INTERNATIONAL BANK (LIBERIA) LIMITED

Independent Auditor's Report and Financial Statements
For the year ended December 31, 2019

International Bank (Liberia) Limited

I Be Liberia Building Liberia Together

IBLL VISION:

To be the Bank of choice in the Banking Industry of 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 Service
Integrity
Team Work

International Bank (Liberia) Limited 64 Broad Street, Monrovia, Liberia 231 555 766336 www.ibliberia.com
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CORPORATE INFORMATION

Board of Directors	Estrada J. Bernard (Chairman) Stephen D. Cashin Pa Macoumba Njie Henry Saamoi Miata Beysolow Frankie Hayford O. Natty B. Davis Ibrahim Salla
Registered Office	International Bank (Liberia) Ltd 64 Broad Street P. O. Box 10-292 1000 Monrovia 10 Liberia, West Africa
Corporate Secretary	Gerald Woels
Auditors	Baker Tilly Liberia King Plaza 2nd – 4th Floors Broad Street P. O. Box 10-0011 1000 Monrovia 10 Liberia Tel.: +231 (0) 886 490 120 Fax: + 1 905 469 0986 Email: info@bakertillyliberia.com Website: www.bakertillyliberia.com
Retained Counsel	Heritage Partners & Associates Inc. Heritage House, 1 Heritage Drive Old road junction, 1000 Monrovia, Liberia Tel: +231 (0) 777-936-282 Email: info@hpaliberia.com

REPORT 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 financial 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 10-14 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 Auditor's in relation to the financial statements of International Bank (Liberia) Limited.

Principal activity

The principal activity of the bank is to provide banking and related financial services.

Financial results

The results for the year are set out on page 15. The net profit for the year of LR$ 222,936,436 has been charged to the income surplus account (2018: LR$ 204,959,060).

Going Concern

The bank traded well during the year and the directors are satisfied that the underlying quality of the business is sound, that profitable returns can be earned within the foreseeable future and that the Bank will continue to remain a going concern.

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 & Corporate Social Responsibility Committee, Board Infrastructure & Technology Committee, Board Assets & Liability Management Committee and the Board Risk Management Committee.

In addition to the Board Committees, there are seven (7) Management Committees to ensure effective and good corporate governance at the Management level: Local & Management Credit Committee, Asset & Liability Management Committee, Product Development Committee, Risk Management Committee, IT Steering Committee, Procurement Committee and Strategic Plan Implementation Management Committee.

1.0 Board of Directors

The 8-member Board of Directors of International Bank (Liberia) Limited is composed of a non-executive Chairman, with 1 Executive Director and 6 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;
- Asset Liability Management Committee;
- Product Development Committee;
- Risk Management Committee;
- Strategic Plan Implementation Management Committee;
- IT Steering Committee; and
- Procurement Committee.

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INDEPENDENT AUDITOR'S REPORT

