ECOBANK LIBERIA LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2014

ECOBANK LIBERIA LIMITED
REPORTS AND FINANCIAL STATEMENTS

I N D E X

	Page
Corporate Information	2
Financial Highlights	3
Report of the Directors	4
Corporate Governance	6
Independent Auditor's Report	10
Statement of Comprehensive Income	12
Statement of Financial Position	14
Statement of Changes in Equity	15
Statement of Cash Flows	17
Notes to the Financial Statements	19-68

Appendix I

Shareholders' Information

ECOBANK LIBERIA LIMITED
CORPORATE INFORMATION

BOARD OF DIRECTORS	Clavenda Bright-Parker *(Chairman)* Adekola Adeleke *(Managing Director)* Charles Ananaba Sunny Nyemah Olufunmilayo Ajike Roberts Willye-Mai T. King Samuel Ashitey Adjei James D. Jallah David Kweku Thompson (*Executive Director*)
SECRETARY	Felix Saint-Jean
AUDITORS	Parker & Associates Inc. (Statutory) Certified Public Accountants & Business Advisors 81 Sekou Toure Ave. P. O. Box 1921, Mamba Point Monrovia Liberia KPMG (Group Reporting) Chartered Accountants 13 Yiyiwa Drive, Abelenkpe P. O. Box GP 242 Accra Ghana
REGISTERED OFFICE	Ecobank Liberia Limited Ashmun and Randall Street P. O. Box 4825-1000 Monrovia Liberia

ECOBANK LIBERIA LIMITED

FINANCIAL HIGHLIGHTS

	2014 LR$'000	2013 LR$'000
At 31 December		
Total assets	23,056,519	23,816,524
Loans and advances to customers	9,128,518	9,910,416
Customer deposits	18,552,463	19,022,342
Shareholders' funds	2,455,088	2,291,786
For the year ended 31 December		
Profit before tax	332,416	220,899
Profit after tax	249,282	225,906
Earnings per share:		
- Basic	0.04	0.04
- Diluted	0.04	0.04
Return on average equity (%)	11	10
Return on average assets (%)	1	1
At 31 December		
Number of staff	243	275
Number of branches	18	18

REPORT OF THE DIRECTORS
TO THE MEMBERS OF
ECOBANK LIBERIA LIMITED

The Directors submit their report together with the financial statements of the Bank for the year ended 31 December 2014.

DIRECTORS' RESPONSIBILITY STATEMENT

The Bank's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the New Financial Institution Act (FIA) 1999 and the Prudential Regulations of the Central Bank of Liberia (CBL) 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.

The Directors have made an assessment of the ability of the Bank to continue as a going concern and have no reason to believe the Bank will not be a going concern in the year ahead.

The directors consider the state of the Bank's affairs to be satisfactory.

PRINCIPAL ACTIVITIES

The Bank's principal activities comprise corporate, investment and retail banking. There was no change in the nature of the Bank's business during the year.

FINANCIAL STATEMENTS AND DIVIDEND

The Bank's results for the year are set out in the attached financial statements, highlights of which are as follows:

	2014 **LR$'000**	**2013** **LR$'000**
Profit after tax	249,282	225,906
plus the balance brought forward on retained earnings	(5,549)	537,432
	243,733	763,338
minus amount transferred to the statutory reserve fund in accordance with the Banking Act	(37,392)	(33,885)
minus credit risk reserve	311,504	(618,710)
minus prior year dividend paid	-	(116,292)
	274,112	(768,887)
balance carried forward	517,845	(5,549)

REPORT OF THE DIRECTORS

TO THE MEMBERS OF

ECOBANK LIBERIA LIMITED (CONT'D)

In accordance with section 15b (1) of the New Financial Institutions Act 1999, an amount of LR$37.3 million (2013: LR$33.8 million) was transferred to the statutory reserve fund from profit for the year bringing the cumulative balance on the statutory reserve fund at the yearend to LR$337.1 million (2013: LR$299.7 million).

The Directors do not recommend the payment of dividend.

HOLDING COMPANY

The Bank is a subsidiary of Ecobank Transnational Incorporated (ETI), a company incorporated in the Republic of Togo. ETI owns 97.44% of the issued ordinary shares of the Bank with the remaining 2.56% held by Atlantic Coast Regional Fund, Mauritius.

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of the Bank were approved by the Board of Directors on 30 April 2015 and signed on their behalf by:

………………………………	………………………………
Clavenda Bright-Parker	*Adekola Adeleke*
(Chairman)	*(Managing Director)*

ECOBANK LIBERIA LIMITED
CORPORATE GOVERNANCE

Commitment to Corporate Governance

As a member of the Ecobank Group, Ecobank Liberia Limited operates according to the Ecobank Transnational Incorporated (ETI) Group principles and practices on corporate governance. These principles and practices are guided by the Basel Committee standards on corporate governance, which constitute the best of international practice in this area.

The key guiding principles of the Group's governance practices are:

(i) Good corporate governance enhances shareholder value;

(ii) The respective roles of shareholders, Board of Directors and management in the governance architecture should be clearly defined; and

(iii) The Board of Directors should have majority membership of Independent Directors, defined broadly as Directors who are not employed by the Group or company, or who are not affiliated with organizations with significant financial dealings with the Bank.

These principles have been articulated in a number of corporate documents, including the Bank's regulations, a corporate governance charter, rules of procedures for Boards, a code of conduct for Directors and rules of business ethics for staff. This is consistent with Section 15(1) (e) of the New Financial Institution Act (FIA) of 1999 and the Risk Management Guidelines of the Central Bank of Liberia (CBL).

The Board of Directors

The Board is responsible for setting the institution's strategic direction, leading and controlling the institution and monitoring activities of executive management.

As of 31 December 2014, the Board of Directors of Ecobank Liberia Limited consisted of nine (9) members made up of an independent Non-Executive Chairman, six (6) Non-Executive Directors, and two Executive Directors. These board members have wide experience and in-depth knowledge in management, industry and the financial markets, which enable them make informed decisions and valuable contributions to the Bank's progress. The Board met four (4) times during the year.

The Board has delegated various aspects of its work to the Executive, Audit and Compliance, Risk Management and other committees.

The Board has adopted standard evaluation tools that help assess the performance of the Board, its committees and individual members on an annual basis.

Audit and Compliance Committee

The Audit and Compliance Committee has its Chairperson, and two (2) Independent Non-Executive Directors. The Board Chairman, Managing Director, Head of Internal Audit, Internal Control and Compliance and representation of Advanced Finance Investment Group (AFIG) fund sit in attendance.

The committee met four (4) times in the year ended 31 December 2014.

The role of the Committee includes:

- Reviewing the internal audit function, its mandate and audit activities;
- Reviewing internal and external audit reports, particularly reports of regulatory and monetary authorities and supervising the implementation of recommendations;
- Facilitating dialogue between auditors and management on the outcome of audit activities;
- Propose external auditors and their remuneration;
- Working with the external auditors to finalise the annual financial statements for Board approval;
- Reviewing the dividend policy and issues relating to the constitution of reserves;
- Reviewing quarterly, half-yearly and annual financial results before the Board's review and approval;
- Setting up procedures for selecting suppliers, consultants and other service providers and ensuring compliance therewith;
- Organising periodic discussions with the departments of Internal Audit and Financial Control;
- Defining appropriate measures to safeguard assets of the Bank;
- Ensuring compliance with all applicable laws and regulations and operating standards;
- Reviewing, approving and following up major contracts, procurement and capital expenditures;
- Reviewing actual spending against budget; and
- Reviewing and approving proposals for extra-budgetary spending.

Asset and Liability Management Committee (ALCO)

The Committee has its Chairman and other members who are experts in Accounting and Financial Management. The Committee met four (4) times in the year ended 31 December 2014 to review reports from the Treasurer and Chief Finance Officer.

The role of the committee includes:

- The Committee shall review and familiarise its self with all activities of the bank, as reflected on its financial position; and

- The Committee defines the risk tolerance limit of the bank as it relates to the asset composition of the bank, including its loan assets, investments and trading position

ECOBANK LIBERIA LIMITED

CORPORATE GOVERNANCE (CONT'D)

Board Credit Committee

The Committee has its Chairman and other members including the Managing Director. The Committee met four (4) times in the year ended 31 December 2014 to review reports from the Risk Manager.

The role of the Committee includes:

- Approving all credits within limits defined in the Bank's Credit Policy and within the statutory requirements set by the respective regulatory and supervisory authorities;
- Reviewing and endorsing credits approved by executive management;
- Reviewing and recommending to the full Board, credit policy changes initiated by executive management;
- Ensuring compliance with the Bank's credit policies and statutory requirements prescribed by the regulatory and supervisory authorities;
- Reviewing periodic credit portfolio reports and assessing portfolio performance; and
- Approving exceptions, write-offs and discounts of non-performing credit facilities.

Risk Management Committee

The Committee has its Chairman and other members

The role of the Committee is to review and monitor all risks including:

- Operational Risk,
- Market Risk,
- Credit Risk
- Reputational Risk,
- Legal Risk , and
- All other forms of risk.

Executive Committee

This Committee is chaired by the Managing Director and has eleven (11) other members. The Committee meets on a weekly basis.

The role of the Committee includes:

- Defining overall business goals and objectives for the Bank;
- Approving marketing and business unit direction and strategies;
- Making decisions on operating plans and budgets;
- Reviewing financial reporting and control framework;

ECOBANK LIBERIA LIMITED

CORPORATE GOVERNANCE (CONT'D)

The role of the Committee includes: (cont'd)

- Tracking and monitoring strategic and business performance against articulated plans and expected results and outcomes;
- Tracking and monitoring progress and accomplishments on major initiatives and projects; and
- Articulating appropriate response to environmental factors, regulation, government policies, competition, etc. in the country.

Business Continuity Plan

The Bank has a business continuity and disaster recovery plan for its Head Office and branches that will enable it to respond to unplanned significant interruptions in essential business functions that can lead to the temporary suspension of operations. It provides guidelines to fully recover operations and ensure coordinated processes of restoring systems, data and infrastructure to enable essential client needs to be met until normal operations are resumed. The plan is tested at least two times every year to assess the readiness of the Bank to respond to unplanned interruptions of operations.

Systems of Internal Control

The Bank has an established internal control system for identifying, managing and monitoring risks. These are designed to provide reasonable assurance that risks faced by the Bank are reasonably controlled.

The corporate internal audit and compliance function of the Bank plays a key role in providing an objective view and continuous assessment of the effectiveness of the internal control systems in the business. The systems of internal control are implemented and monitored by appropriately trained personnel, with clearly defined duties and reporting lines.

