INTERNATIONAL BANK (LIBERIA) LIMITED

INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

International Bank (Liberia) Limited

TRUST AND RELIABILITY

I Be Liberia Building Liberia Together

IBLL VISION:

To be number one in the banking industry in Liberia

IBLL Mission:

to be the Premier bank in Liberia, utilizing superior human capital, technology and innovative ideas to best serve our clients.

IBLL Values:

Trust

Reliability

Excellence

Customer Friendliness

Integrity

Team work

International Bank (Liberia) Limited 64 Broad Street, Monrovia, Liberia 231 555 766336 www.ibliberia.com Email: customercare@ibliberia.com

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CORPORATE INFORMATION

Board of Directors	Estrada J. Bernard (Chairman) Stephen D. Cashin Pa Macoumba Njie Henry Saamoi Kenneth Ofori-Atta Miata Beyslow Dolika Banda
Alternate Board Members	Stephen Murray Frankie Hayford
Registered Office	International Bank (Liberia) Ltd 64 Broad Street P. O. Box 10-292 1000 Monrovia 10 Liberia, West Africa
Corporate Secretary	Cllr. Stephen Dunbar
Solicitors Retained	Dunbar and Dunbar Law Firm
Auditors	Baker Tilly Liberia

STATEMENT OF RESPONSIBILITY OF THE BOARD OF DIRECTORS

The Board has general powers to manage the business of the Bank.

The Board of Directors is also responsible to cause the accounts of the Bank to be kept in such form and manner as may be determined appropriate. In this context, the Board is required to:

- ensure that the financial records of the Bank are satisfactorily maintained and its financial statements are presented in accordance with the appropriate authorizing standards and such other governing policies as the Board may deem fit;
- select suitable accounting policies and apply them consistently;
- state whether applicable accounting standards have been followed, subject to any material departures to be disclosed or explained in the financial statements;
- ensure that the financial statements are prepared on the going concern basis, unless it is inappropriate to presume that the Bank will continue in business;
- appoint competent auditors annually to examine the books of the Bank, such appointment being subject to ratification by an affirmative vote of the shareholders at their annual meeting; and
- cause to be printed, a copy of the auditor's report, together with the relevant statements accompanying such report.

In summary, the Board is responsible to ensure that proper accounting records are kept which disclose with reasonable accuracy, at any time, the financial position of the Bank, thereby enabling them to ensure that the financial statements comply with the Act of Legislature establishing the Bank and pertaining to its operations. The Board shall also be responsible to put in place the relevant mechanisms for safeguarding the assets of the Bank and, accordingly take reasonable steps for the prevention and detection of fraud and other irregularities, if any.

The Board is also authorized, under the Act establishing the bank, to appoint the management, members of the Executive Committee and other standing committees as may be necessary; and to delegate to such committees, powers as the Board deems appropriate and relevant to the management of the affairs of the Bank. Additionally, the Act authorizes the Board to adopt By-laws dealing with those matters not specifically provided for by the Act. Such by-laws shall, however, be subject to approval by an affirmative vote of the shareholders at its first regular meeting following the adoption of said by-laws.

The above statement of responsibilities of the Board of Directors with respect to the conduct of the financial statements of the Bank, shall be read in conjunction with the Statement of Auditors' Responsibilities set out in the opinion on pages 6-7 of this document. This is necessary and done with a view to distinguishing, for the benefit of the Shareholders, the respective responsibilities of the Board of Directors and the Auditors in relation to the financial statements of International Bank (Liberia) Limited.

Estrada J. Bernard
CHAIRMAN OF THE BOARD

CORPORATE GOVERNANCE

Strict adherence to good Corporate Governance and international best practices remains high on the agenda of International Bank (Liberia) Limited. As such, the Bank is governed by a framework that facilitates checks and balances, and ensures that appropriate controls are put in place to facilitate best practices by the Board of Directors and senior management, in order to maximize stakeholder value.

There are currently eight (8) main committees through which the Board of Directors discharges its functions: Board Audit Committee, Board Credit Committee, Board Finance & Strategy Committee, Board Human Resources & Remuneration Committee, Board Governance and Corporate Social Responsibility Committee, Board Infrastructure and Technology Committee, Board Assets & Liability Management Committee and the Board Risk Management Committee.

In addition to the Board Committees, there are five (5) Management Committees to ensure effective and good corporate governance at the Management level: Local & Management Credit Committee, Corporate Governance Management Committee, Product Development Committee, Risk Management Committee and Strategic Plan Implementation Management Committee.

1.0 Board of Directors

The 7-member Board of Directors of International Bank (Liberia) Limited is composed of a non-executive Chairman, with 1 Executive Director and 5 non-executive directors, each bringing diverse but rich experience, with enviable records of achievement in their various fields of endeavor. The Directors possess the requisite skills and experience, integrity and business acumen to bring independent judgment to bear on board deliberations for the good of the Bank.

The roles of the Chairman and Managing Director/CEO are separate. The Chairman of the Board shall not serve simultaneously as Chairman of any of the Board Committees.

No two members of the same extended family shall occupy the position of Chairman and that of Managing Director or Executive Director of the Bank at the same time.

The Board is responsible for determining strategic objectives and policies of the Bank to deliver such long-term value, providing overall strategic direction within a framework of rewards, incentives and controls. It ensures that management strikes an appropriate balance between promoting long-term growth and delivering short-term objectives.

The Board is also responsible for ensuring that Management maintains a system of internal control, which provides assurance of effective and efficient operations, internal financial controls and compliance with law and regulations.

CORPORATE GOVERNANCE (continued)

1.1 Board Audit Committee

This Committee is made up of three (3) Non-Executive Directors with an alternate Board Member as the secretary to the Committee. It is responsible for ensuring that the Bank complies with all the relevant policies and procedures both from the regulators and as laid-down by the Board of Directors.

The Audit Committee is responsible for the review of the integrity of the Bank's financial reporting and oversees the independence and objectivity of the external auditors. The internal and external auditors have unrestricted access to the Committee to ensure their continued independence. The Committee also seeks for explanations and additional information, where relevant, from the internal and external auditors.

Meetings are held on a quarterly basis. Other members of management may be invited to the Committee's meetings as and when appropriate. A report is provided to the full Board at each sitting.

1.2 Board Credit Committee

The Board's Credit Committee is responsible for review of all credits granted by the Bank and approves specific loans and credit related proposals beyond the Management Credit Committee's authority limit, as may be defined from time to time by the Board.

The Committee is also responsible for ensuring that the Bank's internal control procedures in the area of risk assets remain high to safeguard the quality of the Bank's risk assets. To facilitate the expeditious review of credits falling within the Credit Committee' approval limit, credits are circulated amongst members for consideration and approval.

1.3 Board Risk Management Committee

The Board's Risk Management Committee is charged with ensuring the quality, integrity and reliability of the Bank's risk management system. The committee assists the full board of Directors in the discharge of its duties relating to the corporate accountability and associated risks in terms of management, assurance and reporting.

Regularly, it reviews the balance sheet of the bank to ascertain areas of high risk and ensure that the risk level is consistent with the risk tolerance limit set by the bank. It also ensures that the assets of the bank are properly protected. As such, it ensures that there is adequate risk management framework in place, covering all key risk activities of the bank.

The Committee presents reports to the Board at its quarterly meetings.

CORPORATE GOVERNANCE (continued)

2.0 Management Committees

Management Committees are various committees comprising of senior management of the Bank. The Committees are risk-driven, as they are basically set up to identify, analyze and make recommendations on risks arising from the day to day activities of the Bank.

They also ensure that risk limits as contained in Board and Regulatory policies are complied with at all times. They provide inputs for the respective Board Committees and also ensure that recommendations of the Board Committees are effectively and efficiently implemented. They meet as frequently as the risk issues occur to immediately take actions and decisions within the confines of their powers. The key Management Committees at the Bank are:

- Local & Management Credit Committee;
- Corporate Governance Management Committee;
- Product Development Committee;
- Risk Management Committee; and
- Strategic Plan Implementation Management Committee.

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INDEPENDENT AUDITORS' REPORT

To: The Shareholders,
International Bank Liberia Limited

We have audited the financial statements of International Bank Liberia Limited, which comprise the statement of financial position as at December 31, 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Managements' Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, the requirements of the New Financial Institutions Act (FIA) of 1999 and the Prudential Regulations of the Central Bank of Liberia (CBL). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment including the assessment of risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, we consider 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 the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall financial statement presentation.

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 International Bank Liberia Limited as at December 31, 2014 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the New Financial Institutions Act (FIA) of 1999.

(Certified Public Accountants)
March, 2015
Monrovia

STATEMENT OF COMPREHENSIVE INCOME
(All amounts are expressed in Liberian Dollars)

	Note	**2014**	2013
Interest income and commission on loans and advances	7	**677,142,784**	469,591,298
Interest expense	7	**(64,574,966)**	(59,580,064)
Net interest income and commission on loans and advances		**612,567,819**	410,011,234
Fees and commission income	8	**208,725,449**	187,105,544
Other operating income	9	**181,993,110**	165,364,029
Operating income		**1,003,286,377**	762,480,807
Loan impairment charges	16a	**(230,405,403)**	(64,818,664)
Personnel expenses	10	**(195,080,888)**	(194,997,711)
Occupancy and other property cost	11	**(159,189,689)**	(152,840,893)
Management fees		**(17,202,316)**	(17,050,282)
Consultancy		**(30,978,333)**	(19,388,938)
Professional services		**(15,274,327)**	(22,425,704)
License and taxes		**(10,101,126)**	(4,908,297)
Office expenses		**(65,250,240)**	(50,050,214)
Depreciation and amortisation	20	**(44,281,575)**	(26,837,438)
Other operating expenses	12	**(124,368,650)**	(93,544,379)
		(892,132,547)	(646,862,520)
Profit before income tax		**111,153,830**	115,618,287
Income tax expense	13	**(26,764,397)**	(32,566,519)
Profit after income tax		**84,389,433**	83,051,768
Other comprehensive income:			
(Loss)/gain on investment			(15,383,533)
Total comprehensive income for the year		**84,389,433**	67,668,235

The notes on pages 13 to 54 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2014
(All amounts are expressed in Liberian Dollars)

	Note	**2014**	2013
Assets			
Cash and cash equivalents	14	**4,175,381,066**	3,095,047,560
Loans and advances	15	**4,254,351,144**	4,189,502,208
Investment	17	**-**	288,001,560
Property, plant and equipment	18	**245,106,680**	138,851,025
Intangible assets	19	**35,283,953**	12,721,752
Prepaid staff benefits		**6,487,916**	5,792,325
Trade and other receivables	21	**473,212,675**	426,644,295
Deferred tax assets	13d	**1,485,222**	461,161
Other assets	22	**35,594,437**	54,449,258
Total assets		**9,226,903,093**	8,211,471,144
Liabilities			
Deposits from customers	23	**7,339,026,660**	6,323,561,723
Borrowings	31	**162,928,748**	115,390,830
Trade payables		**437,015,693**	600,683,655
Current income tax liabilities	13	**12,589,911**	5,621,797
Other liabilities	24	**149,586,113**	131,646,323
Total liabilities		**8,101,147,125**	7,176,904,328
Equity			
Stated capital	25	**705,486,211**	705,486,211
Share premium		**57,713,375**	57,713,375
Statutory reserve		**38,014,417**	-
Available-for-sale reserve		**-**	(2,151,815)
Translation adjustment reserve		**367,139,410**	322,387,254
Income surplus		**(42,597,444)**	(48,868,209)
Total equity		**1,125,755,968**	1,034,566,816
Total equity and liabilities		**9,226,903,093**	8,211,471,144

The financial statements were approved by the Board on …5/1/2015…….and signed on its behalf by

Mr. Estrada J. Bernard
Chairman

Mr. Henry F. Saamoi
Chief Executive Officer

The notes on pages 13 to 54 are an integral part of these financial statements.

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

For the year ended December 31, 2014

	Stated Capital	Share Premium	Credit Risk Reserve	Statutory Reserve	Income Surplus	AFS Reserve	Translation Adjustment	Total
Balance as at January 1, 2014	**705,486,211**	**57,713,375**	**-**	**-**	**(48,868,209)**	**(2,151,815)**	**322,387,254**	**1,034,566,816**
Profit for the year	-	-	-	38,014,417	46,375,017	-	-	**84,389,434**
Loss on investment	-	-	-	-	-	2,151,815	-	**2,151,815**
Transactions with owners:								
Dividend paid for 2014	-	-	-	-		-	-	**-**
Transfer from statutory credit risk reserve	-	-	-	-	-	-	-	**-**
Other adjustment	-	-	-	-	(1,103,355)	-	-	**(1,103,355)**
Translation adjustment	-	-	-	-	(39,000,897)	-	44,752,156	**5,751,259**
Balance at December 31, 2014	**705,486,211**	**57,713,375**	**-**	**38,014,417**	**(42,597,444)**	**-**	**367,139,410**	**1,125,755,968**

The notes on pages 13 to 54 are an integral part of these financial statements.