To: The Shareholders of International Bank (Liberia) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of International Bank Liberia Limited (the Bank), which comprise the statement of financial position as at December 31, 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Bank as at December 31, 2019, and (*of*) its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the New Financial Institutions Act (FIA) of 1999.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in Liberia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.
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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter(s)	How the matter was addressed in our audit
Impairment of loans and advances	
The impairment of loans and advances to customers is considered as significant in the audit due to the level of subjectivity inherent in estimating loan loss provision. For the Bank, the key change arising from the adoption of IFRS 9 was the Bank's provision for losses on financial assets that is now calculated using the expected credit loss (ECL) model rather than the incurred .loss model. The determination of provision for credit losses using the ECL approach requires complex financial quantitative models as well as qualitative data; the latter which employs a significant amount of management judgement. Impairment allowance on loan facilities that have shown a significant increase in credit risk is based on the Bank's estimate of losses expected to result from default events over the life of the facility. Impairment allowance on other facilities that have not shown a significant increase in credit risks is recognized based on an estimate of losses expected as a result of default event within 12 months after the reporting date. These estimates are also an output of models which includes the evaluation of past due information. The Bank incorporates forward–looking information into both the assessment of whether credit risk have increased significantly and in the measurement of ECL. Management has used significant judgement in the classification of loans into stages, as well as in estimating the key assumptions applied on the recoverability of loan balances. See Notes 15 &16 to the financial statements for further information.	We assessed the design and implementation as well as the operating effectiveness of controls over the Bank's procedures used in the classification of loan asset. Key controls evaluated includes management review of input data and use of forward-looking macroeconomic data. We performed extensive procedures on assessing the reliability of qualitative factors used by management in the determination of loan asset stage classification. We documented management's judgment criteria and assessed the validity of management's judgment criteria to underlying supporting information. We performed substantive test of details in assessing key data and assumptions for data input into the ECL model used by the Bank. Our procedures included the following; We challenged the reasonableness of the Bank's ECL methodology by considering whether it reflects unbiased and probability weighted amounts that is determined by evaluation a range of possible outcomes, the time value of money and reasonable & supportable information as at the reporting date about past events, current conditions and forecasts of future economic condition. Information considered includes; credit conversion factors, historical default rates, foreign exchange rate and Gross Domestic Product growth rates. We evaluated the appropriateness of management's basis used in the determination of exposure at defaults including the contractual cash flows, outstanding loan balance, loan repayment type, loan tenor and effective interest rate. For probability of defaults, we tested the reasonable of assumptions and methodology used in determining the probability of default. We tested the reasonableness of the estimation of loss given defaults, which includes an assessment of haircut adjustments. We re-performed the calculation of impairment allowance for loan and advances using the Bank's impairment model and reviewed IFRS 9 disclosers for reasonableness.
Revenue recognition	
The amount of revenue recognized in the year on interest income and fee and commission income	We performed tests on the operating effectiveness of controls relating to loan asset

is dependent on the appropriate assessment/classification of loan assets and an appropriate fee amortization schedule respectively. As the classification of overdraft facilities is complex, significant judgment is applied in determining the appropriate asset class of these facilities. The determination of loan asset class informs the appropriateness of accounting treatment of related income. In our view, revenue recognition is significant to our audit as the Bank might inappropriately recognize interest income on loan and overdraft facilities or use aggressive methods for fee and commission income amortization; This would usually lead to revenue and profit being recognized too early. Management determination of interest income relies extensively on the Bank's computer information system. A malfunctioning of the banking application, inappropriate input of data and/or lack of timely update of data could lead to extensive and long running misstatement of revenue. See Note 7 to the financial statements for further information.	classification by testing the classification of a sample of high value loans assets from the banking application to underlying supporting documents obtained from the credit department. (Credit report, credit recommendation on classification and loan portfolio). We performed substantive test of detail on fee and commission income by assessing the amortization schedule with information held from prior periods, testing loan asset period to underlying supporting information (customer credit files) and performing re-computation of fee and commission income amortization schedule. We performed substantive analytical procedures on various income streams, assessing month on month movements with observed movements in prior periods, corroboration from other supporting information and obtaining supporting documents when outcome exceeds our established expectation. We performed substantive analytical procedures by benchmarking the Bank's revenue to loan ratio to the industry average on an annual basis, noting exceptions and obtaining relevant corroborations from management.
IFRS 16-Leases The bank applied IFRS 16 on 1 January 2019, Using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognized as an adjustment to the opening balance of general reserve at 1 January 2019, with no restatement of comparative information The impact of IFRS 16 as at 31 December 2019 is disclosed in note 2.3.1 to the financial statements. A number of judgements have been applied and estimates made in determining the impact of the standard. In order to compute the transition impact of IFRS 16, a significant data extraction exercise was undertaken by management to summarize all property and equipment lease data such that the respective inputs and uploaded into management's model. Significant judgement is required in the assumptions and estimates made in order to determine the ROU asset and lease liability. The assumptions and estimates include assessment of lease term, the depreciation of the ROU asset, the determination of incremental borrowing cost(discount rate). The adjustments arising from applying IFRS 16 are material, and this disclosure of impact is a	Through our discussions with management and reading of IFRS 16, we understood the bank's process in identifying lease contracts, or contracts which contained leases. We read a sample of contracts to assess whether leases have been appropriately identified. We obtained the bank's quantification of ROU assets and lease liabilities. For a sample of leases, we agreed the inputs used in the quantification to the lease agreements, challenged the calculations of the discount rate applied, and performed computation checks. We assessed Bank's accounting for ROU assets and lease liabilities. Assessed the design and implementation of key controls pertaining to the determination of the IFRS 16 transition impact disclosures; Assessed the appropriateness of the discount rates applied in determining lease liabilities. Verified the accuracy of the underlying lease data by agreeing a representative sample of leases to original contract or other supporting information, and checked the integrity and mechanical accuracy of the IFRS 16 calculations for each

key focus area in our audit.	lease sampled through recalculation of the expected IFRS 16 adjustment; Assessed whether the disclosures within the financial statements are appropriate in light of the requirements of IFRS 16 Our conclusions reached was not materially different from management's conclusion

