toe	2,082,083	716,666
	8,754,180	7,075,045

ii. Key management Personnel compensation

Key management personnel compensation for the period comprises:

In Liberian Dollars	**2016**	2015
Wages and salaries	32,758,755	38,464,647
Post-employment benefits	452,159	340,920
Share-based payments	-	-
Increase /(decrease) in share appreciation rights	-	-
	33,210,914	38,805,568

NOTES (continued)
(All amounts are in Liberian dollars unless otherwise stated)

30. Other liabilities

	2016	2015
Financial guarantee contracts issued	81,481,568	-
Certified Cheques	5,579,922	450,017
Accounts payables on Western Union	788,919	2,008,010
Other current liabilities	394,729,536	128,184,283
Payables on employee Benefits	23,130,840	97,032
Liability for Defined Contribution Obligations	24,988,695	15,524,257
	530,699,480	**146,263,599**

31. Other Borrowed Funds

Due to PROPARCO	**507,608,604**	547,606,315

32. Share Capital

The authorised shares of the Bank are 15,000,000 ordinary shares of no par value of which 15,000,000 ordinary shares have been issued as follows;

	No. of shares	Proceeds (L$)
Issued and fully paid		
Issue for cash consideration	**15,000,000**	**1,062,500,000**
Issued for consideration other than cash	**-**	**-**
For other consideration	**15,000,000**	**1,062,500,000**

The stated capital did not change during the year ended 31 December 2015 and 31 December 2016. There is no unpaid liability on any shares and there are no treasury shares.

NOTES (continued)
(All amounts are in Liberian dollars unless otherwise stated)

34. Other Reserves

Regulatory/Credit Risk Reserves

The regulatory or Credit risk reserve houses or serves as the prudential filter of the difference between the IFRS impairment and provisions calculated using Regulation nº CBL/RSD/005/2014. However this practice is no longer required as per recent pronouncement by the central Bank of Liberia. What is required is the disclosure of the difference, which is disclosed in the notes to the financial statement.

Translation Reserves

The translation reserve arises from the translation of the financial statement of the Bank using the presentation currency which is different from the functional currency, as disclosed in the accounting policy.

Statutory Reserves

In line with Section 15 (1) (b) or in Section 15 (2) (b) of the new Financial Institution Art (FIA) 1999 of the Central Bank of Liberia, every financial institution shall maintain a Statutory Reserve Account, and before any dividend is declared or any profit is transferred to the Head Office or elsewhere as the case may be, shall transfer 15% to such account out of the net profits of each year due provision has been made for taxation. As such, the amount reported in statutory Reserves account is the accumulation of required percentage of profit transferred since the bank began declaring profits.

35. Dividends

The directors did not recommend the payment of dividend for the year ended December 31, 2016. (2015: Nil)

36. Contingencies

There are no contingent liabilities as at December 31, 2016. (2015: Nil)

	Maximum exposure	
In Liberian dollars	**Dec -2016**	**Dec -2015**
Financial guarantees	217,117,469	78,829,836
Other contingents	1,419,962,943	672,356,600
	1,637,080,412	**751,186,436**

37. Capital commitments

There are no capital commitments as at December 31, 2016.

38. Regulatory non-compliance

The Bank was penalised for late filing of annual returns of L$300,000 during the year ended 31 December 2016 (2015: Nil).

39. Central Bank of Liberia Prudential Regulation and IFRS Impairment

This represents the difference between impairment loss on financial assets as per IFRS and the impairment loss on loans and advances per the Central Bank's prudential guidelines. The IFRS impairment is less than CBL prudential regulation by **L$ 79,969,869**.

NOTES (continued)
(All amounts are in Liberian dollars unless otherwise stated)

39. Central Bank of Liberia Prudential Regulation and IFRS Impairment (continued)

Impairment as per CBL prudential guidelines

Category	Gross Amount	%	%	Provision
Performing-Current	**4,240,153,068**	**0.86**	**1%**	**42,401,531**
Non-performing	**675,315,920**	**0.14**		**189,754,513**
OLEM	454,981,280	0.09	5%	22,749,064
Substandard	51,058,071	0.01	20%	10,211,614
Doubtful	24,965,468	0.01	50%	12,482,734
Loss	144,311,101	0.03	100%	144,311,101
	4,915,468,988	**1.00**		**232,156,044**

Loans and advances (Net)	**4,683,312,944**
NPL Ratio	**14%**

Impairment as per IFRS

Sector	Collective	Specific	Total
Retail	2,308,608	21,195,258	23,503,866
Commercial	11,549,019	19,072,585	30,621,604
Corporate	29,317,665	44,654,843	73,972,508
Public Sector	971,867	5,725,958	6,697,825
Total	**44,147,159**	**90,648,644**	**134,795,803**

Impact of difference between the provisions based on CBL guidelines and Impairment as per IFRS on profit and equity:

	Amount	Impact on Profit & Loss	Impact on Equity
CBL Provision	232,156,044	221,470,228	1,613,425,732
IFRS Impairment	134,795,803	318,830,469	1,710,785,973

GUARANTY TRUST BANK (LIBERIA) LIMITED
SUPPLEMENTARY DATA IN UNITED STATES DOLLARS
FOR THE YEAR ENDED
DECEMBER 31, 2016

STATEMENT OF FINANCIAL POSITION
(All amounts are in United States Dollars)

	Note	At December 31 2016	2015
Assets			
Cash and cash equivalents	52	**35,796,114**	20,062,195
Investment securities:	53	**-**	-
- Available for sale		**-**	-
- Held to maturity		**7,382,354**	9,251,490
Loans and Advances to Customers	54	**46,640,713**	32,740,623
Property and equipment	56	**5,214,454**	4,694,078
Intangible assets	57	**85,207**	111,355
Current income tax assets	55	**-**	-
Deferred tax assets	55	**-**	-
Other assets	58	**3,772,162**	19,534,358
Total assets		**98,891,004**	86,394,098
Liabilities			
Deposits from customers	59	**71,493,871**	61,507,352
Due to Central Bank	60	**-**	-
Due to related parties	61	**81,645**	199,518
Current income tax liabilities	55	**495,058**	226,383
Deferred tax liabilities	55	**-**	-
Other liabilities	62	**5,177,556**	1,700,740
Other Borrowed Funds	63	**4,952,279**	6,367,515
Total liabilities		**82,200,409**	70,001,508
Equity			
Share capital	64	**15,000,000**	15,000,000
Retained earnings		**3,459,744**	1,664,208
Other Components of Equity		**(1,769,149)**	(271,617)
Total equity attributable to owners of the Bank		**16,690,595**	16,708,476
Total liabilities and equity		**98,891,004**	86,394,098