For the year ended December 31, 2013

	Stated Capital	Share Premium	Credit Risk Reserve	Income Surplus	AFS reserve	Translation Adjustment	Total
Balance as at January 1, 2013	705,486,211	57,713,375	68,035,699	(179,303,864)	13,231,718	198,567,947	863,731,086
Profit for the year	-	-	-	83,051,768	-	-	83051,768
Gain on investment	-	-	-	-	(15,383,533)	-	(15,383,533)
Transactions with owners:							
Dividend paid for 2012	-	-	-	(26,840,715)	-	-	(26,840,715)
Transfer from statutory credit risk reserve	-	-	(68,035,699)	68,035,699	-	-	-
Other adjustment	-	-	-	6,188,903	-	-	6,188,903
Translation adjustment	-	-	-	-	-	123,819,307	123,819,307
Balance at December 31, 2013	705,486,211	57,713,375	-	(48,868,209)	(2,151,815)	322,387,254	1,034,566,816

The notes on pages 13 to 54 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
(All amounts are expressed in Liberian Dollars)

	Note	**2014**	2013
Cash flows from operating activities			
Profit before tax		**111,153,830**	115,618,287
Adjustments for:			
Other comprehensive income		**2,151,815**	(15,383,533)
Depreciation and amortization	20	**44,281,575**	26,837,438
Impairment on loans and advances	16a	**230,405,403**	64,818,664
Prior year adjustments in property and equipment	18		(9,054,314)
Change in loans and advances		**(295,254,339)**	(1,582,667,995)
Change in mandatory reserve deposit		**(223,402,307)**	(279,516,982)
Change in prepaid staff benefit		**(695,591)**	(3,572,597)
Change in trade and other receivable		**(46,568,380)**	29,319,098
Change in other assets		**18,854,821**	(6,227,420)
Change in deposits from customers		**1,015,464,937**	1,270,531,800
Change in other liabilities		**17,939,790**	67,024,129
Translation adjustment		**5,751,259**	123,819,307
Change in trade and other payable		**(163,667,963)**	13,435,691
Income tax paid	13	**(20,820,344)**	(45,396,319)
Net cash used in operating activities		**695,594,505**	(230,414,746)
Cash flows from investing activities			
Purchase of property and equipment	18	**(146,930,502)**	(51,792,773)
Investment		**288,001,560**	470,319,562
Purchase of intangible assets	18	**(26,168,929)**	(1,000,519)
Net cash generated from/(used in) investing activities		**114,902,129**	417,526,270
Cash flows from financing activities			
Draw down on borrowings	31	**162,928,748**	121,390,830
Principal payment of borrowings	31	**(115,390,830)**	(61,875,000)
Other adjustments to equity		**(1,103,355)**	6,188,903
Dividend paid		**-**	(26,840,715)
Net cash generated from financing activities		**46,434,563**	38,864,018
Net increase in cash and cash equivalents		**856,931,198**	225,975,542
Cash and cash equivalents at 1 January	14	**1,703,864,002**	1,477,888,460
Cash and cash equivalents at 31 December	14	**2,560,795,200**	1,703,864,002

The notes on pages 13 to 54 are an integral part of these financial statements.

NOTES

1. Reporting entity

The International Bank (Liberia) Limited, IB for short, formerly the International Trust Company of Liberia (ITC), comprises the banking department of the latter. The International Bank was setup as a separate operating entity on April 26, 2000, consistent with the requirements of the Central Bank of Liberia, and in conformity with the Financial Institutions Act of 1999. Its predecessor ITC, was established in 1948 by an Act of Legislature of the Republic of Liberia to provide an instrumentality, capable of serving every international and commercial function now serviced by modern international and metropolitan financial institutions. In addition to its banking activities, ITC prior to the year 2000, served as the manager for Liberia's Maritime program.

The address of the Bank's registered office is 64 Broad Street, P.O. Box 10-292, 1000 Monrovia 10, Liberia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

2.2 Basis of preparation and adoption of IFRS

The Bank adopted International Financial Reporting Standards (IFRS) with effect from 1 January 2012 financial year which is the bank's date of transition to IFRS.

The financial statements are prepared on the historical cost basis, except as modified by the fair valuation of available-for-sale financial assets in accordance with International Financial Reporting Standards (IFRS) and comply with the requirements of the Central Bank of Liberia.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the bank's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

NOTES (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policies and disclosures

New and amended standards not yet adopted by the Bank

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 Instruments	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: amortized 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 amortized 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 at 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 recognizing 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 recognized.
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 recognized and the amount of revenue recognized.
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.

This standard is effective for annual periods beginning on or after 1 January 2016 and are not expected to have a significant impact on the Bank.

NOTES (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Foreign currency transactions

Functional and presentation currency

The financial statements are presented in Liberian Dollars, which is the Bank's reporting currency. Except as indicated, financial information presented in Liberian Dollars has been rounded to the nearest Liberian Dollar.

Along with the Liberian dollar, the United States dollar is legal tender and is also an official functional currency of Liberia. The two currencies circulate freely in the Liberian economy at market determined rates of exchange. In view of the dual currencies regime of Liberia, the Bank maintains a dual currency book of accounts- one in actual Liberian dollar and other in United States dollars. The two sets of ledger balances are translated into equivalent Liberian dollars as outlined above. The closing rate used to consolidate the statement of Financial Position was L$82.5 to US$1.00 as at December 31, 2014 and Statement of Comprehensive Income was L$82.61 to US$1.00 (2013: L$82.50 to US$1 and : L$81.88 to US$1).

Transactions and balances

Transactions in foreign currencies are translated to the functional currencies of the Bank at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currencies at the exchange rates at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currencies at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currencies at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss.

2.5 Interest income and expense

Interest income and expense are recognized in the profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability.

The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

2.6 Fees and commission

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income, including account servicing fees, sales commission, placement fees are recognized as the related services are performed. Other fees and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

NOTES (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred tax is determined at the tax rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date.
A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend is recognized.

2.8 Financial assets and liabilities

2.8.1 Financial assets

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

Loans and receivables

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not intend to sell immediately or in the near term.
When the Bank is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of an asset to the lessee, the arrangement is presented within loans and advances.
Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method.

Held-to-maturity investments

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

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

2.8.2 Financial liabilities

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

NOTES (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial assets and liabilities (continued)

2.8.3 Recognition

The Bank initially recognizes loans and advances, deposits and subordinated liabilities on the date that they are originated. All other financial assets and liabilities are initially recognised on the trade date at which the Bank becomes a party to the contractual provisions of the instrument. The Bank uses the trade date accounting for regular way contracts when recording financial asset transactions.

2.8.4 De-recognition

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

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

The Bank enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all risks or rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized from the balance sheet.

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

The rights and obligations retained in the transfer are recognized separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Bank continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

2.8.5 Offsetting

Financial assets and liabilities are set-off and the net amount presented in the balance sheet when, and only when, the Bank has a legal right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by accounting standards, or for gains and losses arising from a group of similar transactions.

2.8.6 Amortized cost measurement

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

2.8.7 Determination of fair value

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

NOTES (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial assets and liabilities (continued)

The value produced by a model or other valuation technique is adjusted to allow for a number of factors as appropriate, because valuation techniques cannot appropriately reflect all factors market participants take into account when entering into a transaction. Valuation adjustments are recorded to allow for model risks, bid-ask spreads, liquidity risks, as well as other factors.

Management believes that these valuation adjustments are necessary and appropriate to fairly state financial instruments carried at fair value on the balance sheet.

2.8.8 Identification and measurement of impairment

Assets carried at amortized 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 used to determine whether there is objective evidence of an impairment loss include:

i) significant financial difficulty faced by the issuer or obligor;
ii) a breach in the form of default or delinquency in interest or principal payments;
iii: granting the borrower, as a result of financial difficulty, a concession that the lender would not otherwise consider;
iv) a likely probability that the borrower will enter bankruptcy or other financial reorganization; and
v) the disappearance of an active market for that financial asset because of financial difficulties.

The Bank 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 Bank 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 recognized 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 flows 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 loss is recognized 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.

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

NOTES (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial assets and liabilities (continued)

2.8.8 Identification and measurement of impairment

For the purposes of a collective evaluation of impairment, financial assets are Banked 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 Banks 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.

Assets carried at amortized cost (continued)

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

Estimates of changes in future cash flows for Banks 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 necessary procedures have been completed, the amount of loss has been determined and management has obtained board approval. Impairment charges relating to loans and advances are recognized in loan impairment charges whilst impairment charges relating to investment securities (held to maturity and loans and receivables categories) are recognized in 'Net gains/ (losses) on investment securities'.

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

Assets classified as available-for-sale

The Bank assesses whether there is objective evidence that a financial asset or a Bank 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 recognized in profit or loss – is removed from equity and recognized in profit or loss.

NOTES (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8.9 Classes of financial instruments

Impairment losses recognized 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 recognized in profit or loss, the impairment loss is reversed through other comprehensive income.

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

Category (as defined by IAS 39)		Class (as determined by the Bank)	
Financial assets	Loans and receivables	Loans and advances to customers	Loans to individuals (retail)
			Loans to corporate entities
Financial liabilities	Amortized cost	Deposits from customers	Retail customers
			Large corporate customers
			SMEs
Off-balance sheet financial Instruments	Guarantees, acceptances and other financial facilities		

2.9 Cash and cash equivalents

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

2.10 Property, plant and equipment

2.10.1 Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that 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.

NOTES (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Property, plant and equipment (continued)

2.10.1 Recognition and measurement (continued)

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 recognized in other income/other expenses in profit or loss.
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 recognized in other income/other expenses in profit or loss.

2.10.2 Subsequent costs

The cost of replacing part of an item of property or equipment is recognized 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 recognized in the profit or loss as incurred.

2.10.3 Depreciation

Depreciation is charged to the profit or loss on a straight-line basis to write down the cost of each asset, to their residual values over the estimated useful lives of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognized or classified as held for sale in accordance with IFRS 5.
The estimated useful lives for the current and corresponding periods are as follows:

Leasehold buildings	Lease period
Office furniture and fixtures	10%
Office equipment	16.67%
Generators and other equipment	16.67%
Housing furniture and equipment	20%
Vehicles	33.33%
Banking software	10%

Depreciation methods, useful lives and residual values are re-assessed at each reporting date.

2.10.4 De-recognition

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

2.11 Intangible assets - software

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

NOTES (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
2.11 Intangible assets – software (continued)

Expenditure on internally developed software is recognized as an asset when the Bank is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalized costs of internally developed software include all costs directly attributable to developing the software, and are amortized over its useful life. Internally developed software is stated at capitalized cost less accumulated amortization and impairment.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortization is recognized in the profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is ten years.

2.12 Impairment of non-financial assets

The carrying amounts of the Bank's non-financial assets other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset that generates cash flows that are largely independent from other assets.

Impairment losses are recognized in the profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

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

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

2.13 Deposits

Deposits are the Bank's sources of assets funding.

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

Deposits issued are initially measured at fair value plus transaction costs, and subsequently measured at their amortized cost using the effective interest method, except where the Bank chooses to carry the liabilities at fair value through the profit or loss.

NOTES (continues)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Provisions

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

Future operating costs are not provided for.

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

2.15 Employee benefits

Defined contribution plans

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

Termination benefits

Termination benefits are recognized as an expense when the Bank is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognized if the Bank has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

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 recognized 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.

2.16 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

NOTES (continues)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Borrowings (continued)

To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

2.17 Stated capital

Ordinary shares

Ordinary shares are classified as 'stated capital' in equity.

Dividend on ordinary shares

Dividends on the Bank's ordinary shares are recognized in equity in the period in which they are paid or, if earlier, approved by the Bank's shareholders. The bank's dividend payout ratio is 40%.

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

3. Financial risk management

3.1 Introduction

The Bank's business involves taking on risk 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 market, products and best market practice.

The Bank's aim is to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Bank's financial performance. The Bank defines risk as the possibility of losses or profits forgone, which may be caused by internal or external factors.

3.2 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established the Bank's Asset and Liability Committee (ALCO) and Management Credit Committee and the Risk Management Unit, which are responsible for developing and monitoring risk management policies in their specified areas.

All Board Committees have both executive and non-executive members and report regularly to the Board of Directors on their activities.

The Bank's risk management policies are established to identify and analyze the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

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

3.3 Credit Risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers and other banks and investment securities. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure.

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

3. Financial risk management (continued)

3.3 Credit Risk (continued)

3.3.1Management of credit risk

The Board of Directors has delegated responsibility for the management of credit risk to its Board Credit Committee. A separate Management Credit Committee reporting to the Board Credit Committee is responsible for oversight of the Bank's credit risk, including:

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

Establishing the authorization structure for the approval and renewal of credit facilities. Authorization limits are allocated to Local Credit Committee. Larger facilities require approval by the Management Credit Committee and the Board Credit Committee/Board of Directors as appropriate.

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

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

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

Providing advice, guidance and specialist skills to business units to promote best practice throughout the Bank in the management of credit risk. Each business unit is required to implement Bank's credit policies and procedures, with credit approval authorities authorized by the Board Credit Committee. Each business unit with the responsibility of initiating credit has experienced credit managers who report on all credit related matters to Local Credit Committee and respond to issues at the Bank's Credit Committee. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subject to central approval.

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

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

3. Financial risk management (continued)

3.3 Credit Risk (continued)

3.3.1 Management of credit risk (continued)

	2014	2013
Carrying amount	**689,539,796**	888,712,450
Individually impaired		
Grade A1/A2	**473,885,460**	585,462,735
Grade B	**96,323,037**	29,832,330
Grade C1/C2	**180,873,180**	184,274,310
Grade C3	**353,908,317**	167,446,208
Grade C4	**73,507,667**	214,,173,869
Gross amount	**1,178,497,661**	1,181,189,452
Allowance for impairment	**(488,957,865)**	(292,477,002)
Carrying amount	**3,564,811,348**	3,300,789,758
Collectively impaired		
Grade A1/A2	**3,419,494,356**	3,118,947,315
Grade B	**1,501,718**	-
Grade C1/C2	**114,835,633**	93,911,483
Grade C3	**97,531,955**	123,629,138
Grade C4	**22,592,021**	21,611,617
Gross amount	**3,655,955,683**	3,358,009,553
Allowance for impairment	**(91,144,335)**	(57,219,795)
Total carrying amount on balance sheet	**4,254,351,144**	4,189,502,208

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

Bonds and guarantees	**560,272,621**	1,139,938,470
Commitments:		
Clean line facilities for letters of credit		

NOTES (continued)

(All amounts are expressed in Liberian Dollars unless otherwise stated)

3. Financial risk management (continued)

3.3 Credit Risk (continued)

3.3.2 Key ratios on loans and advances (continued)

The total loans loss provision made by the bank constitutes 12.76% (2013: 8.52 %) of the gross loans.
The twenty largest exposure (gross funded and non-funded) to total exposure is 28.5%% (2013: 33.92%)

Impaired loans and securities

Impaired loans and securities are loans and securities for which the Bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan / securities agreement(s). These loans are graded 5 to 6 in the Bank's internal credit risk grading system.