Responsibility of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the requirements of the New Financial Institutions Act (FIA) of 1999 and the Prudential Regulations of the Central Bank of Liberia (CBL) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

I. We have obtained all the information and explanations which to the best of our knowledge and belief were required for the purposes of our audit; and
II. The Bank's statement of financial position is properly drawn up so as to exhibit a true and fair view of the state of the Bank's affairs according to the best of the information and the explanations given to us and as shown by the books of the Bank.

In addition, in accordance with Section 15-2 of the Central Bank of Liberia's Regulation No CBL/RSD/008/2017, we are required to report separately on the Banks' compliance with the New Financial Institution Act of 1999. We report that:

I. Nothing significant came to our attention to cause us to believe that the Bank has not, in all material respects, complied with the provisions of the New Financial Institutions Act of 1999, and other regulations and guidelines as issued by the CBL.

Baker Tilly Liberia Limited
(Certified Public Accountants)

Monrovia
July 31, 2020

STATEMENT OF COMPREHENSIVE INCOME

(All amounts are expressed in Liberian Dollars)

Revenue:	Note	**2019**	2018
Interest income and commission on loans and advances	7	**2,017,829,771**	1,810,768,293
Interest expense	7	**(408,864,396)**	(261,165,981)
Net interest income and commission on loans and advances		**1,608,965,375**	1,549,602,312
Fees and commission income	8	**449,267,660**	379,392,500
Other operating income	9	**281,053,141**	209,205,012
Total revenue		**2,339,286,176**	2,138,199,824
General and administrative expenses			
Loan impairment charges	16a	**(382,763,164)**	(561,746,809)
Personnel expenses	10	**(589,086,906)**	(438,224,096)
Occupancy and other property cost	11	**(418,707,677)**	(310,558,940)
Management fees		**-**	(29,998,374)
Consultancy		**(1,913,953)**	(29,543,782)
Professional services		**(41,483,805)**	(18,980,052)
License and taxes		**(12,909,062)**	(8,255,834)
Office expenses		**(118,800,381)**	(98,015,389)
Depreciation and amortization	19	**(122,338,049)**	(74,362,354)
Other operating expenses	12	**(347,568,634)**	(295,235,416)
Finance costs- Lease liability	18c	**(4,347,637)**	-
		(2,039,919,268)	(1,864,921,046)
Profit before income tax		**299,366,908**	273,278,778
Income tax expense	13	**(76,430,472)**	(68,319,718)
Profit after income tax		**222,936,436**	204,959,060
Translation differences		**378,220,501**	430,796,105
Total comprehensive income for the year		**601,156,937**	635,755,165

The notes on pages 20 to 75 are an integral part of these financial statements.

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STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019
(All amounts are expressed in Liberian Dollars)

	Note	**2019**	2018
Assets			
Cash and cash equivalents	14	**8,204,351,959**	6,002,251,423
Loans and advances	15	**13,419,155,208**	11,783,329,872
Property, plant and equipment	17	**687,901,581**	470,659,913
Intangible assets	18a	**12,353,610**	20,893,643
Right-of-Use Assets	18b	**96,030,094**	-
Prepaid staff benefits		**13,269,548**	12,991,259
Trade and other receivables	20	**1,014,149,931**	909,711,898
Interbank Placement		**200,000,000**	200,488,888
GOL T-Bond & T-Bills		**1,998,755,451**	1,638,432,646
Deferred tax assets	13d	**16,105,117**	36,054,028
Other assets	21	**149,131,403**	106,421,825
Total assets		**25,811,203,902**	21,181,235,396
Liabilities			
Deposits from customers	22	**15,474,727,412**	12,850,531,692
Borrowings	30	**5,015,408,019**	3,431,964,019
Trade payables		**1,827,424,064**	2,085,762,425
Current income tax liabilities	13	**8,559,132**	26,607,564
Lease liabilities	18c	**97,345,108**	-
Other liabilities	23	**455,610,910**	340,352,568
Total liabilities		**22,879,074,645**	18,735,218,268
Equity			
Stated capital	24	**705,486,211**	705,486,211
Share premium		**57,713,375**	57,713,375
Statutory reserve		**285,023,566**	229,289,457
Translation reserve		**1,659,083,443**	1,281,157,396
Income surplus		**224,822,662**	172,370,689
Total equity		**2,932,129,257**	2,446,017,128
Total equity and liabilities		**25,811,203,902**	21,181,235,396