STATEMENT OF COMPREHENSIVE INCOME

(All amounts are in United States Dollars)

	Note	December 31 2016	2015
Interest income	40	**4,812,021**	4,079,673
Interest expense	41	**(842,168)**	(1,047,790)
Net interest income		**3,969,853**	3,031,883
Fee and commission income	43	**6,167,564**	5,826,749
Fee and commission expense	44	**(147,495)**	(104,851)
Net fee and commission income		**6,020,069**	5,721,898
Net gains/(losses) on financial instruments classified as held for trading	45	**125,543**	104,834
Other operating income	46	**596,074**	-
Personnel expenses	47	**(2,065,169)**	(1,630,931)
Loan impairment charges	42	**(224,238)**	(505,842)
General and administrative expenses	48	**(2,005,934)**	(1,780,038)
Operating lease expenses	49	**(292,932)**	(285,957)
Depreciation and amortization	50	**(909,293)**	(922,779)
Other operating expenses	51	**(2,111,572)**	(1,753,569)
Profit before income tax		**3,102,401**	1,979,499
Income tax expense	52	**(792,431)**	**(493,875)**
Profit for the period		**2,309,970**	1,485,624
Other comprehensive income		-	-
Total comprehensive income for the year		**2,309,970**	1,485,624
Profit attributable to equity holders of the parent entity			
– Profit for the period		**2,309,970**	1,485,624
Earnings per share for profit attributable to the equity holders			
– Basic and diluted		9	11

STATEMENT OF CASH FLOWS
(All amounts are in United States Dollars)

	Note	2016	December 31 2015
Cash flows from operating activities			
Profit for the period		**2,309,970**	1,485,527
Adjustments for:			
Depreciation of property and equipment	50	**883,146**	898,490
Amortization of Intangibles	50	**26,148**	24,289
Gain on disposal of property and equipment		**(5,302)**	-
Impairment on financial assets		**224,238**	505,842
Net interest income		**(3,969,853)**	(3,031,883)
Foreign exchange gains		**(590,772)**	-
Income tax expense		**792,431**	493,875
Other Noncash items		**-**	(717,000)
Changes in:			
Loans and advances to customers		**(14,026,748)**	(7,737,924)
Other assets		**15,762,196**	(2,692,720)
Deposits from customers		**9,986,519**	7,315,749
Related parties		**(117,873)**	(49,127)
Other liabilities		**3,476,816**	(328,099)
Interest received		**4,812,021**	4,079,673
Interest paid		**(842,168)**	(1,047,790)
Income tax paid		**(523,576)**	(153,354)
Net cash from/(used in) operating activities		**18,197,193**	(954,452)
Cash flows from investing activities			
Net sale/(purchase) of investment securities		**1,869,136**	(328,755)
Purchase of property and equipment	57	**(1,533,432)**	(1,123,729)
Purchase of intangible assets		**-**	(125,963)
Proceeds from the sale of property and equipment		**5,302**	21,417
Net cash from/(used in) investing activities		**341,006**	(1,557,030)
Cash flows from financing activities			
Repayment of debt		**(1,415,236)**	-
Net cash from/(used in) financing activities		**(1,415,236)**	-
Net (decrease) /increase in cash and cash equivalents		**17,122,963**	(2,511,482)
Cash and cash equivalents at beginning of period		**20,062,195**	22,455,357
Effect of exchange rate fluctuations on cash held		**(1,389,044)**	118,320
Cash and cash equivalents at end of period	53	**35,796,114**	20,062,195

STATEMENT OF CHANGES IN EQUITY
(All amounts are in United States Dollars)

As at December 31, 2016

	Share capital	Regulatory risk reserve	Statutory Reserve	Foreign currency translation reserve	Retained earnings	Total
Balance at 1 January 2016	15,000,000	49,022	1,171,232	(1,491,870)	1,664,208	16,392,590
Total comprehensive income for the period:						
Profit for the period	-	-		-	2,309,970	2,309,970
Other comprehensive income, net of tax						
Foreign currency translation difference	-	-	22,383	(1,818,611)	-	(1,796,228)
Total other comprehensive income	-	-	22,383	(1,818,611)	-	(1,796,228)
Total comprehensive income	**-**	**-**	**22,383**	**(1,818,611)**	**2,309,968**	**513,741**
Transactions with equity holders, recorded directly in equity:						
Transfer for the period						
Transferred to Statutory reserve	-	-	347,716	-	(347,716)	-
Transferred to Regulatory risk reserve		(49,022)	-		49,022	-
Others	-	-		-	(215,735)	(215,735)
Total transactions with equity holders	**-**	**(49,022)**	**347,716**	**-**	**(514,430)**	**(215,735)**
Balance at 31 December 2016	**15,000,000**	**-**	**1,541,331**	**(3,310,481)**	**3,459,746**	**16,690,595**

STATEMENT OF CHANGES IN EQUITY (continued)
(All amounts are in United States Dollars)

As at December 2015

	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			**319,639**		**-241,179**	**78,460**
Transferred to Regulatory risk reserve		**8,100**			**-**	**8,100**
Dividend to equity holders	**-**	**-**		**-**	**-**	**-**
Total transactions with equity holders	**-**	**8,100**	**319,639**	**-**	**-725,198**	**-397,459**
Balance at 31 December 2015	**15,000,000**	**49,022**	**1,171,232**	**(1,491,870)**	**1,664,208**	**16,392,590**

(All amounts are in United States dollars unless otherwise stated)

40. Interest income

	2016	2015
Loans and advances to Customers	**4,124,240**	3,497,413
Cash and Cash equivalents	**94,397**	43,908
Held to maturity	**593,384**	538,352
	4,812,021	4,079,673
By Geographical location		
Interest income earned in Liberia	**4,717,624**	4,079,673
Interest income earned outside Liberia	**94,397**	-
	4,812,021	4,079,673