Allowances for impairment

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

Write-off policy

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

Set out below is an analysis of the gross and net (of allowances for impairment) amounts of individually impaired assets by risk grade.
Risk grading

A risk rating is a grade given to a loan (or group of loans), reflecting its quality. The ratings are either stated in numbers or as a description from A to C.

The bank's internal rating scale is as follows:

Description	Ratings	Characteristics of Credits
Minimum Risk (Low Risk)	A1	This rating is used for loans or commitments that are: Fully secured by cash collateral, CD's, or similar accounts. Fully secured by readily marketable securities. Strong financial condition as reflected in financial statement.

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

3. Financial risk management (continued)

3.3 Credit Risk (continued)

3.3.2 Key ratios on loans and advances (continued)

v. Risk grading (continued)

Description	Ratings	Characteristics of Credits
Satisfactory Risk (Low Risk)	A2	This rating is used for loans or commitments that are: Sound primary and secondary repayment sources Financial statements exhibiting generally positive or stable trends, and consistent earnings. Good liquidity and debt service capacity. Minimal vulnerability to economic or industry conditions. Ample liquid collateral available if necessary. Adequate capital per industry standards
Acceptable Risk (Medium Risk)	B1	This rating is used for loans or commitments that are: Weakened financial condition or trends, including decreasing earnings or recent loss operations. Failure to substantially achieve projected operations which were the basis for the credit's approval. Partial shift from primary source of repayment to a secondary source. Potentially affected by negative industry or economic trends. High leverage; potential adverse impact from moderate interest rate increases.
Special Mention (Medium Risk)	C1	This rating is used for loans or commitments that are: Term loan covenant violation Erratic trend in profits and sales Erosion of profit margin Unrealistic repayment schedule Over leveraged, etc.
Sub Standard (High Risk)	C2	This rating is used for loans or commitments that are: No Principal and Interest payment for more than 90 days Sustained losses experience have eroded equity base Chronic trade slowness Adverse comments or disclaimer in auditor's opinion Deterioration of customer base, etc.

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

3. Financial risk management (continued)

3.3 Credit Risk (continued)

Key ratios on loans and advances (continued)

v. Risk grading (continued)

Doubtful Risk (High Risk)	C3	This rating is used for loans or commitments that are: No Principal and Interest payment for more than 180 days Same circumstances as under C2 (SUBSTANDARD), but more pronounced Auditor's qualification as to borrower's continued viability Inability to meet and to refund short term obligations Negative working capital and net worth Product obsolete
Loss (High Risk)	C4	This rating is used for loans or commitments that are: No Principal and Interest payment for more than 360 days Obsolete collateral Fire, sabotage, or other significant damage not covered by insurance or other resources Disappearance of debtor Junior position to other creditors with little or no residual asset value available to cover outstanding obligation Build-up of claims and litigation that will inordinately delay and limit the amount of recovery Liquidation or reorganization under bankruptcy faring poorly Fraudulently overstated assets and earnings Insolvency with no prospect of successful organization

Loans and advances to customers

vi. Credit collateral

The Bank holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of force sale value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired.

There were no repossessed collateral as at 31 December 2014 (31 December 2013: Nil)

vii. Credit concentration

The Bank monitors concentrations of credit risk by product, by industry and by customer.
An analysis of concentrations of credit risk in respect of loans and advances at the reporting date is shown below:

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

3. Financial risk management (continued)

3.3 Credit Risk (continued)

3.3.2 Key ratios on loans and advances (continued)

vii. Credit concentration (continued)

	2014	2013
Carrying amount	**4,254,351,144**	4,189,502,208
Concentration by product		
Overdraft	**2,807,073,691**	2,634,746,730
Term loan	**2,027,379,653**	1,904,452,275
Gross	**4,834,453,344**	4,539,199,005
Less: Impairment	**(580,102,200)**	(349,696,797)
Net	**4,254,351,144**	4,189,502,208
Concentration by industry		
Agriculture	**441,225,815**	439,539,953
Mining and Quarrying	**52,768,770**	44,334,758
Manufacturing	**34,521,270**	36,857,040
Construction	**685,025,722**	759,992,475
Transportation, Storage and Communications	**125,195,752**	33,353,018
Trade, Hotel and Restaurant	**2,103,997,116**	1,889,141,513
Services	**563,094,838**	397,662,128
Personal	**625,392,523**	693,598,373
Miscellaneous	**203,231,538**	244,719,747
Gross	**4,834,453,344**	4,539,199,005
Less: Impairment	**(580,102,200)**	(349,696,797)
Net	**4,254,351,144**	4,189,502,208
Concentration by customer		
Individuals	**615,183,819**	693,598,373
Private enterprise	**4,219,269,525**	3,845,600,632
Gross	**4,834,453,344**	4,539,199,005
Less: Impairment	**(580,102,200)**	(349,696,797)
Net	**4,254,351,144**	4,189,502,208

Concentration by industry for loans and advances are measured based on the industry in which customer operates. Where the nature of business operation of a client cannot be clearly identified, it is classified as miscellaneous.

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

3. Financial risk management (continued)

3.4 Liquidity risk

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

i. Management of liquidity risk

The Bank's approach to managing liquidity is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Bank's reputation.

The Bank maintains liquidity limit imposed by its local regulator, Central Bank of Liberia and the overall liquidity has always been within the regulatory limit of Central Bank of Liberia. Treasury monitors compliance of all branches to ensure that the Bank maintains optimum liquid assets.

The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by ALCO. Daily reports on the liquidity position of the bank is submitted to senior management and summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO on monthly basis.

ii Exposure to liquidity risk

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose net liquid assets are considered as including cash and cash equivalents and investment for which there is an active and liquid market less any deposits from banks. The Bank also uses gap analysis to determine the liquidity position of the bank and where necessary, recommend remedial action.

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

3. FINANCIAL RISK MANAGEMENT (continued)

3.4 Liquidity risk (continued)

iii Assets used in managing liquidity risk (continued)

The Bank holds a diversified portfolio of cash and high-quality highly-liquid securities to support payment obligations and contingent funding in a stressed market environment. The Bank's assets held for managing liquidity risk comprise cash and balances with central banks, due from other banks and investments securities.

Government bonds and other securities that is readily acceptable in repurchase agreements with the central bank.

The table below shows the undiscounted cash flows on the Bank's financial liabilities and on the basis of their earliest possible contractual maturity.

31 December 2014	Total	0 to 3 months	3 to 6 months	6 to 12 months	Over 12 months
Non-derivative liabilities					
Deposits from customers	7,485,807,204	534,700,485	1,069,401,053	2,138,802,023	3,742,903,643
Trade payables	437,015,692	31,215,443	62,430,803	124,861,605	218,507,842
Borrowings	172,307,274	12,307,680	24,615,278	49,230,638	86,153,678
Other liabilities	149,586,113	10,684,740	21,369,398	42,738,878	74,793,097
	8,244,716,283	**588,908,348**	**1,177,816,532**	**2,355,633,144**	**4,122,358,260**
Non-derivative assets					
Cash and cash equivalents	4,175,381,066	4,175,381,066			
Trade and other receivables	473,212,675	33,800,912	67,601,822	135,203,562	236,606,379
Loans and advances	4,254,351,144	303,882,282	607,764,408	1,215,528,900	2,127,175,554
	8,902,944,885	**4,513,064,260**	**675,366,231**	**1,350,732,462**	**2,363,781,933**
Liquidity gap	**(658,228,602)**	**(3,924,155,912)**	**502,450,301**	**1,004,900,682**	**1,758,576,327**

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

3. FINANCIAL RISK MANAGEMENT (continued)

3.4 Liquidity risk (Continued)

iii Assets used in managing liquidity risk (continued)

The table below shows the undiscounted cash flows on the Bank's financial liabilities and on the basis of their earliest possible contractual maturity.

31 December 2013	Total	0 to 3 months	3 to 6 months	6 to 12 months	Over 12 Months
Non-derivative liabilities					
Deposits from customers	6,450,032,957	460,716,640	921,433,279	1,842,866,559	3,225,016,479
Trade payables	600,683,655	42,905,975	85,811,951	171,623,901	300,341,828
Borrowings	117,698,647	8,407,046	16,814,092	33,628,185	58,849,324
Other liabilities	131,646,322	9,403,309	18,806,617	37,613,235	65,823,161
	7,300,061,581	521,432,970	1,042,865,939	2,085,731,880	3,650,030,792
Non-derivative liabilities					
Cash and cash equivalents	3,095,047,560	3,095,047,560	-	-	-
Trade and other receivables	426,644,295	30,474,592	60,949,185	121,898,370	213,322,148
Investment	288,001,560	20,571,540	41,143,080	82,286,160	144,000,780
Loans and advances	4,189,502,208	299,250,158	598,500,315	1,197,000,631	2,094,751,104
	7,999,195,623	3,445,343,850	700,592,580	1,401,185,161	2,452,074,032
Liquidity gap	(699,134,042)	(2,923,910,880)	342,273,359	684,546,719	1,197,956,760

3.5 Market risks

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

3.5.1 Management of market risks

The Bank separates its exposure to market risk between trading and non-trading portfolios. With the exception of translation risk arising on the Bank's net investment in its foreign operations, all foreign exchange risk within the Bank are monitored by the Treasury Group. Accordingly, the foreign exchange position is treated as part of the Bank's trading portfolios for risk management purposes.
Overall authority for market risk is vested in the ALCO. The Risk Management unit is responsible for the development of detailed risk management policies (subject to review and approval by ALCO) and for the day-to-day review of their implementation.

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

3. FINANCIAL RISK MANAGEMENT (continued)

3.5.1 Management of market risks (continued)

3.5.1.1 Exposure to interest rate risk – non-trading portfolios

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

31 December 2014	**Total**	**Less than 3 months**	**3 to 6 months**	**6 to 12 months**	**1 to 5 Years**
Cash and cash equivalents	4,175,381,066	4,175,381,066	-	-	-
Loans and advances	4,254,351,144	303,882,282	607,764,408	1,215,528,900	2,127,175,554
Total financial assets	**8,429,732,210**	**4,479,263,348**	**607,764,408**	**1,215,528,900**	**2,127,175,554**
Deposits from customers	7,339,026,660	534,700,485	1,069,401,052	2,138,802,023	3,596,123,100
Borrowings	162,928,748	12,307,680	24,615,278	49,230,637	76,775,153
Total financial liabilities	**7,501,955,408**	**547,008,165**	**1,094,016,330**	**2,188,032,660**	**3,672,898,253**
Total interest reprising gap	**927,776,802**	**3,932,255,183**	**(486,251,922)**	**(972,503,760)**	**(1,545,722,699)**
31 December 2013					
Cash and cash equivalents	3,095,047,560	3,095,047,560	-	-	-
Investment	288,001,560	20,571,540	41,143,080	82,286,160	144,000,780
Loans and advances	4,189,502,208	299,250,158	598,500,315	1,197,000,631	2,094,751,104
Total financial assets	7,572,551,328	3,414,869,258	639,643,395	1,279,286,791	2,238,751,884
Deposits from customers	6,323,561,723	460,716,640	921,433,279	1,842,866,559	3,098,545,245
Borrowings	115,390,830	8,407,046	16,814,092	33,628,185	56,541,507
Total financial liabilities	6,438,952,553	469,123,686	938,247,371	1,876,494,744	3,155,086,752
Total interest reprising gap	1,133,598,775	2,945,745,572	(298,603,976)	(597,207,953)	(916,334,868)

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

3. FINANCIAL RISK MANAGEMENT (continued)

3.5.1.1 Exposure to interest rate risk – non-trading portfolios (continued)

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for reprising bands. The ALCO is the monitoring body for compliance with these limits and is assisted by Risk Management in its day-to-day monitoring activities. Standard scenarios that are considered on a regular basis include a 100 basis point (bp) parallel fall or rise in prime rates.

Sensitivity analysis

An increase of a 100 basis points in interest rates at the reporting date would have impacted equity and profit by the amounts shown below:
Sensitivity Analysis of Interest rate risks - Increase / decrease of 100 basis points in net interest margin

	2014	2013
Interest income impact	**6,771,428**	4,695,913
Interest expense impact	**(645,750)**	(595,801)
Net impact on profit	**6,125,678**	4,100,112

A decrease of a 100 basis points in interest rates at the reporting date would have had the equal but opposite effect on the amount shown above, on the basis that all other variables remain constant.

Assuming no management actions, a series of such rises would increase net interest income for 2014 by LD6,125,678 (2013: LD4,100,112) while a series of such falls would decrease net interest income for 2014 by LD6,125,678 (2013: LD4,100,112).

The Bank monitors live interest and exchange rates to facilitate trading by the Treasury department. This will help the Bank to know what is happening at any moment in time on the markets and where opportunities are present to make gains from high interest rates. The bank does not hedge its interest rate risk and foreign currency risk.