The financial statements were approved by the Board on July 31, 2020 and signed on its behalf by

Mr. Estrada J. Bernard
Chairman

Mr. Henry F. Saamoi
Chief Executive Officer

The notes on pages 20 to 75 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, 2019

	Stated capital	Share premium	Statutory reserve	Income Surplus	Translation Reserve	Total
Balance January 1, 2019	705,486,211	57,713,375	229,289,457	172,370,689	1,281,157,396	2,446,017,128
Profit for the year			55,734,109	167,202,327		222,936,436
other adjustments				(7,538,845)	(294,454)	(7,833,299)
Dividend declared				(107,211,509)		(107,211,509)
Translation Reserve					378,220,501	378,220,501
December 31, 2019 balance	705,486,211	57,713,375	285,023,566	224,822,662	1,659,083,443	2,932,129,257

The notes on pages 20 to 75 are an integral part of these financial statements.

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For the year ended December 31, 2018

	Stated Capital	Share Premium	Credit Risk Reserve	Statutory Reserve	Income Surplus	Translation Reserve	Total
Balance as at January 1, 2018	705,486,211	57,713,375	-	178,049,692	156,275,354	850,361,291	1,947,885,923
Profit for the year	-	-	-	51,239,765	153,719,295	-	204,959,060
Dividend	-	-	-	-	(137,623,960)	-	(137,623,960)
Transfer from statutory credit risk reserve	-	-	-	-	-	-	-
Other adjustment	-	-	-	-	-	-	-
Translation reserve	-	-	-	-	-	430,796,105	430,796,105
Balance at December 31, 2018	705,486,211	57,713,375	-	229,289,457	172,370,689	1,281,157,396	2,446,017,128

The notes on pages 20 to 75 are an integral part of these financial statements.

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

		2019	2018
Profit before tax		**299,366,908**	273,278,778
Adjustments for:			
Depreciation and amortization	20	**122,338,049**	74,362,354
Impairment on loans and advances	16a	**382,763,164**	561,746,809
Change in loans and advances		**(2,018,588,501)**	(3,339,647,700)
Change in mandatory reserve deposit		**(219,492,314)**	(324,304,607)
Change in prepaid staff benefit		**(278,289)**	(3,860,681)
Change in trade and other receivable		**33,818,561**	344,780,933
Change in other assets		**(180,966,172)**	(5,863,924)
Change in short term investment		**(359,833,917)**	(1,838,921,531)
change in deferred tax assets		**19,948,911**	
Change in deposits from customers		**2,624,195,721**	3,394,927,435
Change in other liabilities		**115,258,342**	74,113,091
Change in trade and other payable		**(63,648,146)**	515,992,402
Income tax paid	13	**(94,478,904)**	(84,980,989)
Net cash generated /(used) in operating activities		**660,403,413**	(358,377,630)
Cash flows from investing activities			
Purchase of property and equipment	18	**(432,306,239)**	(230,378,913)
Adjustment in PPE		**127,592,815**	-
Purchase of intangible assets	18	**(1,882,254)**	(12,030,518)
IFRS 16 Right of Use assets		**(120,474,101)**	-
Net cash generated from/(used in) investing activities		**(427,069,779)**	(242,409,431)
Cash flows from financing activities			
Draw down on borrowings	31	**1,583,444,000**	1,307,770,000
IFRS 16 Lease liability	31	**(97,345,108)**	-
Other adjustments to equity		**(7,833,298)**	-
Dividend paid		**(107,211,509)**	(137,623,960)
Net cash generated from financing activities		**1,371,054,085**	1,170,146,040
Net increase in cash and cash equivalents		**1,604,387,719**	569,358,978
Translation Difference		**378,220,501**	430,796,105
Cash and cash equivalents at 1 January	14	**4,426,377,668**	3,426,222,585
Cash and cash equivalents at 31 December	14	**6,408,985,888**	4,426,377,668

The notes on pages 20 to 75 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Reporting entity

The International Bank (Liberia) Limited, 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. 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 fair value through profit or loss 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.