41. Interest expense

Deposit from banks	**329,857**	559,072
Deposit from customers	**512,311**	488,718
Other Borrowed Funds	**-**	-
	842,168	1,047,790
By Geographical location		
Interest income earned in Liberia	512,311	559,073
Interest income earned outside Liberia	329,857	488,717.54
	842,168	1,047,790
Net Interest Income		
Interest income	4,812,021	4,079,673
Interest expense	(842,168)	(1,047,791)
	3,969,853	3,031,883

42. Loan impairment charges

Increase in collective impairment	131,292	89,928
Increase in specific impairment	140,620	415,914
Reversal of collective impairment	-	-
Reversal of specific impairment	(47,674)	-
Amounts written off during the year as uncollectible	-	-
	224,238	505,842

43. Fee and commission income

In United States dollars	**2016**	205
Credit related fees and commissions	**1,689,836**	1,215,891
Commission on FX deals	**9,260**	22,740
Income from Financial guarantee contracts issued	**1,122,850**	1,440,255
Other fees and commissions	**3,345,618**	3,147,863
	6,167,564	5,826,749

44. Fee and commission expense

Fee and commission expense	**147,495**	104,851

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

Foreign exchange	**125,543**	104,834

46. Other Operating income

Foreign exchange gain/Loss	**590,772**	-
Gain on Disposal of Fixed Assets	**5,302**	-
	596,074	-

47. Personnel expenses

Wages and Salaries	**1,896,772**	1,460,763
Contributions to defined contribution plans	**105,131**	93,889
Other staff cost	**63,266**	76,279
	2,065,169	1,630,931

48. General and administrative expenses

Stationery and postage	**239,307**	171,160
Business travel expenses	**48,495**	40,893
Advert, promotion and corporate gifts	**216,944**	203,064
Other premises and equipment costs	**718,665**	624,196
Directors' emoluments	**72,806**	96,473
Contract Services	**709,717**	644,252
	2,005,934	1,780,038

NOTES (continued)
(All amounts are in United States dollars unless otherwise stated)

49. Operating leases

Operating lease expense	**292,932**	285,957

50. Depreciation and amortisation

	2016	2015
Amortization of Intangibles	**26,148**	24,289
Depreciation of Property, Plants and Equipment	**883,145**	898,490
	909,293	922,779

51. Other operating expenses

In United States dollars		
Insurance Premium Paid	137,666	151,255
Consulting and auditing costs	34,595	72,417
Management Technical Services Expense	143,145	288,000
Fuel expense	284,160	307,439
Legal and secretarial	49,735	41,510
Donation & Corporate subscription	104,121	126,646
Internet and communication	361,988	89,250
Cash shortage	138,296	53,226
Others	857,865	623,827
	2,111,572	**1,753,569**

52. Income Tax expense

Current tax expense		
Current year tax expense	**792,431**	493,875
Deferred tax expense	**-**	-
Origination of temporary differences	**-**	-
	792,431	**493,875**

53. Cash and cash equivalents

Cash and balances with banks	13,296,301	13,820,894
Unrestricted balances with Central Banks	18,490,063	6,230,185
Money market placements	4,009,750	11,116.67
	35,796,114	**20,062,195**

NOTES (continued)
(All amounts are in United States dollars unless otherwise stated)

54. Investment securities

	2016	2015
Held Till Maturity (HTM)		
- GOL Treasury bills	**-**	4,191,380
- CBL Treasury bills	**-**	4,035,110
- Government Bond	**1,025,000**	1,025,000
-Investment Securities	**6,357,354**	-
-Investment Securities	**7,382,354**	9,251,490
	7,382,354	9,251,490
Current	**7,382,354**	8,922,735
Non - current	-	-

55. Loans and Advances to Customers

December 31, 2016

	Gross amount	Specific Impairment	Portfolio Impairment	Total Impairment	Carrying amount
Loans to Individuals	21,758,307	(363,453)	(119,827)	(483,280)	21,275,027
Loans to Non Individuals	26,197,488	(518,873)	(312,929)	(831,801)	25,365,687
	47,955,795	**(882,326)**	**(432,756)**	**(1,315,081)**	**46,640,713**

Dec -2015

In United States dollars	Gross amount	Specific Impairment	Portfolio Impairment	Total Impairment	Carrying amount
Loans to Individuals	10,857,295	(276,704)	(103,591)	(380,295)	10,477,000
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

(All amounts are in United States dollars unless otherwise stated)

55. Loans and Advances to Customers (continued)

Loans to Individuals

	Dec-2016			Dec-2015		
	Specific allowance for impairment	**Collective allowance for impairment**	**Total allowance for impairment**	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	**232,161**	**86,916**	**319,077**	189,643	276,704	103,592
Foreign currency translation and other adjustments	**-**	**-**	**-**	-	-	-
Increase in impairment allowances	**131,292**	**32,911**	**164,203**	87,061	-	87,061
Reversal of impairment	**-**	**-**	**-**	-		-
Write offs	**-**	**-**	**-**	-	-	-
	363,453	**119,827**	**483,280**	276,704	103,592	190,653

Loans to Non Individuals

	Dec-2016			**Dec-2015**		
	Specific allowance for impairment	**Collective allowance for impairment**	**Total allowance for impairment**	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	**493,343**	**184,697**	**678,040**	587,996	220,133	808,129
Foreign currency translation and other adjustments	**73,204**	**20,522**	**93,726**	-	-	-
Increase in impairment allowances	**-**	**107,709**	**107,709**	-	-	-
Reversal of impairment	**(47,674)**	**-**	**(47,674)**	-	-	-
Write offs		**-**	**-**	-	-	-
	518,873	**312,928**	**831,801**	587,996	220,133	808,129

NOTES (continued)
(All amounts are in United States dollars unless otherwise stated)

56. Current income tax assets/(liabilities)

	2016	2015
Balance, beginning of period	**226,383**	1,604
Charge for the period	**792,431**	496,746
Payments during the period	**(523,756)**	(271,967)
	495,058	226,383

(All amounts are in United States dollars unless otherwise stated)