3.5.2 Foreign exchange risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarizes the Bank's exposure to foreign exchange risk at 31 December 2013. Included in the table are the Bank's financial instruments at carrying amounts, categorized by currency:

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

3. FINANCIAL RISK MANAGEMENT (continued)
3.5.2 Foreign exchange risk (continued)

At 31 December 2014	**US$**	**GBP**	**EUR**	**ZAR**	**L$**	**Total**
Assets						
Cash and cash equivalents	3,317,906,525	4,148,281	285,632,952	65,346	567,627,962	4,175,381,066
Loans and advances	3,959,883,648	-	-		294,467,496	4,254,351,144
	7,277,790,173	**4,148,281**	**285,632,952**	**65,346**	**862,095,458**	**8,429,732,209**
Liabilities						
Deposits from customers	6,486,910,663	-	-		852,115,997	7,339,026,660
Borrowings	99,495,000	-	-		63,433,748	162,928,748
Total financial liabilities	**6,586,405,663**	**-**	**-**	**-**	**915,549,745**	**7,501,955,408**
Net on-balance sheet financial position	**691,384,510**	**4,148,281**	**285,632,952**	**65,346**	**(53,454,287)**	**927,776,801**
Credit commitments	-	-	-		-	-

At 31 December 2013	US$	GBP	EUR	L$	Total
Assets					
Cash and cash equivalents	2,453,559,818	1,228,590	24,596,302	615,662,850	3,095,047,560
Loans and advances	3,885,349,375	-	-	304,152,833	4,189,502,208
	6,338,909,193	1,228,590	24,596,302	919,815,683	7,284,549,768
Liabilities					
Deposits from customers	5,523,712,260	-	-	799,849,463	6,323,561,723
Borrowings	93,000,000	-	-	22,390,830	115,390,830
Total financial liabilities	5,616,712,260	-	-	822,240,293	6,438,952,553
Net on-balance sheet financial position	722,196,933	1,228,590	24,596,302	97,575,390	845,597,215

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

3. FINANCIAL RISK MANAGEMENT (continued)

3.5.2 Foreign exchange risk (continued)

3.5.2.1 Sensitivity analysis

Along with the Liberian dollar, the United States dollar is legal tender and is also an official functional currency of Liberia. The two currencies circulate freely in the Liberian economy at market determined rates of exchange. In view of the dual currencies regime of Liberia, the Bank maintains a dual currency book of accounts- one in actual Liberian dollar and other in United States dollars.

About 80% of the bank's transactions are in US dollars. As a result, the bank is not significantly exposed to other foreign currencies.

3.5.3 Exposure to other market risks – Non-trading portfolios

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various scenarios. Credit spread risk (not relating to changes in the obligor / issuer's credit standing) on debt securities held by Treasury and equity price risk is subject to regular monitoring by the Bank's Risk Management Unit, but is not currently significant in relation to the overall results and financial position of the Bank.
Overall non-trading interest rate risk positions are managed by Treasury, which uses investment securities, advances to banks and deposits from banks to manage the overall position arising from the Bank's non-trading activities.

3.6 Capital management

3.6.1 Regulatory capital

The Central Bank of Liberia's Prudential Regulations and the Financial Institutions Act regarding capital adequacy require that all bank financial institutions operating in Liberia maintain a minimum adjusted net capital balance of US$10million.

Accordingly, a banking institution would be out of compliance with the capital adequacy regulation if the overall net adjusted capital balance falls below the stipulated threshold. The net capital balance of International Bank (Liberia) Limited as at December 31, 2014 is US$13,273,097 (2013: US$12, 258,282).

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

4. USE OF ESTIMATES AND JUDGEMENTS

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

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

4.1 Key sources of estimation uncertainty

4.1.1 Allowances for credit losses

Assets accounted for at amortized cost are evaluated for impairment on a basis described in accounting policy 2.8.8.

The specific counterparty component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received.

In estimating these cash flows, management makes judgments about counterparty's financial situation and the net realizable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of claims with similar economic characteristics when there is objective evidence to suggest that they contain impaired claims, and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well these estimated future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances. Were the net present value of estimated cash flows to differ by +/-1%, the impairment loss is to be estimated at LD7, 179,480 higher or lower.

Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation models as described in Note 2.8.7.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

4.2 Critical Accounting Judgments in applying the Bank's Accounting Policies

Critical accounting judgments made in applying the Bank's accounting policies include:

4.2.1 Financial asset and liability classification

The Bank's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:
Details of the Bank's classification of financial assets and liabilities are given in Note 2.8.9 and Note 6.

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

4. USE OF ESTIMATES AND JUDGEMENTS (continued)

4.2 Critical Accounting Judgments in applying the Bank's Accounting Policies (continued)

4.2.2 Determination of impairment of property and equipment, and intangible assets, excluding goodwill

Management is required to make judgments concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists.

The Bank applies the impairment assessment to its separate cash generating units. This requires management to make significant judgments and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realizable values. Management's judgment is also required when assessing whether a previously recognized impairment loss should be reversed.

5. SEGMENT REPORTING

The Bank's current operation is concentrated in Liberia and as such does not lend itself to segmental reporting and hence management has not provided information on segmental reporting.

The chief operating decision maker considers the operation in Liberia as an operating segment.

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

6. FINANCIAL ASSETS AND LIABILITIES

6.1 Accounting Classification, Measurement Basis and Fair Values

The table below sets out the Bank's classification of each class of financial assets and liabilities, and their fair values.

	Loans and receivables	Available-for-sale	Total	Fair value
31 December 2014				
Cash and bank balances	4,175,381,066		4,175,381,066	4,175,381,066
Loans and advances	4,254,351,144	-	4,254,351,144	4,254,351,144
Total Financial assets	**8,429,732,210**		**8,429,732,210**	**8,429,732,210**
Deposits from customers	7,339,026,660	-	7,339,026,660	7,339,026,660
Borrowings	162,928,748	-	162,928,748	162,928,748
Total financial liabilities	**7,501,955,408**	**-**	**7,501,955,408**	**7,501,955,408**
31 December 2013				
Cash and bank balances	3,095,047,560	-	3,095,047,560	3,095,047,560
Investment	-	288,001,560	288,001,560	285,121,544
Loans and advances	4,189,502,208	-	4,189,502,208	4,147,607,186
Total Financial assets	7,284,549,768	288,001,560	7,572,551,328	7,527,776,290
Deposits from customers	6,323,561,723	-	6,323,561,723	6,260,326,106
Borrowings	115,390,830	-	115,390,830	114,236,922
Total financial liabilities	6,438,952,553	-	6,438,952,553	6,380,503,058

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

7. Net interest income

	2014	2013
Interest income and commission on loans and advances	**677,142,784**	469,591,298
Total interest income	**677,142,784**	469,591,298
Interest expense		
Saving accounts	**32,619,270**	32,874,820
Deposits from customers	**29,231,218**	19,864,006
Borrowings	**2,724,478**	6,841,238
Total interest expense	**64,574,966**	59,580,640

8. Fee and commission income

Fees from transfers	**194,933,766**	180,217,962
Other fees	**13,791,683**	6,887,582
	208,725,449	187,105,544

9. Other operating income

Fee income on customer deposits	**-**	4,954,886
Commission on money gram	**57,499,577**	62,756,926
Currency trading income	**13,830,228**	3,152,380
Donation receipt of vehicle	**-**	2,149,350
Miscellaneous	**110,663,305**	92,350,487
	181,993,110	165,364,029

10. Personnel expenses

Staff costs	**164,736,408**	167,597,634
Social security contributions	**2,945,602**	3,090,642
Provident fund contributions	**5,536,948**	5,241,712
Other staff related expenses	**21,861,930**	19,067,723
	195,080,888	194,997,711

The average number of persons employed by the bank during the year ended 31 December 2014 was 206 (2013: 192).

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

11. Occupancy and other property costs

	2014	2013
Utilities	**35,935,053**	36,819,962
Lease and rental expenses	**30,437,782**	26,849,598
Repairs and maintenance-Building and others	**18,652,253**	17,556,464
Guard service	**23,799,185**	22,079,597
Repairs and maintenance-Vehicles	**3,829,450**	5,250,555
Insurance	**29,796,063**	28,024,740
Software maintenance	**16,739,903**	16,259,977
	159,189,689	152,840,893

12. Other expenses include:

Scholarship and donation	**7,393,073**	14,137,646
Foreign travels	**18,683,118**	21,578,819
Local transportation	**3,688,152**	3,782,938
Board of directors expenses	**8,566,452**	11,146,734
Penalties	**-**	3,864,818
Miscellaneous expenses	**70,563,942**	28,226,902
Money gram	**15,473,913**	10,806,522
	124,368,650	93,544,379

13. Income tax expense

Current income tax	**27,281,026**	33,233,240

(a) Current income tax

31 December 2013	**Balance at January 1**	**Payments during year**	**Charge for the year**	**Balance at December 31**
Year of assessment				
Up to 2013	**5,621,797**			**5,621,797**
2014	**-**	**(20,820,344)**	**27,788,458**	**6,968,114**
	5,621,797	**(20,820,344)**	**27,788,458**	**12,589,911**

31 December 2013	Balance at January 1	Payments during year	Charge for the year	Balance at December 31
Year of assessment				
Up to 2012	17,784,876	(4,328,668)	4,328,668	17,784,876
2013	-	(41,067,651)	28,904,572	(12,163,079)
	17,784,876	(45,396,319)	33,233,240	5,621,797

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

Income tax expense (continued)

Recognized in the income statement

	2014	2013
(b) Current tax expense:		
Current year	**27,788,458**	33,233,240
Deferred tax expense		
Origination and reversal of temporary difference	**(1,024,061)**	(666,721)
Total tax expense	**26,764,397**	32,566,519

Reconciliation of effective tax rate

Profit before income tax	**110,138,967**	115,618,287
Income tax on loss before tax	**27,788,458**	33,233,240
Tax impact of permanent difference:		
Non deductible expenses	**(1,024,061)**	(666,721)
Tax incentives		
Total income tax expense in Income statement	**26,764,397**	32,566,519

(b) Deferred tax account

Balance brought forward	**(461,161)**	205,560
Charge for the period	**(1,024,061)**	(666,721)
Balance at 31 December	**(1,485,222)**	(461,161)

NOTES (continued)
(All amount are expressed in Liberian Dollars unless otherwise stated)

Income tax expense (continued)

(d) Deferred tax asset and liabilities
Recognized deferred tax asset and liabilities

Deferred tax assets and liabilities are attributable to the following:

		2014			2013
Asset	**Liabilities**	**Net**	Asset	Liabilities	Net
1,485,222		**1,485,222**	461,161		461,161
1,485,222		**1,485,222**	461,161		461,161

Movement in temporary differences during year 2014

	Opening Balance	Recognized in Profit	Recognized in Equity	Closing Balance
Property, Plant & Equipment	**(461,161)**	**(1,024,061)**		**(1,485,222)**
	(461,161)	**(1,024,061)**		**(1,485,222)**

Movement in temporary differences during year 2013

	Opening Balance	Recognized in Profit	Recognized in Equity	Closing Balance
Property, Plant & Equipment	**205,560**	**(666,721)**		**(461,161)**
	205,560	**(666,721)**		**(461,161)**

14. Cash and cash equivalents

	2014	**2013**
Cash on hand	**1,046,136,354**	**1,113,035,468**
Balances with Central Bank of Liberia	**1,973,567,159**	**1,605,712,680**
Cash and bank balances	**3,019,703,513**	**2,718,748,148**
Balances with foreign banks	**1,155,677,552**	**376,299,412**
Cash and cash equivalents	**4,175,381,065**	**3,095,047,560**
Mandatory reserve deposits	**(1,614,585,865)**	**(1,391,183,558)**
Cash and cash equivalents at 31 December	**2,560,795,200**	**1,703,864,002**

Included in balances with Central Bank of Liberia above is an amount of L$1,391,183,558 (2012:L$1,111,666,576) for the Bank mandatory primary reserve deposits representing 15% (USD) & 22% (LD) of the Bank's total deposits and is not available for use in the Bank's day to day operations. Cash in hand and balances with Central Bank of Liberia are non-interest-bearing.

NOTES (continued)
(All amount are expressed in Liberian Dollars unless otherwise stated)

15. Loans and advances

	2014	2013
Loans and advances	**4,834,453,344**	4,539,199,005
Specific allowances for impairment	**(488,957,865)**	(292,477,002)
Collective allowances for impairment	**(91,144,335)**	(57,219,795)
	4,254,351,144	4,189,502,208

Current

Non –current

16. Impairment allowance on loans and advances

Specific allowance for impairment		
Balance at beginning of year	**292,477,002**	245,969,162
Charge for the year	**196,480,863**	46,507,840
Recoveries	**-**	-
Balance at end of year	**488,957,865**	292,477,002
Collective allowance for impairment		
Balance at the beginning of the year	**57,219,795**	38,908,971
Charge for the year	**33,924,540**	18,310,824
Balance at end of year	**91,144,335**	57,219,795
Total allowances for impairment	**580,102,200**	349,696,797

16a. Impairment allowance on loans and advances

Specific allowance for impairment	**196,480,863**	46,507,840
Collective allowance for impairment	**33,924,540**	18,310,824
Charge for the year	**230,405,403**	64,818,664

17. Investment

Investment	-	288,001,560

Current

Non –current

The bank had an investment held by Standard Chartered Mauritius that was fully liquidated in 2014.