Code of Business Ethics

Management has communicated principles in the Bank's Code of Conduct to its employees to provide guidance in the discharge of their duties. This code sets the standards of professionalism and integrity required for the Bank's operations, which covers compliance with applicable laws, conflicts of interest, environmental issues, reliability of financial reporting, bribery and strict adherence to laid down principles, so as to eliminate the potential for illegal practices.

Anti-Money Laundering

The Bank also has an established anti-money laundering system in place in compliance with requirements of Liberia's Anti-Money Laundering Act. These systems include due diligence for opening new accounts, customer identification, monitoring of high risk accounts, record keeping and training and sensitisation of staff on money laundering, which assist in reducing regulatory and reputational risks to its business.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ECOBANK LIBERIA LIMITED

Report on the Financial Statements

We have audited the financial statements of Ecobank Liberia Limited, which comprise the statement of financial position at 31 December 2014, statements of comprehensive income, changes in equity, and cash flows for the year then ended and notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes as set out on pages 12 to 68.

Directors' Responsibility for the Financial Statements

The Bank's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the New Financial Institutions Act (FIA) 1999, the Prudential Regulations of the Central Bank of Liberia and for such internal control as the Directors determine is necessary to enable the preparation of these financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Ecobank Liberia Limited at 31 December 2014 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the new Financial Institutions Act (FIA) 1999 and the Prudential Regulations of the Central Bank of Liberia.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ECOBANK LIBERIA LIMITED (CONT'D)

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 21-1 (a) of the New Financial Institution Act 1999

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

In our opinion, proper books of account have been kept and the statements of financial position and comprehensive income are in agreement with the books of account.

The Bank's transactions were within its powers. The Bank generally complied with the relevant provisions of the New Financial Institution Act 1999, relating to financial reporting.

Parker & Associates, Inc.

……………………………………..

PARKER AND ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS &
BUSINESS ADVISORS
P O BOX 1921, MAMBA POINT
MONROVIA, LIBERIA

30 April 2015

KPMG

…………………………………

KPMG
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELENKPE
P O BOX GP 242
ACCRA, GHANA

30 April 2015

ECOBANK LIBERIA LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 LR$'000	2013 LR$'000
Interest income	6	1,121,614	972,505
Interest expense	7	(229,178)	(149,693)
Net interest income		892,436	822,812
Fees and commission income	8	1,291,826	1,083,431
Fees and commission expense	9	(2,528)	(2,940)
Net fees and commission income		1,289,298	1,080,491
Net trading income	10	74,881	129,919
Other operating income	11	23,629	60,790
Other income		98,510	190,709
Total income		2,280,244	2,094,012
Net impairment loss on financial assets	12	(300,275)	(182,463)
Operating expenses	13	(1,647,553)	(1,690,650)
Profit before tax		332,416	220,899
Income tax (expense) / credit	14	(83,134)	5,007
Profit after tax		249,282	225,906

The notes on pages 19 to 68 form an integral part of these financial statements.

ECOBANK LIBERIA LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014 (CONT'D)

	Note	2014 LR$'000	2013 LR$'000
Profit after tax		249,282	225,906
Other comprehensive income			
Available for sale financial assets net change in fair value	19	(25,428)	(44,948)
Related tax		6,357	11,237
Net amount reclassified to profit or loss		44,948	-
Other comprehensive income, net of tax		25,877	(33,711)
Total comprehensive income		275,159	192,195
Profit attributable to:			
Equity holders of the Bank		249,282	225,906
Earnings per share			
Basic earnings per share	16	0.04	0.04
Diluted earnings per share	16	0.04	0.03

The notes on pages 19 to 68 form an integral part of these financial statements.

ECOBANK LIBERIA LIMITED

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2014

	Note	2014 LR$'000	2013 LR$'000
Assets			
Cash and balances with central bank	17	4,702,086	6,429,576
Loans and advances to banks	18	4,396,908	2,258,509
Government securities	19	685,397	618,647
Loans and advances to customers	20	9,128,518	9,910,416
Investment in equity	21	1,147	1,147
Other assets	24	3,552,790	3,919,133
Property and equipment	23	341,763	386,893
Intangible assets	22	73	6,993
Income tax	14	181,876	217,191
Deferred tax assets	15	65,961	68,019
Total assets		23,056,519	23,816,524
Liabilities			
Deposits from banks	25	356,761	342,507
Customer deposits	26	18,552,463	19,022,342
Borrowings	28	647,242	450,217
Other liabilities	27	1,044,965	1,709,672
Total liabilities		20,601,431	21,524,738
Equity and reserves			
Stated capital	29	689,206	689,206
Share premium	30	602,311	602,311
Retained (loss)/earnings	31	517,845	(5,549)
Statutory reserve fund	32	337,137	299,745
Credit risk reserve	33	327,660	639,164
Other reserve	34	(19,071)	66,909
Total equity		2,455,088	2,291,786
Total liabilities and equity		23,056,519	23,816,524

These financial statements were approved by the Board of Directors on 30 April 2015 and signed on its behalf by:

Clavenda Bright-Parker
(Chairman)

Adekola Adeleke
(Managing Director)

The notes on pages 19 to 68 form an integral part of these financial statements.

ECOBANK LIBERIA LIMITED

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014 (CONT'D)

	Stated capital LR$'000	Share premium account LR$'000	Retained earnings LR$'000	Statutory reserve fund LR$'000	Credit risk reserve LR$'000	Other reserve LR$'000	Total LRS'000
Balance at 1 January 2014	689,206	602,311	(5,549)	299,745	639,164	66,909	2,291,786
Total comprehensive income							
Profit for the year	-	-	249,282	-	-	-	249,282
Other comprehensive income, net of tax	-	-	-	-	-	(19,071)	(19,071)
Net amount reclassified to profit or loss	-	-	-	-	-	33,711	33,711
Derecognition of fair value on borrowings	-	-	-	-	-	(100,620)	(100,620)
Total comprehensive income for the year	-	-	249,282	-	-	(85,980)	163,302
Transactions with equity holders							
Dividends paid	-	-	-	-	-	-	-
Proceeds from issue of shares	-	-	-	-	-	-	-
Total contribution by and distribution equity holders	-	-	-	-	-	-	-
Regulatory transfers							
Credit risk reserve	-	-	311,504	-	(311,504)	-	-
Statutory reserve	-	-	(37,392)	37,392	-	-	-
	-	-	274,112	37,392	(311,504)	-	-
Balance at 31 December 2014	689,206	602,311	517,845	337,137	327,660	(19,071)	2,455,088

The notes on pages 19 to 68 form an integral part of these financial statements.

ECOBANK LIBERIA LIMITED

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

	Stated capital LR$'000	Share premium account LR$'000	Retained earnings LR$'000	Statutory reserve fund LR$'000	Credit risk reserve LR$'000	Other reserve LR$'000	Total LRS'000
Balance at 1 January 2013	672,083	563,185	537,432	265,860	20,454	88,424	2,147,438
Total comprehensive income							
Profit for the year	-	-	225,906	-	-	-	225,906
Other comprehensive income, net of tax	-	-	-	-	-	(33,711)	(33,711)
Net change in fair value (Borrowings)	-	-	-	-	-	12,196	12,196
Total comprehensive income for the year	-	-	225,906	-	-	(21,515)	204,391
Transactions with equity holders							
Dividends paid	-	-	(116,292)	-	-	-	(116,292)
Proceeds from issue of shares	17,123	39,126	-	-	-	-	56,249
Total contribution by and distribution equity holders	17,123	39,126	(116,292)	-	-	-	(60,043)
Regulatory transfers							
Credit risk reserve	-	-	(618,710)	-	618,710	-	-
Statutory reserve	-	-	(33,885)	33,885	-	-	-
	-	-	(652,595)	33,885	618,710	-	-
Balance at 31 December 2013	689,206	602,311	(5,549)	299,745	639,164	66,909	2,291,786

The notes on pages 19 to 68 form an integral part of these financial statements.

ECOBANK LIBERIA LIMITED

STATEMENTS OF CASHFLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 LR$'000	2013 LR$'000
Cash flows from operating activities			
Profit for the year		249,282	225,906
Adjustments for:			
Depreciation and amortization		104,812	119,934
Net impairment loss on financial assets		300,275	182,463
Net interest income		(892,436)	(822,812)
Profit on disposal of property and equipment		-	(19,562)
Write of property and equipment		-	240
Net gain on available for sale financial assets		(55,672)	(32,753)
Tax expense / (credit)		83,134	(5,007)
Cash outflows from operating activities before changes in operating assets and liabilities		(210,605)	(351,591)
Changes in operating assets and liabilities			
Loans and advances		481,623	(3,001,521)
Other assets		366,343	(776,136)
Customer deposits		(469,879)	2,947,958
Other liabilities		(664,707)	(333,227)
Borrowings		197,025	72,225
		(300,200)	(1,442,292)
Interest received		1,121,614	972,505
Interest paid		(229,178)	(149,693)
Income tax paid		(50,641)	(169,817)
Net cash generated from/ (used in) operating activities		541,595	(789,297)
Cash flow from investing activities			
Acquisition of investment securities	18	(1,983,272)	(2,111,156)
Proceeds from redeemed investment securities	18	1,999,497	1,502,156
Acquisition of property and equipment	22	(52,762)	(219,535)
Proceeds from sale of property and equipment		-	28,959
Net cash used in investing activities		(36,537)	(799,576)

The notes on pages 19 to 68 form an integral part of these financial statements.

ECOBANK LIBERIA LIMITED

STATEMENTS OF CASHFLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014 (CONT'D)

	Note	2014 LR$'000	2013 LR$'000
Cash flow from financing activities			
Dividend paid		-	(116,292)
Investment in equity shares		-	(1,147)
Proceed from issue of shares		-	56,249
Net cash used in financing activities		-	(61,190)
Net increase/(decrease) in cash and cash equivalents		505,058	(1,650,063)
Cash and cash equivalents at 1 January		8,355,225	10,005,288
Cash and cash equivalents at 31 December	35	8,860,283	8,355,225

The notes on pages 19 to 68 form an integral part of these financial statements.

ECOBANK LIBERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1. GENERAL INFORMATION

Ecobank Liberia Limited provides retail, corporate and investment banking and other financial services in Liberia. Ecobank Transnational Incorporated (ETI), the parent company, holds 97.44% of the issued ordinary shares of the Bank

The Bank is a limited liability company, incorporated and domiciled in Liberia. The address of its registered office is, P. O. Box 4825-1000 Randall Street, Monrovia, Liberia.

The financial statements were authorised for issue by the Board of Directors on 30 April 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the changes below, the principal accounting policies set out below have been applied consistently to all periods in these financial statements.