57. Property and equipment

	Motor Vehicles	Premises	Furniture & Equipment	Land Asset	Work in Progress	Total
December 31, 2016						
Cost:						
Balance at beginning of the year	1,001,291	3,622,341	3,424,753	-	467,356	**8,515,740**
Additions	52,040	814,025	510,331	2,000	155,035	**1,533,432**
Disposals	(95,710)	-	(38,000)	-	-	**(133,710)**
Transfers	-	(166,232)	-	-	-	**(166,232)**
Reclassifications	-	-	-	-	-	**-**
	957,621	**4,270,134**	**3,897,084**	**2,000**	**622,391**	**9,749,230**
Accumulated depreciation:						
Balance at beginning of the year	568,088	923,309	2,330,265	-	-	**3,821,662**
Charge for the year	186,019	215,984	481,143	-	-	**883,146**
Disposals	(95,710)	-	(38,000)	-	-	**(133,710)**
	-	(36,322)	-	-	-	**(36,322)**
	658,397	**1,102,971**	**2,773,408**	**-**	**-**	**4,534,776**
Net book value						
Balance at 1 Jan 2016	**433,203**	**2,699,032**	**1,094,488**	**-**	**467,356**	**4,694,078**
Balance at 31 Dec 2016	**299,224**	**3,167,163**	**1,123,676**	**2,000**	**622,391**	**5,214,454**

NOTES (continued)
(All amounts are in United States dollars unless otherwise stated)

57. Property and equipment (continued)

	Motor Vehicles	Premises	Furniture & Equipment	Land Asset	Work in Progress	Total
December 21, 2015						
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	-	467,355	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
Net book value						
Balance at 1 January 2015	412,324	2,741,324	1,082,608	-	254,000	4,490,257
Balance at 31 Dec 2015	433,203	2,699,032	1,094,487	-	467,356	4,694,078

(All amounts are in United States dollars unless otherwise stated)

58. Intangible assets

	Purchased Software	
December 31, 2016	**2016**	2015
Cost		
Balance at beginning of the year	**799,324**	673,360
Additions	**-**	125,963
Disposals	**-**	-
Reclassifications	**-**	-
	799,324	799,323
Accumulated amortization:		
Balance at beginning of the year	**687,969**	663,681
Amortization for the year	**26,148**	24,289
Disposals	**-**	-
	714,117	687,970
Carrying amounts		
Balance at 1 January	**111,355**	9,680
Balance at 31 December	**85,207**	111,353

59. Other assets

Accounts receivable	282,133	1,035,528
Prepayments	1,819,044	1,549,220
Restricted deposits with central banks	1,449,102	8,386,825
Stock/Stationery	182,963	198,220
Prepaid benefits on employee loans	-	-
Due from foreign banks - cash collateral	38,920	8,364,565
	3,772,162	**19,534,358**

60. Deposits from customers

Term deposits	3,151,035	6,318,342
Current deposits	51,921,308	41,192,762
Savings deposits	16,091,165	13,704,449
Call deposits	330,363	291,799
	71,493,871	**61,507,352**
Current	71,493,871	61,507,352
Non-current	-	-

NOTES (continued)
(All amounts are in United States dollars unless otherwise stated)

61. Due to Central Bank

	2016	2015
Due to Central Bank of Liberia	-	-

62. Due to related parties

Due to parent company	81,645	199,518

63. Other liabilities

Financial guarantee contracts issued	794,942	-
Certified Cheques	54,438	5,233
Accounts payables on Western Union	7,697	23,349
Other current liabilities	3,851,020	1,490,515
Payables on employee Benefits	225,667	1,128
Liability for Defined Contribution Obligations	243,792	180,515
	5,177,556	**1,700,740**

64. Other Borrowed funds

Due to PROPARCO	4,952,279	**6,367,515**

65. Share capital

The authorised shares of the Bank are 15,000,000 ordinary shares of no par value of which 15,000,000 ordinary shares have been issued as follows;

	No. of shares	**Proceeds (L$)**
Issued and fully paid		
Issue for cash consideration	**15,000,000**	**15,000,000**
Issued for consideration other than cash	**-**	**-**
For other consideration	**15,000,000**	**15,000,000**

The stated capital did not change during the year ended 31 December 2015 and 31 December 2016. There is no unpaid liability on any shares and there are no treasury shares.

NOTES (continued)

(All amounts are in United States dollars unless otherwise stated)

66. Financial Risk management

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	
	2016	**2015**
Classification		
Cash and cash equivalents:		
- Balances held with other banks	**9,706,269**	9,698,055
- Unrestricted balances with Central Banks	**18,490,063**	6,230,185
- Money market placements	**4,009,750**	11,116.67
Investment securities:		
- GOL Treasury bills	**6,357,355**	4,191,380
- CBL Treasury bills	**-**	4,035,110
- Government Bond	**1,025,000**	1,025,000
Loans and advances to customers:		
- Loans to individuals	**21,275,027**	10,476,999
- Loans to non-individuals	**25,365,687**	22,263,623
Other assets[2]	**1,770,155**	19,336,138
Total	**87,999,305**	**77,267,606**
Loans exposure to total exposure	**53%**	42%
Other exposure to total exposure	**47%**	58%

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 2016 and 31 December 2015 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.

NOTES (continued)
(All amounts are in United States dollars unless otherwise stated)

66. Financial Risk management (continued)

Maximum exposure to credit risk before collateral held or other credit enhancements (continued)

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

Loans and advances to customers is analysed below:

	2016	2015
Loans to individuals:		
Overdraft	**5,744,257**	2,828,790
Loans	**15,530,769**	7,648,209
	21,275,027	10,476,999
Loans to non-individuals:		
Overdraft	**8,877,991**	7,792,268
Loans	**16,487,697**	14,471,355
	25,365,687	22,263,623

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

Maximum exposure		
Financial guarantees	**2,118,219**	916,626
Other contingents	**13,853,297**	7,818,100
Total	**15,971,516**	8,734,726

NOTES (continued)
(All amounts are in United States dollars unless otherwise stated)

66. Financial Risk management (continued)

Maximum exposure to credit risk before collateral held or other credit enhancements (continued)

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

(i) Geographical location

Dec-16	**Liberia**	**Rest of Africa**	**Outside Africa**	**Total**
Classification				
Cash and cash equivalents:				
- Balances held with other banks	-	-	9,706,269.08	9,706,269
- Unrestricted balances with Central Banks	18,490,063	-	-	18,490,063
- Money market placements	-	4,009,750	-	4,009,750
Investment securities:	-	-	-	-
- GOL Treasury bills	6,357,355	-	-	6,357,355
- CBL Treasury bills	-	-	-	-
- Government Bond	1,025,000	-	-	1,025,000
Loans and advances to customers:	-	-	-	-
- Loans to individuals	21,275,027	-	-	21,275,027
- Loans to non-individuals	25,365,687	-	-	25,365,687
Other assets	1,731,235	-	38,919.97	1,770,155
Total	74,244,367	4,009,750	9,745,189	87,999,306