NOTES (continued)
(All amount are expressed in Liberian Dollars unless otherwise stated)

18. Property and equipment

	Land	Leasehold properties and improvements	Household furniture and equipments	Office furniture and fixtures	Office equipments	Other machinery and equipment	Vehicles	Total
Year ended December 31 2014								
Cost	**-**							
At January 1		81,721,714	10,648,944	27,304,150	111,890,760	42,685,143	29,921,941	304,172,652
Adjustment							-	0
Adjusted opening balance	-	81,721,714	10,648,944	27,304,150	111,890,760	42,685,143	29,921,941	304,172,652
Additions	89,831,315	12,445,136	164,003	3,216,445	23,560,859	9,421,755	8,290,990	146,930,502
Disposals		-	(402,597)		-	-		(402,597)
At December 31	**89,831,315**	**94,166,850**	**10,410,350**	**30,520,595**	**135,451,619**	**52,106,898**	**38,212,931**	**450,700,557**
Depreciation								
At January 1		45,105,713	10,343,244	9,744,060	63,338,818	20,374,184	16,415,608	165,321,627
Adjustments	-	-	-	-	-	-	-	-
Adjusted opening balance		45,105,713	10,343,244	9,744,060	63,338,818	20,374,184	16,415,608	165,321,627
Charge for the year		5,416,179	116,792	3,905,207	17,205,164	5,870,709	8,160,797	40,674,847
Disposal		-	(402,597)	-	-	-		(402,597)
At December 31	-	50,521,892	10,057,439	13,649,267	80,543,982	26,244,893	24,576,405	205,593,877
Net book value								
At December 31	**89,831,315**	**43,644,958**	**352,911**	**16,871,328**	**54,907,637**	**25,862,005**	**13,636,526**	**245,106,680**

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

18. Property and equipment (continued)

	Leasehold properties and improvements	Household furniture and equipments	Office furniture and fixtures	Office equipments	Other machinery and equipment	Vehicles	Total
Year ended December 31 2013							
Cost							
At January 1	64,095,224	10,961,834	27,322,401	99,710,035	38,735,256	20,756,596	261,581,346
Adjustment	(42,674)	(446,953)	(2,200,213)	(575,388)	(17,084)	-	(3,302,312)
Adjusted opening balance	64,052,550	10,514,881	25,122,188	98,114647	38,718,172	20,756,596	258,279,034
Additions	17,669,164	134,063	2,181,962	12,776,113	3,966,971	15,064,500	51,782,773
Disposals	-	-	-	-	-	(5,899,155)	(5,899,155)
At December 31	81,721,714	10,648,944	27,304,150	111,890,760	42,685,143	29,921,941	304,172,652
Depreciation							
At January 1	40,975,843	10,942,640	16,597,749	55,322,314	19,627,340	15,894,694	159,360,580
Adjustments	1,626,143	(808,342)	(8,959,295)	614,661	(4,494,875)	-	(12,021,708)
Adjusted opening balance	42,601,986	10,134,298	7,638,454	55,936,975	15,132,465	15,894,694	147,338,872
Charge for the year	2,503,727	208,946	2,105,606	7,401,843	5,241,719	6,420,069	23,881,910
Disposal	-	-	-	-	-	(5,899,155)	(5,899,155)
At December 31	45,105,713	10,343,244	9,744,060	63,338,818	20,374,184	16,415,608	165,321,627
Net book value							
At December 31	36,616,001	19,194	17,560,090	48,551,942	22,310,959	13,506,333	138,851,025

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

19. Intangible assets

	2014	2013
Cost		
At 1 January	**28,424,821**	27,424,302
Additions	**26,168,929**	1,000,519
At 31 December	**54,593,750**	28,424,821
Amortization		
At 1 January	**15,703,069**	13,082,460
Adjustments	-	(334,919)
Amortization for the period	**3,606,728**	2,955,528
At 31 December	**19,309,797**	15,703,069
Net book amounts		
At 31 December	**35,283,953**	12,721,752

20. Depreciation and amortisation

The depreciation and amortisation charge is realised as follows:

Property and equipment (Note 18)	40,674,847	23,881,910
Intangible assets (Note 19)	**3,606,728**	2,955,528
	44,281,575	26,837,438

21. Trade and other receivables

Staff and sundry debtors	**1,482,828**	1,400,025
Insurance company of Africa	**84,426,907**	100,008,975
Other receivables	**414,323,455**	339,510,105
	500,233,190	440,919,105
Provision for doubtful debts	**(27,020,515)**	(14,274,810)
	473,212,675	426,644,295

22. Other assets

Prepayments	**33,616,252**	38,051,063
Other	**1,978,185**	16,398,030
	35,594,437	54,449,258

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

23. Deposits from customers

	2014	2013
By type of deposit		
Demand deposits	**4,330,720,253**	3,509,823,570
Savings	**2,415,136,015**	1,981,989,653
Time deposits	**593,170,392**	831,748,500
	7,339,026,660	6,323,561,723
Current		
Non-current		
By type of customer		
Financial institutions	**-**	-
Individuals and other private enterprises	**6,993,508,410**	5,656,961,723
Public enterprises	**345,518,250**	666,600,000
	7,339,026,660	6,323,561,723

24. Other liabilities.

Accrued expenses and others	**42,811,957**	6,338,887
Deferred income	**106,774,156**	125,307,435
	149,586,113	131,646,322

25. Stated capital

At 1 January	**705,486,211**	705,486,211
Transfer from additional capital	**-**	-
At 31 December	**705,486,211**	705,486,211

The authorized shares of the company are 30,000,000 ordinary shares at US$1 par value.

	2014	2013
Issued and fully paid		
Issued for cash consideration (number of shares)		
Proceeds	**705,486,211**	705,486,211

26. Number of shareholders

The Bank's shareholders at 31December2013are as follows:

	Shareholding	Percentage (%)
Liberia Financial Holdings	**10,646,991**	**86.29%**
Trust Bank Limited	**1,537,062**	**12.46%**
Other shareholders	**153,934**	**1.25%**
Total	**12,337,987**	**100.00%**

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

27. Other reserves

Credit risk reserve

Credit risk reserve represents the amounts set aside in respect of the excess of Central Bank of Liberia's total provisions over the impairment charge in accordance with IFRS charged to the profit or loss. The movement is included in the statement of changes in equity.

28. Dividends

At the next Annual General Meeting on May 1, 2015, a dividend per share of L$2.73amounting to L$33,755,773 is to be proposed for the year ended 31 December 2014.

29. Contingencies

Claims and litigation

The bank has contingent liabilities in respect of legal claims arising in the ordinary course of business as at 31 December 2014. It is not anticipated that any material liabilities will arise from the contingent liabilities.

Contingent liabilities and commitments

In common with other banks, the Bank conducts business involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise acceptances, guarantees and letters of credit.

29.3 Nature of instruments

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.

Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Bank will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

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

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

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

29.4 Commitments for capital expenditure

The bank had no commitments for capital expenditure as at 31December 2014 (2013: NIL).

30. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both.

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 International Bank (Liberia) Limited (directly or indirectly) and comprise the Directors and Senior Management of the Bank. There were no material transactions with companies in which Directors or other members of key management personnel (or any connected persons) are related.

Remuneration of Executive Directors and Other Key Management Personnel are as follows:

	2014	2013
Salaries and other short-term benefits	**29,351,663**	26,328,923
Social security and provident fund contributions	**789,917**	790,715

Transaction with Related parties

The Bank had two consultancy contracts with a total value of four hundred fifty seven thousand ninety eight United States dollars (US$349,412) with persons who are related parties to the International Bank Liberia Limited. Each contract had a one year life span. The first Contract valued at $141,177 required the consultant to provide credit risk management advice and underwriting support to include developing credit risk management framework, credit analysis template, training for bank credit staff. This contract is with the Bank and Credit Solution Limited.

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

30. Related parties (continued)

c) Transaction with Related parties (continued)

The second contract valued at US$208,235 required the consultant to provide management advisory service designed to enhance the performance of the Bank and complement the work of the resident management and engage in the development of strategies considered beneficial to promote growth of the Bank and improve its international standing. The consultant, the Liberian Financial Holding Company registered in the Bahamas, is also the principal shareholder of International Bank.

31. Borrowings

	2014	2013
Non-current		
Bank borrowings	**162,324,998**	114,235,253
Current		
Bank borrowings	**603,750**	1,155,577
	162,928,748	115,390,830

2014

	Balance at 1 January	**Drawdown**	**Interest**	**Repayment**	**Balance at 31 December**
Central Bank of Liberia	**115,390,830**	**46,934,168**	**603,750**	**-**	**162,928,748**
	115,390,830	**46,934,168**	**603,750**		**162,928,748**

2013

	Balance at 1 January	**Drawdown**	**Interest**	**Repayment**	**Balance at 31 December**
Central Bank of Liberia	55,875,000	120,235,253	1,155,577	(61,875,000)	115,390,830
	55,875,000	120,235,253	1,155,577	(61,875,000)	115,390,830

The Bank entered into agreement with Central Bank of Liberia on January 8, 2013 for amounts of US$1,200,000 and LD$21,750,000 for a period of five (5) years at an interest rate of 2% per annum with a six (6) months moratorium after commencement date.

32. Comparative information
The comparative information have been reclassified, where applicable, to conform to the current year's presentation.

SUPPLEMENTARY DATA BRIEF

The financial statements for the year ended December 31, 2014 are presented on pages 8 to 54 in accordance with the requirement of law. The above mentioned financial statements are presented in this section (pages 56 to 90), denominated in equivalent US dollars. The United States dollar presentation is for the benefit of readers who may not be familiar with Liberian dollar values.

STATEMENT OF COMPREHENSIVE INCOME
(All amounts are expressed in US Dollars)

Year ended December 31

Revenue:	Note	**2014**	2013
Interest income and commission on loans & advances	7	**8,196,862**	5,735,116
Less: Interest expense	7	**(781,684)**	(727,651)
Net interest and commission on loans & advances		**7,415,178**	5,007,465
Net income on loans and advances		**7,415,178**	5,007,465
Fees and commission income	8	**2,526,637**	2,285,119
Other operating income	9	**2,203,040**	2,019,590
Total revenue		**12,144,854**	9,312,174
General and administrative expenses			
Loan Impairment/Bad Debt	16a	**2,789,074**	791,630
Personnel expenses	10	**2,361,468**	2,381,506
Occupancy & other property cost	11	**1,927,003**	1,871,749
Management fees		**208,235**	208,235
Consultancy		**374,995**	236,797
Professional services		**184,897**	273,885
License and taxes		**122,275**	59,942
Office expenses		**789,859**	611,263
Depreciation & Amortization	20	**536,032**	429,115
Other expenses	12	**1,505,491**	1,142,461
Total operating expenses		**10,799,329**	8,006,583
Profit before tax		**1,345,525**	1,305,591
Corporate Income Tax	13	**(326,469)**	(368,318)
Profit after tax		**1,019,055**	937,274
Loss/gain on investment			(187,879)
Total Comprehensive Income for the Year		**1,019,055**	**749,395**

The notes on pages 60 to 90 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31 2014
(All amounts are expressed in US Dollars)

Assets	Notes	**2014**	2013
Cash and short term funds	14	**50,610,680**	37,515,728
Loans and advances	15	**51,120,968**	50,331,182
Investment	17	**-**	3,490,928
Property, plant and equipment	18	**3,074,116**	1,878,393
Intangible Assets	19	**475,755**	201,909
Prepaid Staff Benefits		**78,641**	70,210
Trade and other receivable	21	**5,735,911**	5,171,446
Deferred Tax Asset	13d	**18,003**	8,091
Other current assets	22	**431,448**	659,990
Total assets		**111,545,522**	99,327,877
Liabilities and shareholders' equity			
Liabilities			
Deposits from Customer	23	**88,957,899**	76,649,233
Borrowings		**2,047,621**	1,471,404
Trade payables		**5,297,160**	7,281,014
Current income tax liabilities	13	**156,580**	72,231
Other liabilities	24	**1,813,165**	1,595,713
Total Liabilities		**98,272,425**	87,069,595
Equity:			
Share capital		**12,337,989**	12,337,989
Share premium		**1,009,328**	1,009,328
Statutory reserve		**442,113**	
AFS reserve			(9,072)
Retained earnings		**(516,333)**	(1,079,963)
Total shareholders' equity		**13,273,097**	12,258,282
Total liabilities and shareholders' equity		**111,545,522**	99,327,877

The financial statements were approved by the Board on …..05/01/2015…. and signed on its behalf by:

Mr. Estrada J. Bernard
Chairman

Mr. Henry F. Saamoi
Chief Executive Officer

The notes on pages 60 to 90 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
(All amounts are expressed in US Dollars)

For the year ended December 31 2014

	Stated Capital	**Share premium**	**Credit Risk Reserve**	**Statutory Reserve**	**Income Surplus**	**AFS reserve**	**Total**
Balance as at January 1 2014	**12,337,989**	**1,009,328**	**-**	**-**	**(1,079,963)**	**(9,072)**	**12,258,282**
Profit for the year	-	-	-	442,113	576,942	-	1,019,055
Loss on investment				-		9,072	9,072
Transactions with owners:							
Transfer from statutory credit risk reserve	-	-	-			-	-
Other adjustment				-	(13,312)		(13,312)
Balance at December 31 2014	**12,337,989**	**1,009,328**	**-**	**442,113**	**(516,333)**	**-**	**13,273,097**

For the year ended December 31 2013

	Stated Capital	Share premium	Credit Risk Reserve	Income Surplus	AFS reserve	Total
Balance as at January 1 2013	12,337,989	1,009,328	621,026	(2,387,938)	178,807	11,759,212
Profit for the year	-	-	-	937,274	-	937,274
Loss on investment					(187,879)	(187,879)
Transactions with owners:						
Dividend paid for 2012				(325,342)		(325,342)
Transfer from statutory credit risk reserve	-	-	(621,026)	621,026	-	-
Other adjustment				75,017		75,017
Balance at December 31 2013	12,337,989	1,009,328	-	(1,079,963)	(9,072)	12,258,282