2.1 Changes in Accounting Policy

The Bank has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2014 and after.

a. Amendments to IFRS 10, IFRS 12 and IAS 27(Investment Entities)
b. Amendments to IAS 36 Impairment of assets
c. IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and liabilities (Retrospective)

The nature and effect of the changes are explained below:

a. Amendments to IFRS 10, IFRS 12 and IAS 27(Investment Entities)

Under this amendment the Bank is required to account for investments in controlled entities - as well as investments in associates and joint ventures - at fair value through profit or loss (FVTPL); the only exception would be subsidiaries that are considered extensions of the investment entity's investing activities.

b. Amendments to IAS 36 Impairment of assets

The amendments restricts the requirement to disclose the recoverable amount of assets or cash-generating units, it also introduces an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

c. IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and liabilities

As a result of the amendments to IAS 32, the Bank has changed its accounting policy for offsetting financial assets and financial liabilities. The amendments clarify when an entity currently has a legally enforceable right to set-off and when gross settlement is equivalent to net settlement.

2.2 Basis of Presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). Additional information required by the Financial Institutions Act 1999 and the Prudential Regulations of the Central Bank of Liberia (CBL) have been included where appropriate. The financial statements have been prepared under the historical cost convention, except for buildings which are carried at revalued amounts and available for sale financial assets carried at fair values.

The financial statements comprise the statements of financial position, comprehensive income, changes in equity and cash flows and notes to the financial statements. The financial statements are presented in Liberian Dollars (LR$) which is the Bank's functional and presentation currency. Except otherwise indicated, financial information presented in Liberia Dollars has been rounded to the nearest thousand.

Information on risks from financial instruments and financial risk management policies are disclosed in Note 3.

2.3 Use of Judgment and Estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses.
Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period or in the period of revision and future periods, if the revision affects both current and future periods.

Areas involving a higher degree of judgement or complexity, or where assumptions and estimates are considered significant to the financial statements, are disclosed in Note 5.

2.4 New standards and interpretations not yet adopted

There are new or revised Accounting Standards and Interpretations in issue that are not yet effective. These include the following Standards and Interpretations that may have an impact on future financial statements:

Standard/Interpretation		**Effective date**
IFRS 9	Financial Iinstruments	1 January 2018
Amendments to IFRS 10, 12 and IAS 28	IFRS 10 Consolidated financial Statements IFRS 12 Disclosure of interest in other entities IAS 28 Investments in Associates and Joint Ventures (2011)	1 January 2016
Amendments to IAS 27	Equity method in separate financial statements	1 January 2016
IFRS 15	Revenue from contract with customers	1 January 2017

IFRS 9 (2014) Financial Instruments

IFRS 9 has been completed in stages with the IASB's phased approach reflected in a number of the standard being issued since 2009. Previous versions of the standard will be superseded by the version issued in July 2014 at its effective date of 1 January 2018.

The complete version of IFRS 9 replaces most of the guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income and fair value through P&L. The existing IAS 39 categories of held-to-maturity, loans and receivables, and available for sale, are removed.

The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. A financial asset is classified as being subsequently measured at amortised cost if the asset is held within a business model whose objective is to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest.

A financial asset is classified as being subsequently measured at fair value through other comprehensive income if it meets the solely payments of principal and interest criterion and is held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

All other financial assets are subsequently measured t fair value though Profit and Loss. In addition an entity may, at initial recognition, irrevocably designate a financial asset as at fair value through profit and loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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 Other Comprehensive Income.

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.

Reclassification of financial assets is required if the objective of the business model in which they are held changes after initial recognition of the assets, and if the change is significant to the entity's operations. Such changes are expected to be very infrequent. No other reclassifications are permitted.

There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. The new model uses a dual measurement approach under which the loss allowance is measured as either 12-month expected credit losses or lifetime expected losses.

The Bank would be impacted due to the extensive new requirements for data and calculations and there may be the need for new processes to allocate financial assets to the appropriate measurement category.

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

The amendment to IFRS 10 *Consolidated Financial Statements* clarifies which subsidiaries of an investment entity are consolidated instead of being measured at fair value through profit and loss. The amendment also modifies the condition in the general consolidation exemption that requires an entity's parent or ultimate parent to prepare consolidated financial statements. The amendment clarifies that this condition is also met where the ultimate parent or any intermediary parent of a parent entity measures subsidiaries at fair value through profit or loss in accordance with IFRS 10 and not only where the ultimate parent or intermediate parent consolidates its subsidiaries.

The amendment to IFRS 12 *Disclosure of Interests in Other Entities* requires an entity that prepares financial statements in which all its subsidiaries are measured at fair value through profit or loss in accordance with IFRS 10 to make disclosures required by IFRS 12 relating to investment entities.

The amendment to IAS 28 *Investments in Associates and Joint Ventures* modifies the conditions where an entity need not apply the equity method to its investments in associates or joint ventures to align these to the amended IFRS 10 conditions for not presenting consolidated financial statements. The amendments introduce relief when applying the equity method which permits a non-investment entity investor in an associate or joint venture that is an investment entity to retain the fair value through profit or loss measurement applied by the associate or joint venture to its subsidiaries.

The amendments will be applied apply retrospectively for annual periods beginning on or after 1 January 2016 and are not expected to have a significant impact on the Bank.

Amendment to IAS 27

The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendments will be applied retrospectively for periods beginning on or after January 2016 and is not expected to have a significant impact on the Bank.

IFRS 15 Revenue from contracts with customers

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

This new standard will most likely have a significant impact on the Bank, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised. The Bank is currently in the process of performing a more detailed assessment of the impact of this standard on the Bank and will provide more information in the year ending 31 December 2015 financial statements.

The standard is effective for annual periods beginning on or after 1 January 2017, and is not expected to have a significant impact on the Bank.

2.5 Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currency are re-translated at closing rates ruling at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated at exchange rates ruling at the dates of initial recognition; and non-monetary items in a foreign currency that are measured at fair value are translated at exchange rates ruling at the date at which the fair value is determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from re-translation, at year-end exchange rates of foreign currency denominated monetary assets and liabilities, are recognised in profit or loss.

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

Translation differences on non-monetary financial instruments, such as equities classified as available-for-sale financial assets, are included in other comprehensive income.

2.6 Segment reporting

Operating segments are reported in a manner consistent with internal reporting to the Board of Directors, which has responsibility for allocating resources and measuring performance of operating segments.

All transactions between business segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated on consolidation. Income and expenses directly associated with each segment are included in determining business segment performance. In accordance with IFRS 8, the Bank has the following business segments: Corporate, Domestic and Treasury.

2.7 Financial assets and liabilities

All financial assets and liabilities have to been recognised in the statement of financial position and measured in accordance with their assigned category.

2.7.1 Financial assets

The Bank classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. Management determines the classification of its financial assets at initial recognition.

(a) <u>Loans and receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

(a) Loans and receivables (cont'd)

(i) those that the Bank intends to sell immediately or in the short term, which are classified as held for trading, and those that the Bank upon initial recognition designates at fair value through profit or loss;

(ii) those that the Bank upon initial recognition designates as available for sale; or

(iii) those for which the holder may not recover substantially all of the initial investment, other than because of credit deterioration.

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. Loans and receivables are reported in the statement of financial position as loans and advances to banks or customers or as investment securities. Interest on loans is included in profit or loss and is reported as 'Interest income'. In the case of an impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognised in profit and loss as 'loan impairment charges'

(b) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are initially recognised at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with gains and losses being recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised.

Unquoted equity securities whose fair value cannot be measured reliably are carried at cost. If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income is recognised in profit and loss. However, interest is calculated using the effective interest method, and foreign currency gains and losses on monetary assets classified as available for sale are recognised in profit and loss. Dividends on available-for-sale equity instruments are recognised in profit and loss in 'Dividend income' when the Bank's right to receive payment is established.

(c) Recognition

The Bank uses trade date accounting for regular contracts when recording financial asset transactions. Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the statement of financial position as 'Assets pledged as collateral', if the transferee has the right to sell or re-pledge them.

2.7.2 Financial liabilities

Financial liabilities are held at amortised cost and include deposits from related entities, customers or debt securities in issue, convertible bonds and subordinated and other debts for which the fair value option is not applied.

2.7.2 Financial liabilities (cont'd)

Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Bank on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

2.7.3 Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows from the financial asset has expired or the Bank has transferred substantially all the risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any interest in the transferred financial asset that is created or retrieved by the Bank is recognised as a separate asset or liability. Financial liabilities are derecognised when contractual obligations are discharged, cancelled or expire.

2.7.3 Derecognition (cont'd)

Collateral (shares and bonds) furnished by the Bank under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Bank retains substantially all the risks and rewards on the basis of predetermined repurchase prices, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Bank retains a portion of the risks.

2.7.4 Reclassification of financial assets

The Bank may choose to reclassify a non-derivative financial asset held for trading out of the held-for-trading category, if the financial asset is no longer held for the purpose of selling in the near-term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Bank may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories, if the Bank has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

2.8 Classes of financial instruments

The Bank classifies financial instruments into classes that reflect the nature and characteristics of those financial instruments. The classifications made are set out in the table below:

Category (as defined by IAS 39)		Class (as determined by the Bank)		Subclasses
Financial assets	Financial assets at fair value through profit or loss	Financial assets held for trading	Debt securities	
			Equity securities	
			Derivatives – non-hedging	
		Financial assets designated at fair value through profit or loss	Debt securities	
			Equity securities	
			Loans and advances to Banks	
			Loans and advances to customers	
	Loans and receivables	Loans and advances to Banks		
		Loans and advances to customers	Loans to individuals (retail)	Overdrafts
				Credit cards
				Term loans
				Mortgages
			Loans to corporate entities	Term loans overdrafts
				Others
		Investment securities - debt instruments		Listed
				Unlisted
	Held-to-maturity Investments	Investment securities - debt securities		Listed
				Unlisted
	Available-for-sale financial assets	Investment securities - debt securities		Listed
		Investment securities - equity securities		Listed
				Unlisted
		Debt securities in issue		
		Convertible bonds		These are additional classes of financial liabilities at amortised cost
		Subordinated debt		

2.8 Classes of financial instruments (cont'd)

<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="8">Financial liabilities</td><td rowspan="2">Financial liabilities at fair value through profit or loss</td><td colspan="2">Financial liabilities held for trading (derivatives - non hedging only)</td><td>Financial liabilities</td></tr>
<tr><td colspan="2">Designated at fair value through profit or loss - Debt securities in Issue</td><td></td></tr>
<tr><td rowspan="6">Financial liabilities at armortised cost</td><td colspan="2">Deposits from Banks</td><td></td></tr>
<tr><td rowspan="2">Deposits from customers</td><td></td><td></td></tr>
<tr><td></td><td></td></tr>
<tr><td colspan="2">Debt securities in issue</td><td></td></tr>
<tr><td colspan="2">Convertible bonds</td><td rowspan="2"></td></tr>
<tr><td colspan="2">Subordinated debt</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>

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.10 Impairment of financial assets

(a) Assets carried at amortised cost

The Bank assesses whether there is objective evidence that a financial asset or group of financial assets is impaired at each reporting date. A financial asset or a group of financial assets is considered impaired only if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on 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 whether 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) granting the borrower, the economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
(d) a likely probability that the borrower will enter bankruptcy or other financial reorganisation;

The criteria that the Bank uses to determine whether there is objective evidence of an impairment loss include: (cont'd)

(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 estimated future cash flows from a portfolio of financial assets, since 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 or local economic conditions that correlate with defaults on assets in the portfolio.