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

Loans and advances to customers is analysed below:

Dec-16

In United States dollars	**Liberia**	**Rest of Africa**	**Outside Africa**	**Total**
Loans to individuals:				
Overdraft	5,744,257	-	-	5,744,257
Loans	15,530,769	-	-	15,530,769
	21,275,026	-		21,275,026
Loans to non-individuals:				
Overdraft	8,877,991	-	-	8,877,991
Loans	16,487,697	-	-	16,487,696
	25,365,688	-		25,365,687

NOTES (continued)
(All amounts are in United States dollars unless otherwise stated)

66. Financial Risk management (continued)

Maximum exposure to credit risk before collateral held or other credit enhancements (continued)

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

Dec-15

In United States dollars	Liberia	Rest of Africa	Outside Africa	Total
Classification				
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**

Dec-15

In United States dollars	Liberia	Rest of Africa	Outside Africa	Total
Loans to individuals:				
Overdraft	2,828,790	-	-	2,828,790.00
Loans	7,648,209	-	-	7,648,209.00
	10,476,999	-		10,476,999.00
Loans to non-individuals:				
Overdraft	7,792,268	-	-	7,792,268.00
Loans	14,471,355	-	-	14,471,355.00
	22,263,623	-		22,263,623.00

66. Financial Risk management (continued)

Maximum exposure to credit risk before collateral held or other credit enhancements (continued)

Credit risk exposure relating to Off-Balance Sheet

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

Dec-16

In United States dollars	Liberia	Rest of Africa	Outside Africa	Total
Financial guarantees	2,118,219	-		2,118,219.21
Other contingents	13,853,297	-		13,853,297.00
	15,971,516	**-**		**15,971,516.21**

Dec-15

In United States dollars	Liberia	Rest of Africa	Outside Africa	Total
Financial guarantees	916,626	-	-	916,626.00
Other contingents	7,818,100	-	-	7,818,100.00
	8,734,726	**-**	**-**	**8,734,726.00**

NOTES (continued)
(All amounts are in United States dollars unless otherwise stated)

66. Financial Risk management (continued)

Maximum exposure to credit risk before collateral held or other credit enhancements (continued)

ii) Industry sectors

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

Credit Risk Exposure to on-balance sheet items

December 31, 2016	Agric.	Capital market & Financial institution	Construction/real estate	General Commerce	Govt.	Mining, oil & gas	Info. Telecoms & Transport	Individual	Others	Total
Cash and cash equivalents:										**-**
- Balances held with other banks	-	9,706,269	-	-	-	-	-	-	-	**9,706,269**
- Unrestricted balances with Central banks	-	-	-	-	18,490,063	-	-	-	-	**18,490,063**
- Money market placements	-	4,009,750	-	-	-	-	-	-	-	**4,009,750**
Investment securities:										
- GOL Treasury bills	-	-	-	-	6,357,355	-	-	-	-	**6,357,355**
- Government Bond	-	-	-	-	1,025,000	-	-	-	-	**1,025,000**
Loans and advances to customers:										
- Loans to individuals	-	-	-	-	-	-	-	21,275,027	-	**21,275,027**
- Loans to non-individuals	1,893,770	-	2,703,159	11,545,646	148,538	2,031,735	2,338,497	-	4,704,342	**25,365,687**
Other assets	-	38,920	-	-	1,449,102	-	-	282,132.95	-	**1,770,155**
	1,893,770	**13,754,939**	**2,703,159**	**11,545,646**	**27,470,058**	**2,031,735**	**2,338,497**	**21,557,160**	**4,704,342**	**87,999,306**

NOTES (continued)
(All amounts are in United States dollars unless otherwise stated)

66. Financial Risk management (continued)

Maximum exposure to credit risk before collateral held or other credit enhancements (continued)

ii) Industry sectors (continued)

Dec-16

	Agriculture	Capital market & Financial institution	Construction/real estate	General Commerce	Government	Manufacturing	Mining, oil & gas	Info. Telecoms & Transport.	Individual	Others	Total
Loans to individuals:											
Overdraft		-	-						5,744,257	-	5,744,257
Loans		-	-	-	-	-	-	-	15,530,769	-	15,530,769
	-	-	-	-	-	-	-	-	**21,275,026**	**-**	**21,275,026**
Loans to non-individuals:											
Overdraft	-	-			-				8,253,976		8,253,976
Loans	1,893,770	-	1,703,159	10,291,670	148,538	-	1,031,735	1,338,497	-	704,342	17,111,711
	1,893,770	**-**	**1,703,159**	**10,291,670**	**148,538**	**-**	**1,031,734**	**1,338,497**	**8,253,976**	**704,342**	**25,365,687**

Credit Risk Exposure to off-balance sheet items

Dec -16	Agric.	Capital market & Financial institution	Construction/real estate	General Commerce	Government	Manuf.	Mining, oil & gas	Info. Telecoms & Transport.	Individual	Others	Total
Financial guarantees	-	-	1,270,932	635,466	-	-	211,822	-	-	-	2,118,219
Other contingents	-	-	-	4,848,654	-	-	7,619,313	-	-	1,385,330	13,853,297
	-	**-**	**1,270,932**	**5,484,120**	**-**	**-**	**7,831,135**	**-**	**-**	**1,385,330**	**15,971,516**

NOTES (continued)

(All amounts are in United States dollars unless otherwise stated)

66. Financial Risk management (continued)

Maximum exposure to credit risk before collateral held or other credit enhancements (continued)

iii) Industry sectors (continued)

December 31, 2015	Agric	Capital market & Financial institution	Construction/real estate	General Commerce	Govt	Mining, oil & gas	Info. Telecoms & Transport.	Individual	Others	Total
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	26,759,032	12,769,908	3,253,108	3,570,122	10,476,999	515,946	77,267,607

NOTES (continued)
(All amounts are in United States dollars unless otherwise stated)

66. Financial Risk management (continued)

Maximum exposure to credit risk before collateral held or other credit enhancements (continued)

Dec-15

	Agric.	**Capital market & Financial institution**	**Construction/real estate**	**General Commerce**	**Govern-ment**	**Mining, oil & gas**	**Info. Telecoms & Transport**	**Individual**	**Others [1]**	**Total**
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	19,144,188
	907,372	**-**	**2,745,060**	**7,753,597**	**3,518,418**	**3,253,108**	**3,570,122**	**-**	**515,946**	**22,263,623**