The notes on pages 60 to 90 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
(All amounts are expressed in US Dollars)

For the year ended 31 December

	Note	**2014**	2013
Cash flows from operating activities			
Profit before tax		**1,345,525**	1,305,592
Adjustments for:			
Other comprehensive income		**9,072**	(187,879)
Depreciation and amortization	20	**536,032**	434,219
Impairment on loans and advances	16a	**2,789,074**	791,630
Prior year adjustments in property and equipment	18		(62,518)
Change in loans and advances		**(3,578,861)**	(15,335,614)
Change in mandatory reserve deposit		**3,519,146**	(1,941,132)
Change in prepaid staff benefit		**(8,431)**	(40,415)
Change in trade and other receivable		**(564,465)**	948,868
Change in other assets		**228,542**	(12,718)
Change in deposits from customers		**12,308,666**	8,823,328
Change in other liabilities		**217,452**	728,300
Change in trade and other payable		**(1,983,854)**	(601,509)
Income tax paid	13	**(252,032)**	(554,425)
Net cash used in operating activities		**14,565,866**	(5,704,273)
Cash flows from investing activities			
Purchase of property and equipment	18	**(1,688,095)**	(627,090)
Investment		**3,490,929**	6,687,879
Purchase of intangible assets	18	**(317,507)**	(12,127)
Net cash generated from/(used in) investing activities		**1,485,327**	6,048,662
Cash flows from financing activities			
Draw down on borrowings	31	**2,047,621**	1,471,404
Principal payment of borrowings	31	**(1,471,404)**	(750,000)
Other adjustments to equity		**(13,312)**	75,017
Dividend paid			(325,342)
Net cash generated from financing activities		**562,906**	471,079
Net increase in cash and cash equivalents		**16,614,098**	815,468
Cash and cash equivalents at 1 January	14	**20,652,897**	19,837,429
Cash and cash equivalents at 31 December	14	**37,266,995**	20,652,897

The notes on pages 60 to 90 are an integral part of these financial statements.

NOTES
(All amounts are expressed in US Dollars unless otherwise stated)

3. Financial risk management

3.1 Introduction

The Bank's business involves taking on risk 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 market, products and best market practice.

The Bank's aim is to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Bank's financial performance. The Bank defines risk as the possibility of losses or profits forgone, which may be caused by internal or external factors.

3.2 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established the Bank's Asset and Liability Committee (ALCO) and Management Credit Committee and the Risk Management Unit, which are responsible for developing and monitoring risk management policies in their specified areas.

All Board Committees have both executive and non-executive members and report regularly to the Board of Directors on their activities.

The Bank's risk management policies are established to identify and analyze the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

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

3.3 Credit Risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers and other banks and investment securities. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure.

NOTES (continued)
(All amounts are expressed in US Dollars unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Credit Risk (continued)

3.3.1 Management of credit risk

The Board of Directors has delegated responsibility for the management of credit risk to its Board Credit Committee. A separate Management Credit Committee reporting to the Board Credit Committee is responsible for oversight of the Bank's credit risk, including:

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

- *Establishing the authorization structure* for the approval and renewal of credit facilities. Authorisation limits are allocated to Local Credit Committee. Larger facilities require approval by the Management Credit Committee and the Board Credit Committee/Board of Directors as appropriate.

- *Reviewing and assessing credit risk*. Local Credit Committee and Management Credit Committee assess all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- *Developing and maintaining the Bank's risk grading* in order to categories exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The current risk grading framework consists of six grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for approving the risk grades lies with the Board Credit Committee. The Risk grades are subject to regular reviews by the Risk Management unit of the Bank.
- *Reviewing compliance* of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to the Risk Management unit of the Bank on the credit quality of local portfolios and appropriate corrective action is taken.
- *Providing advice, guidance and specialist skills* to business units to promote best practice throughout the Bank in the management of credit risk. Each business unit is required to implement Bank's credit policies and procedures, with credit approval authorities authorized by the Board Credit Committee. Each business unit with the responsibility of initiating credit has experienced credit managers who report on all credit related matters to Local Credit Committee and respond to issues at the Board's Credit Committee. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subject to central approval.

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

NOTES (continued)
(All amounts are expressed in US Dollars unless otherwise stated)

3. Financial risk management (continued)

3.3 Credit Risk (continued)

3.3.1 Management of control risk

	2014	**2013**
Carrying amount	**7,969,374**	10,379,326
Individually impaired		
Grade A1/A2	**5,744,066**	7,096,518
Grade B	**1,167,552**	361,604
Grade C1/C2	**2,192,401**	2,233,628
Grade C3	**4,289,798**	2,029,651
Grade C4	**891,002**	2,594,955
Gross amount	**14,284,819**	14,316,356
Allowance for impairment	**(6,315,445)**	(3,937,030)
Carrying amount	**43,151,594**	39,951,856
Collectively impaired		
Grade A1/A2	**41,448,437**	37,805,422
Grade B	**18,203**	0
Grade C1/C2	**1,391,947**	1,138,321
Grade C3	**1,182,206**	1,498,535
Grade C4	**273,843**	261,960
Gross amount	**44,314,635**	40,704,238
Allowance for impairment	**(1,163,041)**	(752,382)
Total carrying amount on balance sheet	**51,120,968**	50,331,182

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

Bonds and guarantees	**6,791,183**	13,817,436
Commitments:		
Clean line facilities for letters of credit		

NOTES (continued)
(All amounts are expressed in US Dollars unless otherwise stated)

3. Financial risk management (continued)

3.3 Credit Risk (continued)

3.3.2 Key ratios on loans and advances (continued)

The total loans loss provision made by the bank constitutes 12.76% (2013: 8.52%) of the gross loans. The twenty largest exposure (gross funded and non-funded) to total exposure is 33.92% (2012: 38.85%).

Impaired loans and securities

Impaired loans and securities are loans and securities for which the Bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan / securities agreement(s). These loans are graded 5 to 6 in the Bank's internal credit risk grading system.

Allowances for impairment

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

Write-off policy

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

Set out below is an analysis of the gross and net (of allowances for impairment) amounts of individually impaired assets by risk grade.

Risk grading

A risk rating is a grade given to a loan (or group of loans), reflecting its quality. The ratings are either stated in numbers or as a description from A to C

The bank's internal rating scale is as follows:

Description	Ratings	Characteristics of Credits
Minimum Risk (Low Risk)	A1	This rating is used for loans or commitments that are: Fully secured by cash collateral, CD's, or similar accounts. Fully secured by readily marketable securities. Strong financial condition as reflected in financial statement.

NOTES (continued)
(All amounts are expressed in US Dollars unless otherwise stated)

3. Financial risk management (continued)

3.3 Credit Risk (continued)

3.3.2 Key ratios on loans and advances (continued)

v. Risk grading (continued)

Description	Ratings	Characteristics of Credits
Satisfactory Risk (Low Risk)	A2	This rating is used for loans or commitments that are: • Sound primary and secondary repayment sources • Financial statements exhibiting generally positive or stable trends, and consistent earnings. • Good liquidity and debt service capacity. • Minimal vulnerability to economic or industry conditions. • Ample liquid collateral available if necessary. • Adequate capital per industry standards
Acceptable Risk (Medium Risk)	B1	This rating is used for loans or commitments that are: • Weakened financial condition or trends, including decreasing earnings or recent loss operations. • Failure to substantially achieve projected operations which were the basis for the credit's approval. • Partial shift from primary source of repayment to a secondary source. • Potentially affected by negative industry or economic trends. • High leverage; potential adverse impact from moderate interest rate increases.
Special Mention (Medium Risk)	C1	This rating is used for loans or commitments that are: • Term loan covenant violation • Erratic trend in profits and sales • Erosion of profit margin • Unrealistic repayment schedule • Over leveraged, etc.
Sub Standard (High Risk)	C2	This rating is used for loans or commitments that are: • No Principal and Interest payment for more than 90 days • Sustained losses experience have eroded equity base • Chronic trade slowness • Adverse comments or disclaimer in auditor's opinion • Deterioration of customer base, etc.

NOTES (continued)
(All amounts are expressed in US Dollars unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Credit Risk (continued)

3.3.3 Key ratios on loans and advances (continued)

v. Risk grading (continued)

Doubtful Risk (High Risk)	C3	This rating is used for loans or commitments that are: No Principal and Interest payment for more than 180 days Same circumstances as under C2 (SUBSTANDARD), but more pronounced Auditor's qualification as to borrower's continued viability Inability to meet and to refund short term obligations Negative working capital and net worth Product obsolete
Loss (High Risk)	C4	This rating is used for loans or commitments that are: No Principal and Interest payment for more than 360 days Obsolete collateral Fire, sabotage, or other significant damage not covered by insurance or other resources Disappearance of debtor Junior position to other creditors with little or no residual asset value available to cover outstanding obligation Build-up of claims and litigation that will inordinately delay and limit the amount of recovery Liquidation or reorganization under bankruptcy faring poorly Fraudulently overstated assets and earnings Insolvency with no prospect of successful organization

Loans and advances to customers

vi. Credit collateral

The Bank holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of force sale value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired.

There were no repossessed collateral as at 31 December 2014 (31 December 2013: Nil)

vii. Credit concentration

The Bank monitors concentrations of credit risk by product, by industry and by customer. An analysis of concentrations of credit risk in respect of loans and advances at the reporting date is shown below:

NOTES (continued)
(All amounts are expressed in US Dollars unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Credit Risk (continued)

3.3.2 Key ratios on loans and advances (continued)

vii. Credit concentration (continued)

	2014	2013
Carrying amount	**51,120,968**	50,331,182
Concentration by product		
Overdraft	**34,025,156**	31,936,324
Term loan	**24,574,298**	23,084,270
Gross	**58,599,454**	55,020,594
Less: Impairment	**(7,478,486)**	(4,689,412)
Net	**51,120,968**	50,331,182
Concentration by industry		
Agriculture	**5,348,192**	5,327,757
Mining and Quarrying	**639,621**	537,391
Manufacturing	**418,440**	446,752
Construction	**8,303,342**	9,212,030
Transportation, Storage and Communications	**1,517,524**	404,279
Trade, Hotel and Restaurant	**25,502,995**	22,898,685
Services	**6,825,391**	4,820,147
Personal	**7,580,536**	8,407,253
Miscellaneous	**2,463,413**	2,966,300
Gross	**58,599,454**	55,020,594
Less: Impairment	**(7,478,486)**	(4,689,412)
Net	**51,120,968**	50,331,182
Concentration by customer		
Individuals	**7,456,793**	8,407,253
Private enterprise	**51,142,661**	46,613,341
Gross	**58,599,454**	55,020,594
Less: Impairment	**(7,478,487)**	(4,689,412)
Net	**51,120,968**	50,331,182

Concentration by industry for loans and advances are measured based on the industry in which customer operates. Where the nature of business operation of a client cannot be clearly identified, it is classified as miscellaneous.

NOTES (continued)
(All amounts are expressed in US Dollars unless otherwise stated)

3. Financial risk management (continued)

3.3 Credit Risk (continued)

3.3.2 Key ratios on loans and advances (continued)

vii. Credit concentration (continued)

An analysis of credit in respect of Bonds, Guarantees and Letters of Credit to Customers at the reporting date is shown below:

	2014	2013
Carrying amount		
Concentration by product		
Bonds and Guarantees	**6,791,183**	**13,817,436**
Letters of Credit		
Less: Impairment		

3.4 Liquidity risk

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

i. Management of liquidity risk

The Bank's approach to managing liquidity is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Bank's reputation.
The Bank maintains liquidity limit imposed by its local regulator, Central Bank of Liberia and the overall liquidity has always been within the regulatory limit of Central Bank of Liberia. Treasury monitors compliance of all branches to ensure that the Bank maintains optimum liquid assets.
The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by ALCO. Daily reports on the liquidity position of the bank is submitted to senior management and summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO on monthly basis.

ii. Exposure to liquidity risk

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose net liquid assets are considered as including cash and cash equivalents and investment for which there is an active and liquid market less any deposits from banks. The Bank also uses gap analysis to determine the liquidity position of the bank and where necessary, recommend remedial action.

NOTES (continued)
(All amounts are expressed in US Dollars unless otherwise stated)

3. **FINANCIAL RISK MANAGEMENT (continued)**

3.4 Liquidity risk (continued)

iii Assets used in managing liquidity risk (continued)

The Bank holds a diversified portfolio of cash and high-quality highly-liquid securities to support payment obligations and contingent funding in a stressed market environment. The Bank's assets held for managing liquidity risk comprise cash and balances with central banks, due from other banks and investments securities.
Government bonds and other securities that is readily acceptable in repurchase agreements with the central bank.
The table below shows the undiscounted cash flows on the Bank's financial liabilities and on the basis of their earliest possible contractual maturity.