The estimate period between a loss occurring and its identification is determined by local management for each identified portfolio. In general, the periods used vary between 3 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 loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash 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 profit or loss. 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 observable market prices.

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

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

Future cash flows in groups of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. 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.

(a) Assets carried at amortised cost

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 including property prices, payment status and other factors indicative of changes in the probability of losses 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 loss has been determined. Impairment charges relating to loans and advances are recognised in loan impairment charges whilst impairment charges relating to investment securities (held to maturity and loans and receivables categories) are recognised in 'Net gains/(losses) on investment securities'.

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 profit or loss.

(b) Assets classified as available-for-sale

The Bank assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired at each reporting date. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment resulting in the recognition of an impairment loss. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can objectively be related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through other comprehensive income.

(c) Renegotiated loans

Loans that are either subject to collective impairment assessment or individually significant and whose terms have been renegotiated are no longer considered to be past due but are treated as performing loans, when performance has been confirmed. In subsequent years, the asset is considered to be past due and disclosed as such only if renegotiated again.

2.11 Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' in profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument, including prepayment options, but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

2.12 Fees and commissions income

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred, together with related direct costs, and recognised as an adjustment to the effective interest rate on the loan. Loan syndication fees are recognised as revenue when the syndication has been completed and the Bank has retained no part of the loan package for itself or retained a part at the same effective interest rate as the other participants.

2.13 Dividend income

Dividends are recognised in other operating income when the entity's right to receive payment is established.

2.14 Net trading income

Net trading income comprises gains less losses relating to trading assets and liabilities, including interest and foreign exchange differences.

2.15 Cash and balances with the central bank

Cash and balances with the central bank include notes and coins on hand, unrestricted balances held with the Central Bank and highly liquid financial assets with original maturities of three (3) months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Bank in the management of its short-term commitments.

Cash and balances with the central bank are carried at amortised cost.

2.16 Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. The cost of self-constructed assets include the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

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 gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment, and is recognised in other income/other expenses in profit or loss.

Subsequent 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 costs of the day to day servicing of property and equipment are recognised in profit or loss as incurred.

2.16 Property and equipment (cont'd)

Depreciation is recognised in profit or loss on a straight line basis to write off the gross value less residual amounts over their estimated useful lives as follows:

Leasehold land and building	-	Over the term of the lease
Installations	-	5 years
Furniture and equipment	-	5 years
Computer and equipment	-	5 years
Motor vehicles	-	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Gains and losses on disposal are determined by comparing proceeds with carrying amounts and are recorded in profit or loss.

Property and equipment under construction is stated at initial cost and depreciated from the date the asset is made available for use over its estimated useful life. Assets are transferred from capital work in progress to an appropriate category of property and equipment when commissioned and ready for its intended use.

2.17 Leases

Minimum lease payments under finance leases are apportioned between finance expense and the outstanding lease liability. The finance expense is allocated to each period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Leases under which the Bank assumes substantially all the risks and rewards of ownership of the underlying asset 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 present value of minimum lease payments. Subsequent to initial recognition, the leased asset is accounted for in accordance with the accounting policy applicable to that asset. All other leases are classified as operating leases.

Payments made under operating leases are charged to profit or loss on a straight line basis over the period of the lease. When an operating lease is terminated before the lease has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place. Minimum lease payments under finance leases are apportioned between finance expense and the outstanding lease liability. The finance expense is allocated to each period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

2.18 Intangible assets

Computer software licenses

Intangible assets comprise computer software licences. Intangible assets are recognised at cost. Intangible assets with a definite useful life are amortised using the straight-line method over their estimated useful economic life, generally not exceeding 3 years. Intangible assets with indefinite useful lives are not amortised. At the end of each reporting period, intangible assets are reviewed for indications of impairment or changes in estimated future economic benefits. If such indications exist, the intangible assets are analysed to assess whether their carrying amount is fully recoverable. An impairment loss is recognised if the carrying amount exceeds the recoverable amount.

2.19 Income tax

Income tax expense comprise current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

(a) Current tax

Current tax comprises the expected tax payable or receivable on taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The current tax is measured on tax rates enacted or substantially enacted at the reporting date and any adjustments to tax payable in respect of previous years.

(b) Deferred tax

Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction neither affects accounting nor taxable profit or loss. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax asset or liability is realised.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority or either the same entity or different taxable entities where there is an intention to settle balances on a net basis.

2.20 Employment benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit or loss when they are due.

Short-term benefits

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

2.21 Stated capital and reserves

(i) Share capital

The Bank classifies capital and equity instruments in accordance with the contractual terms of the instrument. The Bank's share capital is not redeemable by holders in the normal course of business and bears an entitlement to distributions that is non-cumulative and at the discretion of the Directors. Accordingly, they are presented as a component of issued capital within equity.

(ii) Share issue costs

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

iii) Share Premium

The Bank received excess amount over the par value of its shares. The amount form part of the non-distributable reserve of the Bank which usually is used for purpose specified under the corporate legislation. This can also be named paid-in surplus.

(iv) Dividend on ordinary shares

Dividends on ordinary shares are recognized in the period in which they are approved by the shareholders. Dividend proposed which is yet to be approved by shareholders, is disclosed by way of notes.

(v) Statutory reserves

Statutory reserves are based on the requirements of the New Financial Institution Act (FIA) 1999. Transfers into statutory reserves are made in accordance with the relationship between the Bank's reserve fund and its paid up capital, which determines the proportion of profits for the period that should be transferred.

(vi) Credit risk reserves

This is a reserve created to set aside the excess between amounts recognized as impairment loss on loans and advances based on provisions made for bad and doubtful loans and advances calculated in accordance with IFRS and the Central Bank's prudential guidelines.

2.22 Earnings per share

The Bank presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the number of ordinary shares outstanding during the period. The Bank has no convertible notes and share options, which could potentially dilute its EPS and therefore the Bank's Basic and diluted EPS are essentially the same.

3. FINANCIAL RISK MANAGEMENT

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

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

Risk management is carried out by the risk department under policies approved by the Board of Directors. The department identifies and evaluates financial risks in close co-operation with the Bank's operating units. The Board provides guiding principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. In addition, internal audit is responsible for the independent review of risk management and the control environment.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

The risks arising from financial instruments to which the Bank is exposed are financial risks, which includes credit risk, liquidity risk, market risk (which are discussed below) and operational risk.

Credit Risk

Credit risk is the risk of suffering financial loss, should any of the Bank's customers or market counterparties fail to fulfil their contractual obligations to the Bank. Credit risk arises mainly from commercial and consumer loans and advances, credit cards, and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, such as financial guarantees, letters of credit, endorsements and acceptances. The Bank is also exposed to other credit risks arising from investments in debt securities and other exposures arising from trading activities ('trading exposures'), including non-equity trading portfolio assets, derivatives and settlement balances with market counterparties and reverse repurchase loans. Credit risk is the single largest risk for the Bank's business. Management carefully manages its exposure to credit risk. Credit risk management and control are centralised in a credit risk management team, which reports to the Board of Directors and heads of each business unit regularly.

3.1.1 Credit risk measurement

(a) Loans and advances (including loan commitments and guarantees)

The estimation of credit exposure is complex and requires the use of models, as the value of a product varies with changes in market variables, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, associated loss ratios and of default correlations between counterparties.

The Bank has developed models to support the quantification of credit risk. These rating and scoring models are used 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) by the client or counterparty on its contractual obligations; (ii) current 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 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.

(b) Debt securities

For debt securities, external ratings such as Standard & Poor's rating or their equivalents are used by Bank Treasury to manage credit risk exposures, supplemented by the Bank's own assessment through the use of internal rating tools.

3.1.2 Risk limit control and mitigation policies

The Bank manages, limits and controls concentrations of credit risk wherever they are identified. In particular attention is given to individual counterparties and Banks and to industries.

3.1.2 Risk limit control and mitigation policies (cont'd)

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, Banks of borrowers, and industry segments. Such risks are monitored on a revolving basis and subject to annual or more frequent reviews, when considered necessary. Limits on the level of credit risk by product and industry sector are approved quarterly by the Board of Directors.

The exposure to any one borrower including other financial institutions is further restricted by sub-limits covering on and off balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily. Lending limits are reviewed in the light of changing market and economic conditions and periodic credit reviews and assessments of probability of default.

Some other specific control and mitigation measures are outlined below:

(a) Collateral

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties
- Charges over business assets such as premises, inventory and accounts receivables
- Charges over financial instruments such as debt securities and equities

Longer-term finance and lending to corporate entities are generally secured. In addition, in order to minimise credit loss, the Bank seeks additional collateral from counterparties as soon as impairment indicators are identified for relevant individual loans and advances.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument.

3.1.3 Impairment and provisioning policies

Impairment losses are incurred if, and 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 has an impact on the estimated future cash flows of the financial asset.

3.1.4 Maximum exposure to credit risk before collateral held

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

	2014 **LR$'000**	**2013** **LR$'000**
Balances with Central Bank	3,437,705	4,598,319
Loans and advances to Banks	4,396,908	2,258,509

Credit risk exposures relating to on-balance sheet assets was as follows: (cont'd)

	2014 LR$'000	2013 LR$'000
Loans and advances to customers	9,128,518	9,910,416
Government securities	685,397	618,647
	17,648,528	17,385,891
Credit risk exposures relating to off-balance sheet items are as follows:		
Financial guarantees	2,607,336	2,086,543
Loan commitments and other credit related liabilities	-	-
	2,607,336	2,086,543
At 31 December	20,255,864	19,472,434

The above represents the maximum exposure to credit risk at 31 December 2014 and 2013, 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 net carrying amounts reported in the statement of financial position.

Management is confident in its ability to continue controlling and sustaining minimal exposure to credit risk arising from its loans and advances portfolio.