NOTES (continued)

(All amounts are in United States dollars unless otherwise stated)

66. Financial Risk management (continued)

Maximum exposure to credit risk before collateral held or other credit enhancements (continued)

Credit Risk Exposure to off-balance sheet items:

Dec-15

	Agric.	Capital market & Financial institution	Construction/ real estate	General Commerce	Govt	Manuf.	Mining, oil & gas	Info. Telecoms & Transport	Individual	Others	Total
Financial guarantees	-	-	549,976	274,988	-	-	91,663	-	-	-	916,627
Other contingents	-	-	-	2,736,335	-	-	4,299,954	-	-	781,810	7,818,099
	-	**-**	**549,976**	**3,011,323**	**-**	**-**	**4,391,617**	**-**	**-**	**781,810**	**8,734,726**

NOTES (continued)

(All amounts are in United States dollars unless otherwise stated)

66. Financial Risk management (continued)

Loans and advances

Loans and advances are summarised as follows:

	Dec-16			Dec-15		
In United States dollars	**Loans to Individual**	**Loans to non-Individual**	**Total**	Loans to Individual	Loans to non-Individual	Total
Neither past due nor impaired	18,300,820	20,304,047	38,604,867	7,009,657	14,635,624	21,645,281
Past due but not impaired	1,067,605	2,265,222	3,332,827	1,427,429	2,793,908	4,221,337
Individually impaired	1,075,648	1,975,930	3,051,578	1,901,280	2,730,035	4,631,315
Collectively Impaired	1,314,234	1,652,289	2,966,523	1,149,998	2,281,116	3,431,114
Gross	**21,758,307**	**26,197,488**	**47,955,795**	11,488,364	22,440,683	33,929,047
Less allowances for impairment:						
Individually impaired	363,453	518,873	882,326	153,072	656,647	809,719
Portfolio allowance	119,827	312,928	432,755	134,599	244,106	378,705
Total allowance	483,280	831,801	1,315,081	287,671	900,753	1,188,424
Net Loans and Advances	**21,275,027**	**25,365,687**	**46,640,714**	11,200,693	21,539,930	32,740,623

The total impairment for loans and advances is US$1,315,081 (2015: US$1,188,424) of which US$882,326 (2015: US$809,719) represents the impairment on individually impaired loans and the remaining amount of US$432,755 (2015: US$378,705) 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.

Dec-16

In United States dollars	**Overdraft**	**Loans**	**Total**
Rating			
Exceptional Capacity	1,440,172	2,406,250	3,846,422
Very strong Capacity	1,961,513	4,060,648	6,022,161
Strong Repayment Capacity	9,229,303	19,506,981	28,736,284
	12,630,988	**25,973,879**	**38,604,867**

66. Financial Risk management (continued)

(i) **Loans and advances neither past due nor impaired (continued)**

Dec-15

In United States dollars	**Overdraft**	**Loans**	**Total**
Rating			
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**

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

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

Dec-16 *In United States dollars*	**Loans to Individual**	**Loans to Non-individual**	**Total**
Age			
0 – 90	395,946	888,391	1,284,337
91 – 180	482,810	270,225	753,035
181 – 365	188,850	1,106,605	1,295,455
	1,067,605	**2,265,221**	**3,332,827**
FV of collateral	**25,491,196**	**60,965,419**	**86,456,615**
Amount of under collateralization	**-**	**-**	**-**

Dec-15 *In United States dollars*	Loans to Individual	Loans to Non-individual	Total
Age			
0 – 90	593,709	986,798	1,580,507
91 – 180	680,573	368,632	1,049,205
181 – 365	386,613	1,205,012	1,591,625
	1,660,895	2,560,442	4,221,337
FV of collateral	727,900	9,891,961	10,619,861
Amount of under collateralization	932,995	-	-

NOTES (continued)

(All amounts are in United States dollars unless otherwise stated)

66. Financial Risk management (continued)

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

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

Dec-16 *In United States dollars*	**Loans to Individual**	**Loans to Non-individual**	**Total**
Gross amount	1,075,648	1,975,930	3,051,578
Impairment	(363,453)	(518,873)	(882,326)
Net Amount	712,195	1,457,057	2,169,252
FV of collateral	25,491,196	60,965,419	86,456,615
Amount of undercollateralisation	**-**	**-**	**-**

Dec-15 *In United States dollars*	**Loans to Individual**	**Loans to Non-individual**	**Total**
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
FV of collateral	727,900	9,891,961	10,619,861
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) Undercollaterilization of individual loans against gross loans is shown below:

In United States dollars	**Dec -2016**	Dec -2015
Past due and impaired:		
Gross loans	**2,341,600**	1,188,424
Collateral	**(1,936,912)**	(717,300)
Undercollaterisation	**(404,688)**	(471,124)
Collectively impaired		
Gross loans	**15,578,900**	15,578,900
Collateral	**12,463,533**	12,463,533
Undercollaterisation	**(3,115,367)**	(3,115,367)

NOTES (continued)
(All amounts are in United States dollars unless otherwise stated)

66. Financial Risk management (continued)

Summary of collaterals pledged against loans and advances

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

Dec-16

In United States dollars	**Gross Loans**	**Collateral**
Against individually impaired	38,604,867	43,727,948
Against collectively impaired	3,332,827	3,974,338
Against past due but not impaired	3,051,578	6,976,052
Against neither past due nor impaired	2,966,523	5,067,646
Total	**47,955,795**	**59,745,984**

Dec-15

In United States dollars	**Gross Loans**	**Collateral**
Against individually impaired	21,645,281	43,727,948
Against collectively impaired	4,221,337	3,974,338
Against past due but not impaired	4,631,315	6,976,052
Against neither past due nor impaired	3,431,114	5,067,646
Total	**33,929,047**	**59,745,984**

	2016	**2015**
Against individually impaired:		
Cash	-	5,098,846
Domiciliation	-	-
Guarantees	-	-
Others	-	-
Property	6,976,052	9,730,161
Total	**6,976,052**	**14,829,007**
Against collectively impaired:		
Cash	-	-
Domiciliation	-	-
Guarantees	-	-
Others	-	-
Property	5,067,646	3,431,114
Total	**5,067,646**	**3,431,114**

NOTES (continued)
(All amounts are in United States dollars unless otherwise stated)