31 December 2014	**Total**	**0 to 3 months**	**3 to 6 months**	**6 to 12 months**	**Over 12 months**
Non-derivative liabilities					
Deposits from customers	**90,737,057**	6,481,218	12,962,437	25,924,873	45,368,529
Trade payables	**5,297,160**	378,369	756,737	1,513,474	2,648,580
Borrowings	**2,088,573**	149,184	298,367	596,735	1,044,287
Other liabilities	**1,813,165**	129,512	259,023	518,047	906,583
	99,935,955	**7,138,283**	**14,276,564**	**28,553,129**	**49,967,979**
Non-derivative assets					
Cash and cash equivalents	**50,610,680**	50,610,680			
Trade and other receivables	**5,735,911**	409,708	819,416	1,638,831	2,867,956
Loans and advances	**51,120,968**	3,651,498	7,302,995	14,605,991	25,560,484
	107,467,559	54,671,886	8,122,411	16,244,822	28,428,440
Liquidity gap	**(7,531,604)**	**(47,533,603)**	**6,154,153**	**12,308,307**	**21,539,539**

NOTES (continued)
(All amounts are expressed in US Dollars unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (continued)

3.4 Liquidity risk (continued)

iii Assets used in managing liquidity risk (continued)

The table below shows the undiscounted cash flows on the Bank's financial liabilities and on the basis of their earliest possible contractual maturity.

31 December 2013	Total	0 to 3 months	3 to 6 months	6 to 12 months	Over 12 months
Non-derivative liabilities					
Deposits from customers	76,649,233	5,584,	11,168,888	22,337,777	39,019,109
Trade payables	7,281,014	520,072	1,040,145	2,080,290	3,640,507
Borrowings	1,500,832	107,202	214,405	428,809	750,416
Other liabilities	1,595,713	113,979	227,959	455,918	797,857
	88,559,777	6,875,873	13,751,747	27,503,493	48,131,115
Non-derivative liabilities					
Cash and cash equivalents	37,515,728	37,515,728	-	-	-
Trade and other receivables	5,171,446	369,389	738,778	1,477,556	2,585,723
Investment	3,490,928	249,352	498,704	997,408	1,745,464
Loans and advances	51,331,182	3,643,792	7,287,584	14,575,168	25,506,545
	96,509,284	41,778,261	8,525,066	17,050,132	29,837,732
Liquidity gap	(928,963)	(34,902,388)	5,226,681	10,453,361	18,293,383

NOTES (continued)
(All amounts are expressed in US Dollars unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (continued)

3.5 Market risks

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

3.5.1 Management of market risks

The Bank separates its exposure to market risk between trading and non-trading portfolios. With the exception of translation risk arising on the Bank's net investment in its foreign operations, all foreign exchange risk within the Bank are monitored by the Treasury Group. Accordingly, the foreign exchange position is treated as part of the Bank's trading portfolios for risk management purposes.

Overall authority for market risk is vested in the ALCO. The Risk Management unit is responsible for the development of detailed risk management policies (subject to review and approval by ALCO) and for the day-to-day review of their implementation.

NOTES (continued)
(All amounts are expressed in US Dollars unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (continued)

3.5.1 Management of market risks (continued)
3.5.1.1 Exposure to interest rate risk – non-trading portfolios

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

	Total	**Less than 3 months**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**
31 December 2014					
Cash and cash equivalents	**50,610,680**	50,610,680	-	-	-
Loans and advances	**51,120,968**	3,651,498	7,302,995	14,605,991	25,560,484
Total financial assets	**101,731,648**	**54,262,178**	**7,302,995**	**14,605,991**	**25,560,484**
Deposits from customers	**88,957,899**	6,481,218	12,962,437	25,924,873	43,589,371
Total financial liabilities	**91,005,520**	6,630,402	13,260,804	26,521,608	44,592,706
Total interest reprising gap	**10,726,128**	**47,631,776**	**(5,957,809)**	**(11,915,617)**	**(19,032,222)**
31 December 2013					
Cash and cash equivalents	37,515,728	37,515,728	-	-	-
Investment	3,490,928	249,352	498,704	997,408	1,745,464
Loans and advances	50,331,182	3,595,084	7,190,169	14,380,338	25,165,591
Total financial assets	91,337,838	41,360,164	7,688,873	15,377,746	26,911,055
Deposits from customers	76,649,233	5,584,444	11,168,888	22,337,777	37,558,124
Borrowings	1,471,404	107,202	214,405	428,809	720,988
Total financial liabilities	78,120,637	5,691,646	11,383,293	22,766,586	38,279,112
Total interest reprising gap	13,217,201	35,668,518	(3,694,420)	(7,388,840)	(11,368,057)

NOTES (continued)
(All amounts are expressed in US Dollars unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (continued)

3.5.1.1 Exposure to interest rate risk – non-trading portfolios (continued)

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for reprising bands. The ALCO is the monitoring body for compliance with these limits and is assisted by Risk Management in its day-to-day monitoring activities. Standard scenarios that are considered on a regular basis include a 100 basis point (bp) parallel fall or rise in prime rates.

Sensitivity analysis

An increase of a 100 basis points in interest rates at the reporting date would have impacted equity and profit by the amounts shown below:
Sensitivity Analysis of Interest rate risks - Increase / decrease of 100 basis points in net interest margin

	2014	2013
Interest income impact	**81,968**	57,351
Interest expense impact	**(7,817)**	(7,276)
Net impact on profit	**74,151**	50,075

A decrease of a 100 basis points in interest rates at the reporting date would have had the equal but opposite effect on the amount shown above, on the basis that all other variables remain constant.

Assuming no management actions, a series of such rises would increase net interest income for 2014 by US$74,151 (2013: US$50,075) while a series of such falls would decrease net interest income for 2014 by US$74,151 (2013: US$50,075).

The Bank monitors live interest and exchange rates to facilitate trading by the Treasury department. This will help the Bank to know what is happening at any moment in time on the markets and where opportunities are present to make gains from high interest rates. The bank does not hedge its interest rate risk and foreign currency risk.

3.5.2 Foreign exchange risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarizes the Bank's exposure to foreign exchange risk at 31 December 2013. Included in the table are the Bank's financial instruments at carrying amounts, categorized by currency:

NOTES (continued)
(All amounts are expressed in US Dollars unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (continued)

3.5.2 Foreign exchange risk (continued)

At 31 December 2014	**US$**	**GBP**	**EUR**	**ZAR**	**L$**	**Total**
Assets						
Cash and cash equivalents	40,217,049	50,282	3,462,218	792	6,880,339	50,610,680
Loans and advances	47,551,665	-	-	-	3,569,303	51,120,968
	87,768,714	**50,282**	3,462,218	792	**10,449,642**	**101,731,648**
Liabilities						
Deposits from customers	78,629,220	-	-		10,328,679	88,957,899
Borrowings	1,206,000	-	-		841,621	2,047,621
Total financial liabilities	**79,835,220**	**-**	**-**		**11,170,300**	**91,005,520**
Net on-balance sheet financial position	**7,933,494**	**50,282**	**3,462,218**	**792**	**(720,658)**	**10,726,128**
Credit commitments	**-**	**-**	**-**		**-**	**-**

At 31 December 2013	US$	GBP	EUR	L$	Total
Assets					
Cash and cash equivalents	29,740,119	14,892	298,137	7,462,580	37,515,728
Loans and advances	49,962,481	-	-	3,686,701	50,331,182
	79,702,600	14,892	298,137	11,149,281	87,846,910
Liabilities					
Deposits from customers	66,954,088	-	-	9,695,145	76,649,233
Borrowings	1,200,000	-	-	271,404	1,471,404
Total financial liabilities	68,154,088	-	-	9,966,549	78,120,637
Net on-balance sheet financial position	11,548,512	14,892	298,137	1,182,732	9,726,273
Credit commitments	-	-	-	-	-

NOTES (continued)
(All amounts are expressed in US Dollars unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (continued)

3.5.2 Foreign exchange risk (continued)

3.5.2.1 Sensitivity analysis

Along with the Liberian dollar, the United States dollar is legal tender and is also an official functional currency of Liberia. The two currencies circulate freely in the Liberian economy at market determined rates of exchange. In view of the dual currencies regime of Liberia, the Bank maintains a dual currency book of accounts- one in actual Liberian dollar and other in United States dollars.

About 80% of the bank's transactions are in US dollars. As a result, the bank is not significantly exposed to other foreign currencies.

3.5.3 Exposure to other market risks – Non-trading portfolios

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

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

3.6 Capital management

3.6.1 Regulatory capital

The Central Bank of Liberia's Prudential Regulations and the Financial Institutions Act regarding capital adequacy require that all bank financial institutions operating in Liberia maintain a minimum adjusted net capital balance of US$10million.

Accordingly, a banking institution would be out of compliance with the capital adequacy regulation if the overall net adjusted capital balance falls below the stipulated threshold. The net capital balance of International Bank (Liberia) Limited as at December 31, 2014 is US$13,273,097 (2013: US$12,258,282).

NOTES (continued)
(All amounts are expressed in US Dollars unless otherwise stated)

4. USE OF ESTIMATES AND JUDGEMENTS

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgments are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.
Accounting policies and directors' judgments for certain items are especially critical for the Bank's results and financial situation due to their materiality.

4.1 Key sources of estimation uncertainty

4.1.1 Allowances for credit losses

Assets accounted for at amortized cost are evaluated for impairment on a basis described in accounting policy 2.8.8.

The specific counterparty component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received.

In estimating these cash flows, management makes judgments about counterparty's financial situation and the net realizable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of claims with similar economic characteristics when there is objective evidence to suggest that they contain impaired claims, and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well these estimated future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances. Were the net present value of estimated cash flows to differ by +/-1%, the impairment loss is to be estimated at U$87,024 higher or lower.

Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation models as described in Note 2.8.7.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

4.2Critical Accounting Judgments in applying the Bank's Accounting Policies

Critical accounting judgments made in applying the Bank's accounting policies include:

4.2.1 Financial asset and liability classification

The Bank's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:
Details of the Bank's classification of financial assets and liabilities are given in Note 2.8.9 and Note 6.

NOTES (continued)
(All amounts are expressed in US Dollars unless otherwise stated)

4. USE OF ESTIMATES AND JUDGEMENTS (continued)

4.2Critical Accounting Judgments in applying the Bank's Accounting Policies (continued)

4.2.2 Determination of impairment of property and equipment, and intangible assets, excluding goodwill

Management is required to make judgments concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists.

The Bank applies the impairment assessment to its separate cash generating units. This requires management to make significant judgments and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realizable values. Management's judgment is also required when assessing whether a previously recognized impairment loss should be reversed.

5. SEGMENT REPORTING

The Bank's current operation is concentrated in Liberia and as such does not lend itself to segmental reporting and hence management has not provided information on segmental reporting.

The chief operating decision maker considers the operation in Liberia as an operating segment.

NOTES (continued)
(All amounts are expressed in US Dollars unless otherwise stated)

6. FINANCIAL ASSETS AND LIABILITIES

6.1 Accounting Classification, Measurement Basis and Fair Values

The table below sets out the Bank's classification of each class of financial assets and liabilities, and their fair values.

	Loans and receivables	Available-for-sale	Total	Fair value
31 December 2014				
Cash and bank balances	**50,610,680**	**-**	**50,610,680**	**50,610,680**
Investment	**-**	**-**	**-**	**-**
Loans and advances	**51,120,968**	**-**	**51,120,968**	**51,120,968**
Total Financial assets	**101,731,648**	**-**	**101,731,648**	**101,731,648**
Deposits from customers	**88,957,899**	**-**	**88,957,899**	**88,957,899**
Borrowings	**2,047,621**	**-**	**2,047,621**	**2,047,621**
Total financial liabilities	**91,005,520**	**-**	**91,005,520**	**91,005,520**
31 December 2013				
Cash and bank balances	37,515,728	-	37,515,728	37,515,728
Investment	-	3,490,928	3,490,928	3,456,019
Loans and advances	50,331,182	-	50,331,182	49,827,870
Total Financial assets	87,846,910	3,490,928	91,337,838	90,799,617
Deposits from customers	76,649,233	-	76,649,233	75,882,741
Borrowings	1,471,404	-	1,471,404	1,456,690
Total financial liabilities	78,120,637	-	78,120,637	77,339,431

NOTES (continued)
(All amount are expressed in US Dollars unless otherwise stated)

7. Net interest income

	2014	2013
Interest income and commission on loans and advances	**8,196,862**	5,735,116
Total interest income	**8,196,862**	5,735,116
Interest expense		
Saving accounts	**394,858**	401,500
Deposits from customers	**353,846**	242,599
Borrowings	**32,980**	83,552
Total interest expense	**781,684**	727,651
Net interest income	**7,415,178**	5,007,465

8. Fee and commission income

Fees from transfers	**2,526,637**	2,201,001
Other fees	**-**	84,118
	2,526,637	2,285,119

9. Other operating income

Fees income on customer deposits	**1,228,630**	60,514
Commission on moneygram	**696,037**	766,450
Currency trading income	**167,416**	38,500
Donation receipt of vehicle	**-**	26,250
Miscellaneous	**110,957**	1,127,876
	2,203,040	2,019,590

10. Personnel expenses

Staff costs	**1,994,146**	2,046,869
Social security contributions	**35,657**	37,746
Provident fund contributions	**67,025**	64,017
Other staff related expenses	**264,640**	232,874
	2,361,468	2,381,506

The average number of persons employed by the bank during the year ended 31 December 2014 was 206 (2013: 192).