3.1.5 Loans and advances

(a) Loans and advances are summarised as follows:

	2014		2013	
	Loans & advances to Banks LR$'000	Loans & advances to customers LR$'000	Loans & advances to Banks LR$'000	Loans & advances to customers LR$'000
Neither past due or impaired	4,396,908	7,703,967	2,258,509	8,571,291
Past due but not impaired	-	675,015	-	820,380
Individually impaired	-	1,519,521	-	1,348,697
Gross	4,396,908	9,898,503	2,258,509	10,740,368
Less: allowance for impairment	-	(769,985)	-	(829,952)
Net	4,396,908	9,128,518	2,258,509	9,910,416

(b) Loans and advances neither past due nor impaired

The credit quality of the portfolio of loans and advances to customers that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Bank. Grading of current and Other Loans Especially Mentioned (OLEM) are not considered past due or impaired.

Loans and advances to customers:

At 31 December 2014

			Domestic			Corporate	
	Overdrafts LR$'000	Credit cards LR$'000	Term loans LR$'000	Mortgages LR$'000	Overdrafts LR$'000	Term loans LR$'000	Total LR$'000
Grades							
Current	2,957,628	-	3,099,478	84	40,692	1,598,742	7,696,624
OLEM	7,343	-	-	-	-	-	7,343
	2,964,971	-	3,099,478	84	40,692	1,598,742	7,703,967

At 31 December 2013

Grades							
Current	2,312,974	-	4,780,395	-	399,757	1,061,581	8,554,707
OLEM	5,528	-	11,056	-	-	-	16,584
	2,318,502	-	4,791,451	-	399,757	1,061,581	8,571,291

(c) Loans and advances past due but not impaired

Loans and advances less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary. Gross amounts of loans and advances by class of customers that were past due but not impaired were as follows:

At 31 December 2014

	Domestic		Corporate		
	Overdrafts LR$'000	Term loans LR$'000	Overdrafts LR$'000	Term loans LR$'000	Total LR$'000
Past due up to 30 days	-	-	-	-	-
Past due 30-60 days	662,640	-	12,375	-	675,015
Past due 60-90 days	-	-	-	-	-
	662,640	-	12,375	-	675,015

(c) Loans and advances past due but not impaired (cont'd)

At 31 December 2013

	Domestic		Corporate		
	Overdrafts LR$'000	**Term loans LR$'000**	**Overdrafts LR$'000**	**Term loans LR$'000**	**Total LR$'000**
Past due up to 30 days	39,917	9,240	-	33,814	82,971
Past due 30-60 days	45,811	-	-	-	45,811
Past due 60-90 days	691,598	-	-	-	691,598
	---------	-------	-------	--------	---------
	777,326	9,240	-	33,814	820,380
	=====	====	====	====	=====

(d) Loans and advances individually impaired

A 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, is as follows:

At 31 December 2014

	Domestic		Corporate		
	Overdrafts LR$'000	**Term loans LR$'000**	**Overdrafts LR$'000**	**Term loans LR$'000**	**Total LR$'000**
Individually impaired loans	1,495,276	24,245	-	-	1,519,521
	=======	====	====	====	======
Impairment allowance	430,759	8,897	-	-	439,656
	=====	====	====	====	=====
Fair value of collateral	468,253	96,856	-	-	565,109
	=====	====	====	====	=====

At 31 December 2013

Individually impaired loans	1,341,601	7,096	-	-	1,348,697
	=======	====	====	====	=======
Impairment allowance	415,704	1,265	-	-	416,969
	=====	====	====	====	=====
Fair value of collateral	518,108	-	-	-	518,108
	=====	====	====	====	=====

(e) Loans and advances renegotiated

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue.

(e) Loans and advances renegotiated (cont'd)

These policies are kept under continuous review. Restructuring is most commonly applied to term loans.

Loans and advances to customers

	2014 LR$'000	**2013 LR$'000**
Continuing to be impaired after restructuring (included in non-performing loans)	229,598	56,843
Non-impaired after restructuring – would otherwise have been impaired	1,646,060	201,705
	=====	=====

(f) Repossessed collateral

No collateral was taken into possession during the year.

3.2 Market risk

Market risk is the risk of loss arising from adverse changes in market conditions (interest rates, exchange rates and equity prices) during the period. Positions that expose the Bank to market risk can be trading or non-trading related. Trading risk comprises positions that the Bank holds as part of its trading or market-making activities, whereas non-trading risk includes discretionary positions that the Bank undertake for liquidity.

3.2.1 Risk identification

The Bank identifies market risk through daily monitoring of levels and profit and loss balances of trading and non-trading positions. The Market Risk Controller together with the risk department monitor daily trading activities to ensure that risk exposures taken are within approved limits and overall risk tolerance levels set by the Board. In addition, Assets and Liabilities Committee (ALCO) members, the Treasurer, the Chief Finance Office and the Country Risk Manager monitor market risk factors that affect the value of trading and non-trading positions as well as income streams on non-trading portfolios on a daily basis. They also track liquidity indicators to ensure that Bank subsidiaries meet their financial obligations at all times.

3.2.2 Interest rate risk

Interest rate risk is the exposure of current and future earnings and capital to adverse changes in the level of interest rates. Exposure to interest rate risk can result from a variety of factors, including:

(i) Differences between the timing of market interest rate changes and the timing of cash flows (repricing risk);
(ii) Changes in the market interest rates producing different effects on yields on similar instruments with different maturities (yield curve risk); and
(iii) Changes in the level of market interest rates producing different effects on rates received or paid on instruments with similar repricing characteristics (basis risk).

3.2.2 Interest rate risk (cont'd)

The Bank uses gap analysis to measure its exposure to interest rate risk. Through this analysis, it compares the values of interest rate sensitive assets and liabilities that mature or reprice at various time periods in the future. The Bank may make judgmental assumptions about the behaviour of assets and liabilities which do not have specific contractual maturity or repricing dates.

At 31 December 2014

	Up to 1 month LR$'000	1-3 months LR$'000	3-12 months LR$'000	Over 1 year LR$'000	Non-interest bearing LR$'000	Total LR$'000
Assets						
Cash and balances with Bank	-	-	-	-	4,702,086	4,702,086
Loans and advances to Banks	-	100,000	625,373	-	3,671,535	4,396,908
Loans and advances to customers	-	59,097	5,840,288	3,229,133	-	9,128,518
Government securities	-	118,050	567,347	-	-	685,397
Investment in equity	-	-	-	-	1,147	1,147
Other assets	-	-	-	-	3,552,790	3,552,790
Total financial assets	-	277,147	7,033,008	3,229,133	11,927,558	22,466,846
Liabilities						
Deposits from Banks	-		-	145,939	210,822	356,761
Customer deposits	13,655,557	4,017,845	879,061	-	-	18,552,463
Borrowings	-	-	-	647,242	-	647,242
Other liabilities	-	-	-	-	1,044,965	1,044,965
Total financial liabilities	13,655,557	4,017,845	879,061	793,181	1,255,787	20,601,431
Total interest repricing gap	(13,655,557)	(3,740,698)	6,153,947	2,435,952	10,671,771	1,865,415

At 31 December 2013

	Up to 1 month LR$'000	1-3 months LR$'000	3-12 months LR$'000	Over 1 year LR$'000	Non-interest bearing LR$'000	Total LR$'000
Total financial assets	6,806,513	621,662	1,872,688	1,765,340	11,876,718	22,942,921
Total financial liabilities	1,006,952	1,858,973	1,173,629	1,954,007	15,531,177	21,524,738
Total interest repricing gap	5,799,561	(1,237,311)	699,059	(188,667)	(3,654,459)	1,418,183

3.2.3 Foreign exchange risk

Foreign exchange risk is measured through the statement of comprehensive income. 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 total for both overnight and intra-day positions.

At 31 December 2014

	USD LR$000	EUR LR$000	XOF LR$000	GH¢ LR$000	Others LR$000	Total LR$000
Assets						
Cash and balances with Bank	3,532,281	-	-	-	1,169,805	4,702,086
Loans and advances to Banks	4,174,955	-	-	-	221,953	4,396,908
Loans and advances to customers	7,622,511	-	-	-	1,506,007	9,128,518
Government securities	-	-	-	-	685,397	685,397
Investment in equity	1,147	-	-	-	-	1,147
Other assets	2,335,688	-	-	-	1,217,102	3,552,790
Total	17,666,582	-	-	-	4,800,264	22,466,846
Liabilities						
Deposits from Banks	272,543	-	-	-	84,218	356,761
Due to customers	16,952,933	-	-	-	1,599,530	18,552,463
Other liabilities	815,747	-	-	-	229,218	1,044,965
Borrowings	647,242	-	-	-	-	647,242
Total	18,688,465	-	-	-	1,912,966	20,601,431
Net on balance sheet position	(1,021,883)	-	-	-	2,887,298	1,865,415
Credit commitments	2,607,336	-	-	-	-	2,607,336

At 31 December 2013

	USD	EUR	XOF	GH¢	Others	Total
Total assets	18,993,967	177,217	10,594	372	3,955,278	23,137,428
Total liabilities	18,389,260	163,836	2,326	-	2,969,316	21,524,738
Net on balance sheet position	604,707	13,381	8,268	372	985,962	1,612,690
Credit commitments	2,086,543	-	-	-	-	2,086,543

3.2.3 Foreign exchange risk (cont'd)

The following significant exchange rates applied during the year:

LR$1 to

	Average Rate		Reporting Rate	
	2014	**2013**	**2014**	**2013**
USD1	84.67	77.5	82.50	82.50
GBP1	139.49	122.07	128.41	135.43
EURO1	112.48	102.47	100.41	113.39
XOF1	0.172	0.173	0.153	0.157

3.2.4 Risk monitoring and control

The Risk Management department is responsible for reviewing exposure to market risk. The Treasury department monitors interest rate and liquidity risks through daily, weekly, and monthly reviews of the structure and pricing of assets and liabilities. Assets and Liability Committee (ALCO) meetings are also held monthly.

The Bank analyses the impact of unlikely, but not impossible events by means of scenario analysis, which enables management gain a better understanding of risks that it could be exposed to extreme conditions. Both historical and hypothetical events are tested.

3.2.5 Risk reporting

Reports on the bank's positions are reviewed daily by the Internal Audit and Compliance Unit. Reports include foreign currency positions and liquidity positions in all currencies. Variations to expectations are reviewed and corrected if need be.

3.3 Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and be able to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

The table below presents the cash flows payable under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Bank manages the inherent liquidity risk based on expected undiscounted cash inflows.