66. Financial Risk management (continued)

Against past due but not impaired:

	Dec -2016	Dec -2015
Cash	-	-
Domiciliation	-	-
Guarantees	-	-
Others	-	-
Property	3,974,338	4,221,337
Total	**3,974,338**	**4,221,337**

Against neither past due nor impaired:

Cash	-	-
Domiciliation	-	-
Guarantees	-	-
Others	-	-
Property	43,727,948	16,546,435
Total	**43,727,948**	**16,546,435**

Debt securities

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

Dec-16 *In United States dollars*	**Financial assets held for trading**	**Investment securities**	**Assets pledged as collateral**	**Total**
GOL Treasury bills	-	6,357,354	-	6,357,354
CBL Treasury bills	-	-	-	-
Government Bond	-	1,025,000	-	1,025,000
Total	-	**7,382,354**	**-**	**7,382,354**

Dec-15 *In United States dollars*	**Financial assets held for trading**	**Investment securities**	**Assets pledged as collateral**	**Total**
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**

NOTES (continued)
(All amounts are in United States dollars unless otherwise stated)

66. Financial risk management (continued)

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

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

December-2016

In US Dollars	**Note**	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than1 3 months**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets								
Cash and cash equivalents	14	35,796,114	35,796,114	35,796,114	-	-	-	-
Loans and advances to customers	16	46,640,714	46,640,714	1,064,911	2,578,000	9,348,151	33,649,652	-
Investment Securities:			-					
– Held to maturity	15	7,382,354	7,382,354	-	-	6,357,355	1,025,000	-
Other Assets	20	3,772,160	3,772,160	535,696	1,670,985	633,806	931,673	-
		93,591,342	**93,591,342**	**37,396,721**	**4,248,985**	**16,339,312**	**35,606,325**	-
Financial liabilities								
Deposits from customers	21	71,493,871	71,493,871	68,342,836	3,151,035	-	-	-
Due to Central Bank		-	-	-	-	-	-	-
Due to Intercompany	23	81,645	81,645	81,645	-	-	-	-
Other Burrowed Funds	24	-	-	-	-	-	-	-
Other Liabilities	25	4,952,279	4,952,279	-	-	-	4,952,279	-
		5,672,614	**5,672,614**	**5,177,556**	**495,058**	**-**	**-**	**-**
Gap (asset - liabilities)		**82,200,409**	**82,200,409**	**73,602,037**	**3,646,093**	**-**	**4,952,279**	**-**
Cumulative liquidity gap				**(36,205,316)**	**602,892**	**16,339,312**	**30,654,046**	**-**

NOTES (continued)
(All amounts are in United States dollars unless otherwise stated)

66. Financial risk management (continued)

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

December-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**
Financial assets								
Cash and cash equivalents	14	20,062,195	20,062,195	20,062,195	-	-	-	-
Loans and advances to customers	16	32,740,623	32,740,623	5,402,203	1,964,437	2,455,547	22,918,436	-
Investment Securities:			-					
– Held to maturity	15	9,251,490	9,251,490	8,226,490	-	-	1,025,000	-
Other Assets	20	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	5,480,621	5,385,701	27,850,308	6,837,025
Financial liabilities								
Deposits from customers	21	61,507,352	61,507,352	57,716,347	1,895,502	1,895,502	-	-
Due to Central Bank		-	-	-	-	-	-	-
Due to Intercompany	23	199,518	199,518	199,518	-	-	-	-
Other Borrowed Funds	24	6,367,515	6,367,515	-	-	-	6,367,515	-
Other Liabilities	25	1,700,740	1,700,740	1,068,255	632,484	-	-	-
		69,775,125	**69,775,125**	**58,984,120**	**2,527,986**	**1,895,502**	**6,367,515**	**-**
Gap (asset - liabilities)				**(22,949,109)**	**2,952,635**	**3,490,199**	**21,482,793**	**6,837,025**
Cumulative liquidity gap				**(22,949,108)**	**(19,996,473)**	**(16,506,275)**	**4,976,517**	**11,813,542**

66. Financial risk management (continued)

(iv) Residual contractual maturities of financial assets and liabilities

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

December-2016

In US Dollars	*Note*	Carrying amount	Less than1 3 months	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Financial assets							
Cash and cash equivalents	14	35,796,114	35,796,114	-	-	-	-
Loans and advances to customers	16	46,640,714	1,064,911	2,578,000	9,348,151	33,649,652	-
Investment Securities:							
– Held to maturity	15	7,382,354	-	-	6,357,355	1,025,000	-
Other Assets	20	3,772,160	535,696	1,670,985	633,806	931,673	-
		93,591,342	**37,396,721**	**4,248,985**	**16,339,312**	**35,606,325**	
Financial liabilities							
Deposits from customers	21	71,493,871	68,342,836	3,151,035	-	-	-
Due to Central Bank		-	-	-	-	-	-
Due to Intercompany	24	81,645	81,645	-	-	-	-
Other Borrowed Funds	25	4,952,279	-	-	-	4,952,279	-
Other Liabilities	25	5,672,614	5,177,556	495,058	-	-	-
		82,200,409	**73,602,037**	**3,646,093**	**-**	**4,952,279**	**-**
Gap (asset - liabilities)			**(36,205,316)**	**602,892**	**16,339,312**	**30,654,046**	**-**
Cumulative liquidity gap			**(36,205,317)**	**(35,602,425)**	**(19,263,113)**	**11,390,933**	**11,390,933**

NOTES (continued)
(All amounts are in United States dollars unless otherwise stated)

66. Financial risk management (continued)

December-2015

In US Dollars	***Note***	**Carrying amount**	**Less than1 3 months**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	14	20,062,195	20,062,195	-	-	-	-
Loans and advances to customers	16	32,740,623	5,402,203	1,964,437	2,455,547	22,918,436	-
Investment Securities:		-					
– Held to maturity	15	9,251,490	8,226,490	-	-	1,025,000	-
Other Assets	20	19,534,358	2,344,123	3,516,184	2,930,154	3,906,872	6,837,025
		81,588,666	**36,035,011**	**5,480,621**	**5,385,701**	**27,850,308**	**6,837,025**
Financial liabilities							
Deposits from customers	21	61,507,352	57,716,347	1,895,502	1,895,502	-	-
Due to Central Bank		-	-	-	-	-	-
Due to Intercompany	23	199,518	199,518	-	-	-	-
Other Borrowed Funds	24	4,952,279	-	-	-	4,952,279	-
Other Liabilities	25	1,700,740	1,700,740	-	-	-	-
		68,359,889	**59,616,605**	**1,895,502**	**1,895,502**	**4,952,279**	**-**
Gap (asset - liabilities)			**(23,581,594)**	**3,585,119**	**3,490,199**	**22,898,029**	**6,837,025**
Cumulative liquidity gap			**(23,581,594)**	**(19,996,473)**	**(16,506,276)**	**6,391,753**	**13,228,778**