NOTES (continued)
(All amounts are expressed in US Dollars unless otherwise stated)

11. Occupancy and other property cost

	2014	2013
Utilities	**434,996**	449,682
Lease and rental expenses	**368,452**	327,914
Repairs and maintenance-Building and others	**225,787**	214,417
Guard service	**288,091**	269,658
Repairs and maintenance-Vehicles	**46,356**	64,125
Insurance	**360,683**	342,266
Software maintenance	**202,638**	198583
	1,927,003	**1,866,645**

12. Other expenses include:

Scholarship and donation	**89,494**	172,662
Foreign travels	**226,160**	263,541
Local transportation	**44,645**	46,201
Board of directors expenses	**103,698**	136,134
Penalties		47,201
Miscellaneous expenses	**854,181**	344,738
Money gram	**187,313**	131,980
	1,505,491	1,142,457

13. Income tax expense

Current income tax	**336,381**	379,264

(a) Current income tax

31 December 2014	**Balance at January 1**	**Payments during year**	**Charge for the year**	**Balance at December 31**
Year of assessment				
Up to 2013	72,231			72,231
2014		(252,032)	336,381	84,349
	72,231	**(252,032)**	**336,381**	**156,580**

31 December 2013	Balance at January 1	Payments during year	Charge for the year	Balance at December 31
Year of assessment				
Up to 2012	247,392	(52,866)	52,866	247,392
2013	-	(501,559)	326,398	(175,161)
	449,014	(554,425)	379,264	72,231

NOTES (continued)
(All amount are expressed in US Dollars unless otherwise stated)

Income tax expense (continued)
Recognized in the income statement

		2014	2013
(b)	Current tax expense:		
	Current year	**336,381**	379,264
	Deferred tax expense		
	Origination and reversal of temporary difference	**(9,912)**	(10,946)
	Total tax expense	**326,469**	368,318

Reconciliation of effective tax rate

Profit before income tax	**1,345,525**	1,305,592
Income tax on loss before tax	**336,381**	379,264
Tax impact of permanent difference:		
Non deductible expenses	**(9,912)**	(10,946)
Tax incentives		
Total income tax expense in Income statement	**326,469**	368,318

(c) Deferred tax account

In US Dollars

Balance brought forward	(8,091)	2,855
Charge for the period	(9,912)	(10,946)
Balance at 31 December	(18,003)	(8,091)

NOTES (continued)
(All amount are expressed in US Dollars unless otherwise stated)

Income tax expense (continued)

Deferred tax assets and liabilities are attributable to the following:

	2014			2013		
	Asset	**Liabilities**	**Net**	Asset	Liabilities	Net
	18,003		**18,003**	8,091		8,091

Movement in temporary differences during year 2014

	Opening Balance	Recognized in PL	Recognized in Equity	Closing Balance
Property, Plant & Equipment	**(8,091)**	**(9,912)**		**(18,003)**

Movement in temporary differences during year 2013

	Opening Balance	Recognized in PL	Recognized in Equity	Closing Balance
Property, Plant & Equipment	2,855	(10,946)		(8,091)

14. Cash and cash equivalents

	2014	2013
14. Cash on hand	**12,680,441**	13,491,339
Balances with Central Bank of Liberia	**14,008,213**	19,463,184
Cash and bank balances	**26,688,654**	32,954,523
Balances with foreign banks	**23,922,026**	4,561,205
Cash and cash equivalents	**50,610,680**	37,515,728
Mandatory reserve deposits	**(13,343,685)**	(16,862,831)
	37,266,995	20,652,897

Included in balances with Central Bank of Liberia above is an amount of US$19,570,738 (2013:US$$16,862,831) for the Bank mandatory primary reserve deposits representing 15% (USD) & 22% (LD) of the Bank's total deposits and is not available for use in the Bank's day to day operations. Cash in hand and balances with Central Bank of Liberia are non-interest-bearing.

NOTES (continued)
(All amounts are expressed in US Dollars unless otherwise stated)

15. Loans and advances

	2014	2013
Loans and advances	**58,599,454**	55,020,594
Specific allowances for impairment	**(6,315,445)**	(3,937,030)
Collective allowances for impairment	**(1,163,041)**	(752,382)
	51,120,968	50,331,182
Current		
Non –current		

16. Impairment allowance on loans and advances

Specific allowance for impairment		
Balance at beginning of year	**3,937,030**	3,369,030
Charge for the year	**2,378,415**	568,000
Recoveries		-
Balance at end of year	**6,315,445**	3,937,030
Collective allowance for impairment		
Balance at the beginning of the year	**752,382**	528,752
Charge for the year	**410,659**	223,630
Balance at end of year	**1,163,041**	752,382
Total allowances for impairment	**7,478,486**	4,689,412

16a. Impairment allowance on loans and advances

Specific allowance for impairment	**2,378,415**	568,000
Collective allowance for impairment	**410,659**	223,630
Charge for the year	**2,789,074**	791,630

NOTES (continued)
(All amount are expressed in US Dollars unless otherwise stated)

17. Investment

	2014	2013
Investment	**-**	3,490,928

Current

Non –current

The bank had an investment held by Standard Chartered Mauritius that was fully liquidated in 2014.

NOTES (continued)
(All amount are expressed in US Dollars unless otherwise stated)

18. Property and equipment

	Land	Leasehold properties and improvements	Household furniture and equipment	Office furniture and fixtures	Office equipment	Other machinery and equipment	Vehicles	Total
Year ended December 31 2014								
Cost								
At 1 January	-	1,760,891	182,428	410,861	1,735,876	739,314	434,574	5,263,944
Adjustment	-							0
Adjusted opening balance		1,760,891	182,428	410,861	1,735,876	739,314	434,574	5,263,944
Additions	1,011,500	146,672	1,970	38,209	279,190	110,962	99,591	1,688,095
Disposal		-	(4,836)	-	-	-	-	(4,836)
At 31 December	**1,011,500**	**1,907,563**	**179,562**	**449,070**	**2,015,066**	**850,276**	**534,165**	**6,947,203**
Depreciation								
At 1 January	-	1,297,943	178,761	149,763	1,077,543	354,093	327,448	3,385,551
Adjustment	-							
Adjusted opening balance	-	1,297,943	178,761	149,763	1,077,543	354,093	327,448	3,385,551
Charge for the year	-	65,563	1,414	47,273	208,270	71,065	98,787	492,372
Released on Disposal	-	-	(4,836)	-	-	-	-	(4,836)
At 31 December	**-**	**1,363,506**	**175,339**	**197,036**	**1,285,813**	**425,158**	**426,235**	**3,873,087**
Net Book Value at December 31	**1,011,500**	**544,057**	**4,223**	**252,034**	**729,253**	**425,117**	**107,930**	**3,074,116**

NOTES (continued)
(All amount are expressed in US Dollars unless otherwise stated)

18. Property and equipment (continued)

	Leasehold properties and improvements	Household furniture and equipment	Office furniture and fixtures	Office equipment	Other machinery and equipment	Vehicles	Total
Year ended December 31 2013							
Cost							
At 1 January	1,547,049	188,488	418,850	1,590,505	691,534	352,021	4,788,447
Adjustment	(330)	(7,685)	(33,729)	(9,497)	(305)	(100,047)	(151,593)
Adjusted opening balance	1,546,719	180,803	385,121	1,581,008	691,229	251,974	4,636,854
Additions	214,172	1,625	25,740	154,868	48,085	182,600	627,090
Disposal	-	-	-	-	-	-	-
At 31 December	1,760,891	182,428	410,861	1,735,876	739,314	434,574	5,263,944
Depreciation							
At 1 January	1,199,761	183,020	256,025	946,769	399,816	275,380	3,260,771
Adjustment	47,612	(7,685)	(138,200)	9,497	(78,509)	(42,037)	(209,322)
Adjusted opening balance	1,247,373	175,335	117,825	956,266	264,307	233,343	2,993,449
Charge for the year	50,570	3,426	31,938	122,277	89,786	94,105	392,102
Released on Disposal	-	-	-	-	-	-	-
At 31 December	1,297,943	178,761	149,763	1,078,543	354,093	327,448	3,385,551
Net Book Value at December 31	462,948	3,667	261,098	658,333	385,221	107,216	1,878,393

NOTES (continued)
(All amount are expressed in US Dollars unless otherwise stated)

19. Intangible assets

Cost	**2014**	2013
At 1 January	**426,215**	414,088
Additions	**317,507**	12,127
At 31 December 2013	**743,722**	426,215
Amortisation		
At 1 January	**224,307**	186,979
Adjustments		(4,789)
Amortisation for the period	**43,660**	42,117
At 31 December	**267,967**	224,307
Net book amounts		
At 31 December	**475,755**	201,908

20. Depreciation and amortisation

The depreciation and amortisation charge is realised as follows:

Property and equipment (Note 18)	**492,372**	392,102
Intangible assets (Note 19)	**43,660**	42,117
	536,032	434,219

21. Trade and other receivables

Staff and sundry debtors	**17,974**	16,970
Insurance company of Africa	**1,023,356**	1,212,230
Other receivables	**4,711,258**	4,115,274
	5,752,588	5,344,474
Provision for doubtful debts	**(16,677)**	(173,028)
	5,735,911	5,171,446

22. Other assets

Prepayments	**407,470**	**461,225**
Due from GoL-Prepaid taxes	**-**	**-**
Other	**23,978**	**198,766**
	431,448	**659,991**

NOTES (continued)
(All amount are expressed in US Dollars unless otherwise stated)

23. Deposits from customers

	2014	2013
By type of deposit		
Demand deposits	**52,493,579**	42,543,316
Savings	**29,274,376**	24,024,117
Time deposits	**7,189,944**	10,081,800
	88,957,899	76,649,233
Current		
Non-current		

The twenty largest depositors to total deposit constitute 21.65% (2013: 19.73 %).

By type of customer		
Financial institutions	-	-
Individuals and other private enterprises	**84,769,799**	68,569,233
Public enterprises	**4,188,100**	8,080,000
	88,957,899	76,649,233

24. Other liabilities

Accrued expenses and others	**236,650**	76,835
Deferred income	**1,576,515**	1,518,878
	1,813,165	1,595,713

25. Stated capital

At 1 January	**12,337,989**	12,337,989
Transfer from additional capital	**-**	-
At 31 December	**12,337,989**	12,337,989

The authorized shares of the company are 30,000,000 ordinary shares at US$1 par value.

	2014	2013
Issued and fully paid		
Issued for cash consideration (number of shares)	**12,337,989**	12,337,989
Proceeds	**12,337,989**	12,337,989

26. Number of shareholders
The Bank's shareholders at 31 December 2013 are as follows:

	Shareholding	Percentage (%)
Liberia Financial Holdings	**10,646,991**	**86.29%**
Trust Bank Limited	**1,537,062**	**12.46%**
Other shareholders	**153,934**	**1.25%**
Total	**12,337,987**	**100.00%**

NOTES (continued)
(All amount are expressed in US Dollars unless otherwise stated)

27. Other reserves

Credit Risk Reserve

Credit risk reserve represents the amounts set aside in respect of the excess of Central Bank of Liberia's total provisions over the impairment charge in accordance with IFRS charged to the profit or loss. The movement is included in the statement of changes in equity.

28. Dividends

At the next Annual General Meeting on May 1, 2015, a dividend per share of US$0.033 amounting to US$407,622 is to be proposed for the year ended 31 December 2014.

29. Contingencies

Claims and Litigation

The bank has contingent liabilities in respect of legal claims arising in the ordinary course of business as at 31 December 2014. It is not anticipated that any material liabilities will arise from the contingent liabilities.

Contingent liabilities and commitments

In common with other banks, the Bank conducts business involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise acceptances, guarantees and letters of credit.

29.3 Nature of instruments

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.

Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Bank will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

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

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

NOTES (continued)
(All amount are expressed in US Dollars unless otherwise stated)

29.4 Commitments for capital expenditure

The Bank had no commitments for capital expenditure as at 31 December 2014 (2013: NIL).

30. Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both.

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 International Bank (Liberia) Limited (directly or indirectly) and comprise the Directors and Senior Management of the Bank. There were no material transactions with companies in which Directors or other members of key management personnel (or any connected person) are related.

Remuneration of Executive Directors and Other Key Management Personnel are as follows:

	2014	2013
Salaries and other short-term benefits	**355,304**	321,555
Social security and provident fund contributions	**9,562**	9,657

Transaction with Related parties

The Bank had two consultancy contracts with a total value of four hundred fifty seven thousand ninety eight United States dollars (US$349,412) with persons who are related parties to the International Bank Liberia Limited. Each contract had a one year life span. The first Contract valued at $141,177 required the consultant to provide credit risk management advice and underwriting support to include developing credit risk management framework, credit analysis template, training for bank credit staff. This contract is with the Bank and Credit Solution Limited, whose Vice President is an alternate Director on the Bank's Board of Directors.

NOTES (continued)
(All amount are expressed in US Dollars unless otherwise stated)

30. Related parties (continued)

c) Transaction with Related parties (continued)

The second contract valued at US$208,235 required the consultant to provide management advisory service designed to enhance the performance of the Bank and complement the work of the resident management and engage in the development of strategies considered beneficial to promote growth of the Bank and improve its international standing. The consultant, the Liberian Financial Holding Company registered in the Bahamas, is also the principal shareholder of International Bank.

31 Borrowings

	2014	2013
Non-current		
Bank borrowings	**2,040,303**	1,457,397
Current		
Bank borrowings	**7,318**	14,007
	2,047,621	1,457,397

2014

	Balance at 1 January	Drawdown	Interest	Repayment	Balance at 31 December
Central Bank of Liberia	**1,471,404**	**568,899**	**7,318**	**-**	**2,047,621**
	1,471,404	**568,899**	**7,318**	**-**	**2,047,621**

2013

External debt	Balance at 1 January	Drawdown	Interest	Repayment	Balance at 31 December
Central Bank of Liberia	750,000	1,457,397	14,007	750,000	1,457,397
	750,000	750,000	14,007	750,000	1,457,397

The Bank entered into agreement with Central Bank of Liberia on January 8, 2013 for amounts of US$1,200,000 and LD$21,750,000 for a period of five (5) years at an interest rate of 2% per annum with a six (6) months moratorium after commencement date.

32. Comparative information

The comparative information have been reclassified, where applicable, to conform to the current year's presentation.