At 31 December 2014

	Up to 1 month LR$'000	1-3 months LR$'000	3-12 months LR$'000	Over 1 year LR$'000	Total LR$'000
Liabilities					
Deposits from Banks	-	210,823	-	145,938	356,761
Deposits due to customers	13,633,403	-	658,637	4,260,423	18,552,463
Other liabilities	-	4,481	1,040,484	-	1,044,965
Borrowings	-	-	-	303,338	303,338
	13,633,403	215,304	1,699,121	4,709,699	20,257,527

3.3 Liquidity risk (cont'd)

At 31 December 2014

	Up to 1 month LR$'000	1-3 months LR$'000	3-12 months LR$'000	Over 1 year LR$'000	Total LR$'000
Assets					
Cash and balances with Central bank	-	-	-	4,702,086	4,702,086
Loans and advances to Banks	3,805,454	100,000	491,454-	-	4,396,908
Loans and advances to customers	4,607,100	59,097	3,845,186	617,135	9,128,518
Investment securities	-	118,050	567,347	-	685,397
Other assets	-	1,099,764	2,453,026	-	3,552,790
Assets held for managing liquidity risk	8,412,554	1,376,911	7,357,013	5,319,221	22,465,699
Liquidity gap	(5,220,849)	1,161,607	5,657,892	609,522	2,208,172

At 31 December 2013

	Up to 1 month LR$'000	1-3 months LR$'000	3-12 months LR$'000	Over 1 year LR$'000	Total LR$'000
Total liabilities	6,601,537	3,305,914	4,686,936	6,930,351	21,524,738
Total assets	13,943,806	765,101	2,518,191	5,714,676	22,941,774
Liquidity gap	7,342,269	(2,540,813)	(2,168,745)	(1,215,675)	1,417,036

3.4 Country analysis

	In Liberia 2014 LR$'000	Outside Liberia 2014 LR$'000	In Liberia 2013 LR$'000	Outside Liberia 2013 LR$'000
Assets				
Cash and balances with Banks	4,702,086	-	6,429,576	-
Loans and advances to Banks	-	4,396,908	-	2,258,509
Loans and advances to customers	9,128,518	-	9,910,416	-
Investment securities	685,397	-	618,647	-
Investment in equity	1,147	-	1,147	-
Other assets	3,552,790	-	3,919,133	-
Total assets	18,069,938	4,396,908	20,878,919	2,258,509

3.4 Country analysis (cont'd)

	In Liberia 2014 LR$'000	Outside Liberia 2014 LR$'000	In Liberia 2013 LR$'000	Outside Liberia 2013 LR$'000
Liabilities				
Deposits from Banks	356,761	-	298,531	43,976
Deposits due to customers	18,552,463	-	19,022,342	-
Other liabilities	1,044,965	-	1,709,672	-
Borrowings	647,242	-	450,217	-
	------------	--------	-------------	--------
Total liabilities	20,601,431	-	21,480,762	43,976
	=======	=====	=======	====

3.5 Fair value of financial assets and liabilities

(a) Financial instruments not measured at fair value

The table below summarises the carrying amounts and fair values of financial assets and liabilities.

	Carrying value		Fair value	
	2014 LR$'000	2013 LR$'000	2014 LR$'000	2013 LR$'000
Financial assets				
Loans and advances to customers	9,128,518	9,910,416	9,128,518	9,910,416
Loans and advances to Banks	4,396,908	2,258,509	4,396,908	2,258,509
	=======	=======	======	=======
Financial liabilities				
Deposits from Banks	356,761	343,507	356,761	343,507
Deposits from customers	18,552,463	19,022,342	18,552,463	19,022,342
Borrowings	647,242	450,217	647,242	495,000
	======	=====	=====	=====

(i) <u>Loans and advances to Banks</u>

Loans and advances to banks include inter-bank placements and items in the course of collection. The carrying amount of floating rate placements and overnight deposits is a reasonable approximation of the fair value. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and maturity profiles.

(ii) <u>Loans and advances to customers</u>

Loans and advances to customers are net of charges for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine the fair value.

(iii) Investment securities

The fair value of investment securities is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is rated using quoted market prices for securities with similar credit, maturity and yield characteristics. All available for sale assets are measured and carried at fair value.

(iv) Deposits from Banks and customers

The estimated fair value of deposits with no stated maturity dates, which includes non-interest bearing deposits, is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using interest rates for new debts with similar maturity profiles.

(v) Off-balance sheet financial instruments

The estimated fair values of the off-balance sheet financial instruments are based on markets prices for similar facilities. Where this information is not available, fair value is estimated using discounted cash flow analysis.

(b) Fair value hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 - Quoted prices (adjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 - Inputs for assets or liabilities that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Bank considers relevant and observable market prices in its valuations where possible.

2014

	Level 1 LR$‘000	**Level 2 LR$‘000**	**Level 3 LR$‘000**
Assets			
Cash and balances with the central bank	-	4,702,086	-
Loans and advances to banks	-	4,396,908	-
Government securities	-	685,397	-
Loans and advances to customers	-	9,128,518	-
	-------	-------------	-------
Total financial assets	-	18,912,909	-
	====	========	====

(b) Fair value hierarchy (cont'd)

2014

	Level 1 LR$'000	Level 2 LR$'000	Level 3 LR$'000
Liabilities			
Deposits from banks	-	356,761	-
Customer deposits	-	18,552,463	-
Borrowings	-	647,242	-
Total financial liabilities	-	19,556,466	-

2013

	Level 1 LR$'000	Level 2 LR$'000	Level 3 LR$'000
Assets			
Cash and balances with the central bank	-	6,429,576	-
Loans and advances to banks	-	2,258,509	-
Government securities	-	618,647	-
Loans and advances to customers	-	9,910,416	-
Total financial assets	-	19,217,148	-
Liabilities			
Deposits from banks	-	342,507	-
Customer deposits	-	19,022,342	-
Borrowings	-	450,217	-
Total financial liabilities	-	19,815,066	-

4. CAPITAL MANAGEMENT

The Banks's objectives when managing capital include:

- Complying with capital requirements set by the Central Bank of Liberia
- Safeguarding the Bank's ability to continue as a going concern to enable it continue providing returns for shareholders and benefits for other stakeholders
- Maintaining a strong capital base to support the development of its business

4. CAPITAL MANAGEMENT (CONT'D)

Capital adequacy and the use of total capital are monitored daily by management, and the required information is filed with Central Bank of Liberia on a quarterly basis. Central Bank of Liberia requires each bank to:

(a) hold a minimum total capital of US$10 million;
(b) maintain a ratio of total capital to risk-weighted assets plus risk weighted off balance sheet assets above a required minimum of 10%;
(c) maintain a ratio of Tier 1 capital divided by risk-weighted assets must equal at least 5%; and
(d) maintain a minimum acceptable leverage ratio of 5%.

The Bank's total capital is divided into two tiers:

- **Tier 1 capital**: includes shareholders' equity and disclosed reserves after deducting specified assets such as intangibles and certain classes of investments.

- **Tier 2 capital:** includes qualifying subordinated loan capital, collective impairment allowances and unrealised gains arising on the fair valuation of equity instruments held as available for sale.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature and reflecting an estimate of credit, market and other risks associated with each asset and counterparty. A similar treatment is adopted for off-balance sheet exposures, with some adjustments to reflect the more contingent nature of potential losses.

The table below summarises the composition of total capital and ratios of the Bank for the years ended 31 December:

	2014 LR$'000	**2013 LR$'000**
Tier 1 capital		
Share capital	689,206	689,206
Share premium	602,311	602,311
Statutory reserves	337,137	299,745
Credit risk reserve	-	639,164
Retained (loss)/earnings	517,845	(5,549)
Total qualifying tier 1 capital	2,146,499	2,224,877
Tier 2 capital		
Subordinated debt	647,242	450,217
Total qualifying tier 2 capital	647,242	450,217
Total capital	2,793,741	2,675,094

The table below summarises the composition of regulatory capital and ratios of the Bank for the years ended 31 December: (cont'd)

	2014 LR$'000	2013 LR$'000
Risk weighted assets		
On balance sheet	7,195,893	7,973,260
Off balance sheet	879,646	684,280
	------------	------------
Total risk weighted assets	8,075,539	8,657,540
	=======	=======
Capital adequacy ratio	34%	31%

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Bank's financial statements and financial results are influenced by accounting policies, assumptions, estimates and management judgment, which necessarily have to be made in the course of preparing the financial statements.

The Bank makes estimates and assumptions that affect reported amounts of assets and liabilities. All estimates and assumptions required in conformity with IFRS are based on best estimates undertaken in accordance with applicable standards. Estimates and judgments are evaluated on a continuous basis, based on past experience and other factors, including expectations with regard to future events.

(a) Impairment losses on loans and advances

The Bank reviews its loan portfolio to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in profit or loss, the Bank considers observable data that may indicate measurable decreases in estimated future cash flows from a portfolio of loans before decreases can be identified with individual loans in that portfolio. This evidence may include observable data indicating adverse changes in the payment status of borrowers in a bank, or economic conditions that correlate with defaults on assets in a bank. Management uses estimates based on historical loss experience for assets with similar credit risk characteristics and objective evidence of impairment similar to those in the portfolio when projecting future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(b) 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 its cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates among other factors, the normal volatility in share prices.

(c) Fair value of financial instruments

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined using valuation techniques. In these cases, fair values are estimated from observable data in respect of similar financial instruments or using models. Models are calibrated to ensure that outputs reflect actual data and comparative market prices.

(d) Income taxes

Significant estimates are required in determining provisions for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Bank recognises liabilities for anticipated tax liabilities 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 are adjusted in the period in which such determination is made.