NOTES (continued)
(All amounts are in United States dollars unless otherwise stated)

67. Operating segments

Information about operating segments

DECEMBER-31-2016

In US Dollars	Corporate Banking	Retail Banking	Commercial Banking	Total
Revenue:				
Derived from external customers	4,680,481	2,925,300	4,095,421	11,701,204
Derived from other business segments	-	-	-	-
Total Revenue	**4,680,481**	**2,925,300**	**4,095,421**	**11,701,204**
Interest expenses	(336,867)	(210,542)	(294,759)	(842,168)
Fee and commission expenses	(58,998)	(36,874)	(51,623)	(147,495)
Net operating income	**4,284,616**	**2,677,884**	**3,749,039**	**10,711,541**
Expense:				
Operating expenses	(2,590,243)	(1,618,902)	(2,266,463)	(6,475,608)
Net impairment loss on financial assets	(89,695)	(56,059)	(78,483)	(224,238)
Depreciation and amortization	(363,717)	(227,323)	(318,253)	(909,293)
Total Cost	**(3,043,655)**	**(1,902,284)**	**(2,663,199)**	**(7,609,139)**
Profit before income tax	**1,240,961**	**775,600**	**1,085,840**	**3,102,402**
Tax	**(316,973)**	**(198,108)**	**(277,351)**	**(792,431)**
Profit after income tax	**923,987**	**577,492**	**808,489**	**2,309,970**
Assets and liabilities:				
Total assets	39,556,402	24,722,751	34,611,851	98,891,004
Total liabilities	(32,880,164)	(20,550,102)	(28,770,143)	(82,200,409)
Net Assets/ (Liabilities)	**6,676,238**	**4,172,649**	**5,841,708**	**16,690,595**

NOTES (continued)
(All amounts are in United States dollars unless otherwise stated)

67. Operating segments (Continued)

Information about operating segments

Dec-2015

In US Dollars	Corporate Banking	Retail Banking	Commercial Banking	Total
Revenue:				
Derived from external customers	4,004,503	2,502,814	3,503,940	10,011,256
Derived from other business segments	-	-	-	-
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	**3,543,447**	**2,214,653**	**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)**	**(2,407,692)**	**(6,879,117)**
Profit before income tax	**791,801**	**494,874**	**692,823**	**1,979,499**
Tax	(197,550)	(123,469)	(172,856)	(493,875)
Profit after income tax	**594,251**	**371,405**	**519,967**	**1,485,624**
Assets and liabilities:				
Total assets	2,971,956,975	1,857,473,109	2,600,462,353	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**

NOTES (continued)
(All amounts are in United States dollars unless otherwise stated)

68. Capital management

Additional Disclosure Requirements

Capital Adequacy Ratio
31-December-2016

In United States Dollars

ASSETS	WGTS	AMOUNT	VALUE
Cash & Clearing	0%	4,490,898	-
Balance Held with CBL	0%	17,589,196	-
Cash Reserve Requirement	0%	1,449,102	-
Balance Held with Other Banks Outside Liberia	20%	9,706,269	1,941,254
GOL Bonds	0%	1,025,000	-
Treasury Bills	0%	6,357,355	-
Placements (Foreign Banks)	20%	4,009,750	801,950
Loans & Advances	100%	46,640,713	46,640,713
Other Assets	100%	2,323,059	2,323,059
Property and equipment	100%	5,214,454	5,214,454
Intangibles	100%	85,207	85,207
Bonds & Guarantees	50%	15,971,516	7,985,758
TOTAL RISK WEIGHTED ASSETS Gross		**114,862,519**	**64,992,395**

1ST TIER CAPITAL N'000	
Share Capital	15,000,000
Statutory Reserves	1,541,332
Translation Difference	(3,310,481)
Retained earnings	3,459,744
TOTAL QUALIFYING CAPITAL	**16,690,595**
CAPITAL ADEQUACY RATIO*	**26%**

NOTES (continued)
(All amounts are in United States dollars unless otherwise stated)

68. Capital management (continued)

Additional Disclosure Requirements (continued)

Loans and Advances to Customers:

ANALYSIS BY:	**31-Dec-16**	**31-Dec-15**
TYPE		
Loans	32,339,444	22,263,624
Overdrafts	13,274,751	10,476,999
Bill Discounted	-	-
Past Due Loans	2,341,600	1,188,424
Total Gross Loan	47,955,795	33,929,047
Collective Impairment	(483,280)	(287,672)
Specific Impairment	(831,801)	(900,753)
	46,640,714	32,740,622
PERFORMANCE		
Performing	45,614,195	32,740,623
Impaired	2,341,600	1,188,424
	47,955,795	33,929,047
CUSTOMER		
Individual	21,758,307	10,476,999
Private Corporation & Business	26,048,950	19,933,630
Financial Corporations	-	-
Non-Financial Public Corporation	-	-
Central and other level of Government	148,538	3,518,418.00
	47,955,795	33,929,047

NOTES (continued)
(All amounts are in United States dollars unless otherwise stated)

68. Capital management (continued)

Additional Disclosure Requirements (continued)

SECTOR	**2016**	2015
Agriculture, Fishery & Forestry	**1,893,771**	907,372
Mining & Quarry	**1,053,708**	3,253,108
Manufacturing	**-**	-
Services	**-**	-
Communication	**2,338,497**	3,165,397
Transportation	**4,714,366**	404,725
Oil & Gas	**4,844,066**	3,253,108
Government of Liberia	**148,537**	3,518,418
Public Corporations	**-**	-
Others	**32,962,850**	19,426,919
	47,955,795	33,929,047

BREAKDOWN OF PAST DUE LOANS		
From 01-30 days	-	-
From 31-90 days	970,993	487,161
From 91-180 days	361,941	142,462
From 181-360 days	1,008,666	558,801
More than 360 days	-	-
	2,341,600	1,188,424