6. INTEREST INCOME

	2014	**2013**
	LR$'000	**LR$'000**
Placement and short-term funds	16,576	13,748
Treasury bills and Government securities	37,568	4,579
Loans and advances	1,067,470	954,178
	1,121,614	972,505

7. INTEREST EXPENSE

Demand deposits	2,054	1,842
Time deposits	18,579	17,006
Borrowed funds	148,522	72,372
Savings	60,023	58,473
	229,178	149,693

8. FEES AND COMMISSION INCOME

Trade finance fees	494,263	104,667
Credit related fees and commission	142,890	160,416
Cash management	647,731	740,242
Other	6,942	78,106
	1,291,826	1,083,431

9. FEE AND COMMISSION EXPENSE

Other fees and commission	2,528	2,940

10. NET TRADING INCOME

	2014 LR$'000	2013 LR$'000
Foreign exchange:		
- translation gains less losses	36,916	103,027
- transaction gains less losses	37,965	26,892
	--------	---------
	74,881	129,919
	====	=====

11. OTHER OPERATING INCOME

Profit on sale of equipment	-	19,562
Sundry income	23,629	41,228
	--------	--------
	23,629	60,790
	====	====

12. NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

Impairment charge		
Loan impairment	390,278	341,700
Recoveries	(90,003)	(159,237)
	---------	---------
Charge to statement of comprehensive income	300,275	182,463
	=====	=====
Impairment allowance		
At 1 January	829,952	689,678
Increase in impairment	300,275	182,463
Other	(360,242)	(42,189)
	---------	---------
At 31 December	769,985	829,952
	=====	=====

13. OPERATING EXPENSES

Staff expenses	503,438	456,113
Rent	50,323	126,695
Travel and entertainment	7,827	39,815
Insurance	8,042	8,742

13. OPERATING EXPENSES (CONT'D)

	2014 LR$'000	2013 LR$'000
Donation	7,259	4,042
Advertising and business promotion	34,700	306,479
Training	-	27,512
Audit fees	4,125	4,125
Directors' fees	7,105	4,628
Repairs and maintenance	89,925	97,085
Depreciation of property and equipment	97,892	109,558
Amortisation of software	6,920	10,377
Other administrative expenses*	829,997	495,479
	1,647,553	1,690,650

*The other administrative expenses include stationery and suppliers, office security, printing, fuel, utilities and legal fees.

	2014 LR$'000	2013 LR$'000
Staff expenses comprise:		
Wages and salaries	206,079	280,716
Social security fund contribution	24,198	26,410
Other allowances	273,161	148,987
	503,438	456,113

The number of persons employed by the Bank at the year-end was 243 (2013: 275).

14. INCOME TAX

	2014 LR$'000	2013 LR$'000
Current tax	85,956	50,335
Deferred tax (Note 15)	(2,822)	(55,342)
	83,134	(5,007)

14. INCOME TAX (CONT'D)

The tax on the Bank's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	2014 LR$'000	2013 LR$'000
Profit before tax	332,416	220,899
Corporate tax rate at 25% (2013: 25%)		
Tax calculated at corporate tax rate	83,104	55,225
Non-deductible expenses	-	632
Tax incentive	-	(5,522)
Change in recognition of temporary differences	30	(55,342)
Income tax expense/(credit)	83,134	(5,007)
Effective tax rate	25%	(0.2%)

The movement on current income tax is as follows:

	Balance at 1/1/14 LR$'000	Charge for the year LR$'000	Payment during the year LR$'000	Balance at 31/12/14 LR$'000
Year of assessment				
Up to 2009	72,124	-	-	72,124
2010-2012	154,193	-	-	154,193
2013	(9,126)	-	-	(9,126)
2014	-	(85,956)	50,641	(35,315)
	217,191	(85,956)	50,641	181,876

15. DEFERRED TAX

	2014 LR$'000	2013 LR$'000
Deferred tax liabilities		
Accelerated tax depreciation	14,465	17,287
	14,465	17,287

15. DEFERRED TAX (CONT'D)

	2014 LR$'000	2013 LR$'000
Deferred tax assets		
Allowance for loan impairment	74,068	74,069
Other provisions	-	-
Government securities - Available for sale	6,358	11,237
	--------	--------
	80,426	85,306
	====	====
Net deferred tax asset	65,961	68,019
	====	====

The movement on the deferred tax account is as follows:

Profit or loss credit	(2,822)	(55,342)
	=====	====
Other comprehensive income statement	6,358	11,237
	====	====

Deferred tax in the income statement comprises the following temporary differences:

	2014 LR$'000	2013 LR$'000
Accelerated tax depreciation	(2,822)	(7,205)
Allowance for loan impairment	-	(62,854)
Other provisions	-	14,717
	--------	--------
	(2,822)	(55,342)
	=====	====

Deferred tax in other comprehensive income comprises the following temporary differences:

	2014 LR$'000	2013 LR$'000
Fair value changes on Available-for-sale securities	6,358	11,237
	====	===

16. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share has been based on the net profit attributable to equity holders of the Bank and the weighted average number of ordinary shares outstanding.

	2014 LR$'000	2013 LR$'000
Profit attributable to equity holders of the Bank	249,282	225,906
	=====	=====
Weighted average number of ordinary shares:	5,865,627	5,865,627
Basic earnings per share	0.042	0.038

(b) Diluted earnings per share

The calculation of diluted earnings per share has been based on the net profit attributable to equity holders of the Bank and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

	2014 LR$'000	2013 LR$'000
Profit attributable to equity holders of the Bank	249,282	225,906
	=====	=====
Weighted average number of ordinary shares:	5,865,627	6,080,127
Diluted earnings per share	0.042	0.037

17. CASH AND BALANCES WITH CENTRAL BANK

Cash on hand	1,264,381	1,831,256
Mandatory reserve deposits with Central Bank of Liberia	3,437,705	4,598,320
	-----------	------------
	4,702,086	6,429,576
	======	======

Mandatory reserve deposits are not available for use in the bank's day to day operations. Cash on hand and balances with Central Bank of Liberia are non-interest-bearing.

18. LOANS AND ADVANCES TO BANKS

	2014 LR$'000	2013 LR$'000
Operating accounts with other Banks	2,692,678	1,630,731
Items in course of collection from other Banks	944,229	90,562
Placements with Banks	760,001	537,216
	4,396,908	2,258,509

19. GOVERNMENT SECURITIES

At 1 January	618,647	-
Additions	2,091,675	2,165,751
Redeemed on maturity	(1,999,497)	(1,502,156)
Gains from changes in fair value	(25,428)	(44,948)
At 31 December	685,397	618,647

Maturing within 90 days of acquisition	118,050	9,647
Maturing after 90 days but within 182 days	567,347	609,000
Maturing after 182 days of acquisition	-	-
Maturing after 1 year of acquisition	-	-
	685,397	618,647

Government securities are treasury bills and bonds issued by the Government of Liberia. These are classified as available-for-sale and carried at fair value.

20. LOANS AND ADVANCES TO CUSTOMERS

	2014 LR$'000	2013 LR$'000
Overdrafts	5,175,954	4,837,186
Staff loans	45,263	831,694
Mortgage loans	84	-
Term loans	4,677,202	5,071,488
Gross loans and advances to customers	9,898,503	10,740,368
Allowances for impairment (Note 12)	(769,985)	(829,952)
Net loans and advances to customers	9,128,518	9,910,416

20. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

	2014 LR$'000	2013 LR$'000
Analysis by industry on gross loans		
Construction	1,061,804	971,025
Agriculture, forestry and fishing	107,745	172,013
Mining and quarrying	3,630	43,725
Manufacturing	165,000	140,498
Electricity, gas and water	14,933	660
Commerce and finance	5,331,233	5,285,970
Transport, storage and communication	1,229,643	1,341,120
Services	680,500	1,270,740
Oil & gas	1,304,015	1,514,617
	9,898,503	10,740,368
Current	6,657,603	8,821,576
Non-current	3,240,900	1,918,792

The fifty largest exposure by customers constituted 60% of the gross loans at the yearend (2013: 57%).

The total amount of allowance for impairment represent 8% of the gross loans at the yearend (2013: 8%).

The maximum amount due from staff during the year amounted to 80 million (2013: 65 million).

21. INVESTMENT IN EQUITY

	2014 LR$'000	2013 LR$'000
Equity securities		
Listed	-	-
Unlisted	1,147	1,147
Total security available for sale before impairment	1,147	1,147
Allowance for impairment	-	-
	1,147	1,147

The movement in investment securities are as follows:

	2014	2013
At 1 January	-	-
Additions	1,147	1,147
	1,147	1,147

22. INTANGIBLE ASSETS

	2014 LR$'000	2013 LR$'000
Cost		
At 1 January	31,195	31,195
At 31 December	31,195	31,195
Accumulated amortisation		
At 1 January	24,202	13,825
Charge for the year	6,920	10,377
At 31 December	31,122	24,202
Net book value	73	6,993

Intangible assets represent licenses for computer software.

23. PROPERTY AND EQUIPMENT

	Land & Buildings LR$'000	Installations LR$'000	Furniture & equipment LR$'000	Motor vehicles LR$'000	Capital work in progress LR$'000	Total LR$'000
Cost						
At 1 January 2013	37,787	48,548	673,144	100,529	1,151	861,159
Additions	108,854	21,503	48,492	40,686	-	219,535
Transfers	-	-	-	-	(240)	(240)
Disposals	(9,397)	-	-	(20,667)	-	(30,064)
At 31 December 2013	137,244	70,051	721,636	120,548	911	1,050,390
At 1 January 2014	137,244	70,051	721,636	120,548	911	1,050,390
Additions	14,010	1,002	26,858	10,666	226	52,762
At 31 December 2014	151,254	71,053	748,494	131,214	1,137	1,103,152
Accumulated Depreciation						
At 1 January 2013	20,971	18,699	451,150	83,787	-	574,607
Charge for the year	3,695	9,775	80,074	16,013	-	109,557
Disposals	-	-	-	(20,667)	-	(20,667)
At 31 December 2013	24,666	28,474	531,224	79,133	-	663,497
At 1 January 2014	24,666	28,474	531,224	79,133	-	663,497
Charge for the year	6,394	11,852	65,669	13,977	-	97,892
At 31 December 2014	31,060	40,326	596,893	93,110	-	761,389
Carrying amount						
At 31 December 2013	112,578	41,577	190,412	41,415	911	386,893
At 31 December 2014	120,194	30,727	151,601	38,104	1,137	341,763

There were no capitalized borrowing costs related to the acquisition of property and equipment during the year (2013: Nil).

23. PROPERTY AND EQUIPMENT (CONT'D)

	2014 LR$'000	2013 LR$'000
Disposal of property and equipment		
Gross value	-	30,064
Accumulated depreciation	-	(20,667)
	--------	--------
Net book value	-	9,397
Sales proceeds	-	28,959
	--------	--------
Gain on disposal of property and equipment	-	19,562
	====	====

24. OTHER ASSETS

Prepayments	178,147	194,507
Due from affiliates	323,226	1,462
Sundry receivables	3,051,417	3,723,164
	------------	------------
	3,552,790	3,919,133
	=======	=======
Current	3,552,790	3,919,133
Non-current	-	-
	======	======

25. DEPOSITS FROM BANKS

Other deposits from Banks	356,761	342,507
	======	======
Current	356,761	342,507
	======	=====

26. CUSTOMER DEPOSITS

Current accounts	13,633,403	13,821,504
Savings account	4,017,844	3,991,527
Time deposit	901,216	1,209,311
	-------------	-------------
	18,552,463	19,022,342
	=======	=======

27. OTHER LIABILITIES

	2014 LR$'000	2013 LR$'000
Bankers drafts and managers cheques	125,570	477,982
Accruals	244,712	507,970
Other liabilities	674,683	723,720
	-----------	------------
	1,044,965	1,709,672
	======	=======
Current	1,044,965	1,709,672
Non-current	-	-
	======	======

28. BORROWINGS

International Finance Company	343,904	247,500
Atlantic Coast Regional Fund	303,338	202,717
	---------	----------
	647,242	450,217
	=====	=====
Current	343,904	-
Non-current	303,338	450,217
	=====	=====

(i) International Finance Company

The Bank in November 2011, received a loan of US$3 million (LR$208,500,000) from the International Finance Company in order to boost its tier II capital under prudential regulations of the Central Bank of Liberia. The loan is to be repaid in seven equal semi-annual installments commencing 15 August 2015. Interest on the loan is 8% plus LIBOR as published on the second business day before the beginning of each interest paying period (15 August and 15 February each year).

(ii) Atlantic Coast Regional Fund (ACRF) – Convertible Bond

In 2010, the bank issued 456,621 convertible bonds to ACRF at a price of US$6.57 per convertible bond totaling US$3 million (LR$214,500,000). Under the terms of the agreement, ACRF has an option, prior to the maturity of the bonds (15 September 2015), to convert the instrument into 456,621 ordinary shares (one ordinary share per convertible bond). The convertible bond earns a coupon on the annual dividend payment date of the bank. No coupon is paid in respect of any fiscal year if the bank does not declare a dividend in that year. ACRF proposed to terminate the agreement as at December 2014, thus the Board of Directors have agreed to finalise payment by the first quarter of the next financial year.

29. STATED CAPITAL

	No. of shares 2014	No. of shares 2013	Proceeds 2014 LR$'000	Proceeds 2013 LR$'000
Authorised:				
Ordinary shares	10,000,000	10,000,000		
	========	========		
Issued and fully paid				
Balance at 1 January	5,935,389	5,859,285		
Issue during the year	-	76,104		
	------------	------------		
Ordinary shares	5,935,389	5,935,389		
	=======	=======		
Issued ordinary shares comprise:				
Issued for cash			689,206	689,206
Issued for consideration other than cash			-	-
			---------	---------
At 31 December			689,206	689,206
			=====	=====

There is no unpaid liability and no call or instalment unpaid on any share. There is no share in treasury.

30. SHARE PREMIUM

	2014 LR$'000	2013 LR$'000
At 1 January	602,311	563,185
Addition	-	39,126
	---------	---------
	602,311	602,311
	=====	=====

This amount represents excess funds received over the par value of its shares.

31. RETAINED (LOSS)/EARNINGS

At 1 January	(5,549)	537,432
Profit for the year	249,282	225,906
Dividend paid relating to prior year	-	(116,292)
Transfer to credit risk reserve	311,504	(618,710)
Transfer to statutory banking reserve (Note 32)	(37,392)	(33,885)
	---------	---------
	517,845	(5,549)
	=====	====

32. STATUTORY RESERVE FUND

	2014 LR$'000	2013 LR$'000
At 1 January	299,745	265,860
Transfer from retained earnings (Note 31)	37,392	33,885
	337,137	299,745

Statutory reserve represents cumulative amounts set aside from annual profits after tax required under the New Financial Institution Act (FIA) 1999.

The proportion of net profits transferred to reserves ranges from 15% to 25% of net profit after tax, depending on the ratio of the balance on statutory reserves to paid up capital.

33. CREDIT RISK RESERVES

	2014 LR$'000	2013 LR$'000
At 1 January	639,164	20,454
Transfer from retained earnings (Note 31)	(311,504)	618,710
	327,660	639,164

This is a reserve created to set aside the excess between amounts recognised as impairment allowance on loans and advances calculated in accordance with IFRS and the Central Bank of Liberia guidelines.

34. OTHER RESERVES

	2014 LR$'000	2013 LR$'000
Convertible bond equity (Note 28)	-	100,620
Net loss from changes in fair value –		
Government securities (Note 19)	(25,428)	(44,948)
Deferred income taxes (Note 15)	6,357	11,237
	(19,071)	66,909

35. CASH AND CASH EQUIVALENT

	2014 LR$'000	2013 LR$'000
Cash and balances with Central Bank (Note 17)	4,702,086	6,429,576
Government securities (Note 19)	118,050	9,647
Loans and advances to Banks (Note 18)	4,396,908	2,258,509
Due to Banks (Note 25)	(356,761)	(342,507)
	8,860,283	8,355,225

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

36. CONTINGENT LIABILITIES AND COMMITMENTS

Off balance sheet items

The bank conducts business involving acceptances, performance bonds and indemnities with other banks. The majority of these facilities are offset by corresponding obligations of third parties.

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Bank expects most acceptances to be presented, but reimbursement by the customer is normally immediate.

Other contingent liabilities include transaction related customs and performance bonds, which are generally short-term commitments to third parties that are not directly dependent on the customer's creditworthiness.

Commitments to lend are agreements to lend to a customer in the future, subject to certain conditions. Such commitments are either made for a fixed period, or have specific maturity dates but are cancellable by the lender subject to notice requirements.

Documentary credits commit the Bank to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers.

The following, summarise the nominal principal amount of contingent liabilities and commitments with off-balance sheet risks.

Contingent liabilities

	2014 LR$'000	2013 LR$'000
Guarantees and indemnities	2,607,413	1,487,189
	2,607,413	1,487,189

Off balance sheet items (cont'd)

Commitments

	2014 LR$'000	2013 LR$'000
Loan commitments	-	-
	====	====

Legal proceedings

There were a number of legal proceedings outstanding against the Bank at 31 December 2014. No provision has been made as professional advice indicates that these cases are unlikely to succeed and no significant losses are expected to arise.

37. RELATED PARTY TRANSACTIONS

a. Transactions with executive directors and key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of Ecobank Liberia Limited (directly or indirectly) and comprise the Executive Directors and Senior Management of Ecobank Liberia Limited.

There were no material related party transactions with companies where a Director or other member of key management personnel (or any connected person) is also a Director or other member key management personnel (or any connected person) of Ecobank Liberia Limited.

No provisions have been recognised in respect of loans to Directors or other members of key management personnel (or any connected person).

Remuneration of Executive Directors and other key management personnel.

	2014 LR$'000	2013 LR$'000
Salaries and other short-term benefits	58,034	61,052
Social security contributions	-	-
	--------	--------
	58,034	61,052
	====	====

a. Transactions with executive directors and key management personnel (cont'd)

Details of transactions between Directors/other key management personnel (and their connected persons) and the Bank are as follows:

	2014 LR$'000	2013 LR$'000
Loans		
Loan outstanding at 1 January	11,250	9,112
Net movement	55	2,138
	--------	-------
Loans outstanding at 31 December	11,305	11,250
	====	====
Interest income	339	335
	===	===

There were no loans given to non-executive Directors.

b. Transactions and balances with related parties

The Bank is a subsidiary of Ecobank Transnational Incorporated (ETI), a company incorporated in the Republic of Togo.

A number of transactions were entered into with related companies in the normal course of business. These transactions include loans, placements, deposits, foreign currency and other operational transactions. These transactions were carried out on commercial terms and at commercial market rates.

38. REGULATORY DISCLOSURES

(i) Non-performing loans ratio

The percentage of gross non-performing loans ("substandard to loss") to total credit/advances portfolio (gross) was 15% (2013: 16%).

(ii) Capital adequacy ratio

The capital adequacy ratio at the end of December 2014 was calculated at 34% (2013: 31%).

(iii) Regulatory breaches

There were no breaches with respect to statutory liquidity requirements (2013: Nil).

39. BUSINESS SEGMENTS

The Bank has three main business segments:

(a) Domestic banking - This incorporates consumer, small and medium enterprises, local corporate and public sectors of the market.

(b) Corporate banking - Specialises in serving the public sector, multinational institutions, financial institutions/international organisations and the Regional Corporate segment of the market.

(c) Treasury - Treasury engages in Foreign exchange trading and manages the bank's balance sheet, ensuring that all interest rate and exchange rate risks are adequately monitored. The unit also has responsibility for liquidity management; ensuring that the bank is able to honour its commitments as and when they fall due.

Transactions between business segments are on normal commercial terms and conditions. Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged for these funds is based on the Bank's cost of capital.

The Bank's operations are based in Liberia. There are no separately distinguishable geographical segments.

The segmental information provided to the Board for reportable segments for the year ended 31 December is as follows:

	Corporate LR$'000	Domestic LR$'000	Treasury LR$'000	Total LR$'000
At 31 December 2014				
Net interest income	115,225	779,758	(2,547)	892,436
Net fees and commission income	467,267	822,031	-	1,289,298
Other income	45	23,582	74,883	98,510
Operating income	582,537	1,625,371	72,336	2,280,244
Net impairment loss on financial assets	-	(300,275)	-	(300,275)
Total income	582,537	1,325,096	72,336	1,979,969
Total assets	1,639,434	7,490,231	685,397	9,815,062
Total liabilities	8,108,123	10,481,422	623,017	19,212,562

39. BUSINESS SEGMENTS (CONT'D)

The segmental information provided to the Board for reportable segments for the year ended 31 December is as follows: (cont'd)

At 31 December 2013

	Corporate LR$'000	Domestic LR$'000	Treasury LR$'000	Total LR$'000
Net interest income	60,937	772,173	(10,298)	822,812
Net fees and commission income	413,247	667,244	-	1,080,491
Other income	22,282	36,953	131,474	190,709
Operating income	496,466	1,476,370	121,176	2,094,012
Net impairment loss on financial assets	28,327	(210,790)	-	(182,463)
Total income	524,793	1,265,580	121,176	1,911,549
Total assets	1,450,822	8,498,246	620,595	10,569,663
Total liabilities	8,304,626	10,717,714	792,726	19,815,066

Appendix I

SHAREHOLDERS' INFORMATION

Number of Shareholders

The Bank had 5,935,389 ordinary shareholders at 31 December 2014 distributed as follows:

	2014		2013	
Category	**No. of holders**	**% of shares held**	**No. of holders**	**% of share held**
1-1,000	-	-	-	-
1,001-5,000	1	152,207	1	152,207
5,001-10,000	1	5,783,182	1	5,707,078
10,000 and over	-	-	-	-
	---	------------	---	------------
Total	2	5,935,389	2	5,859,285
	==	=======	==	=======

Largest Shareholders

Ecobank Transnational Incorporated	5,783,182	97.44%	5,783,182	97.44%
Atlantic Coast Regional Fund	152,207	2.56%	152,207	2.56%
	------------	-------	------------	-------
	5,935,389	100%	5,935,389	100%
Total	------------	------	------------	------