2.0 CHANGES IN ACCOUNTING POLICIES

Except for the following new standards, the Bank has consistently applied the accounting policies as set out in Notes 2.3.1 and 2.3.2 to all periods presented in the financial statements.

NOTES (continued)
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policies and disclosures

At the date of authorization of these financial statements for the year ended 31 December 2019, the following IFRSs were adopted:

2.3.1 IFRS 16 Leases

As a lessee, IFRS 16 removes distinctions between operating and finance leases and requires the recognition of a right of use asset and corresponding liability for future lease payables. The right of use asset will be subsequently depreciated on a straight-line basis over the life of the lease. Interest will be recognized on the lease liability. This will result in earlier recognition of expense for leases currently classified as operating leases, although over the life of a lease the total expense recognised will not change.

Right of use assets recognised by the Bank comprise of land with buildings leased. The corporation has elected not to recognize right of use assets and lease liabilities for leases of low-value assets, and lease payments associated with those assets will be recognized as an expense on a straight-line basis.

IFRS 16 replaces existing lease accounting guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e., lessors continue to classify leases as finance or operating leases. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted

International Bank Liberia Limited adopted IFRS 16 with an initial application date of 1 January 2019 using the modified retrospective approach.
Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

The entity applied the practical expedient to grandfather the definition of lease on transition. This means that IFRS 16 is applied to all contracts entered into before 1 January 2019 which have been identified as leases in accordance with IAS 17 and IFRIC 4.

The bank opted to, on a lease-by-lease basis, to measure an ROU asset at either its carrying amount as if IFRS 16 had been applied since the commencement date; or an amount equal to the lease liability arising from the capitalization of the present value of future lease payments.

Impact on Financial statements

The expenses related to operating leases which were previously shown in the Statement of Profit and Loss under "building rent" are replaced by depreciation expense for ROU assets and finance charges on lease liabilities. The amounts disclosed in the extracts are expressed in dollars and presented in millions. The entity provided quantitative disclosures in its financial statements as of 31 December 2019 in a tabular format based on the nature of the disclosure item (i.e., asset, equity and liability and income statement).
In the context of the transitioned to IFRS 16, Right-of-use assets of L$120million, lease liabilities of L$96million, and finance cost of L$4million were recognized at January 2019. The prior year figures were not adjusted in accordance with the transitional provision when applying the modified retrospective approach of IFRS 16. The lease liabilities were discounted at the borrowing rate of at January 1, 2019. Incremental borrowing rate is 5%.

NOTES (continued)
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policies and disclosures

2.3.1 IFRS 16 Leases

IFRS 16 Leases (continued)

Leases are shown in the financial statements at December, 31 2019 as follows:

Leases in the Statement of Financial Position

	Buildings leased	Total
Right-of-use assets		
Balance - 1 January 2019	120,474,100	120,474,100
Addition	-	-
Balance - 31 December 2019	120,474,101	120,474,101
Depreciation		
Balance - 1 January 2019	-	-
Charge for the period	24,444,006	24,444,006
Balance - 31 December 2019	24,444,006	24,444,006
Carrying amount		
Balance at 31 December 2019	96,030,094	96,030,094
Lease liabilities		
Lease liability	97,345,108	97,345,108
Balance - 31 December 2019	97,345,108	97,345,108
Lease in the statement of Profit or loss		
Depreciation of ROU assets	24,444,006	24,444,006
Interest expense on lease liabilities	4,347,637	4,347,637

2.3.2 IFRIC 23 Uncertainty over income tax treatment

The amendment clarifies how to determine the accounting tax position when there is uncertainty over income tax treatments.

The Interpretation requires an entity to:

- determine whether uncertain tax positions are assessed separately or as a group; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
- If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
- If no, the entity should reflect the effect of uncertainty in determining its accounting tax position.

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.

NOTES (continued)
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

The Bank has not applied the following new, revised or amended pronouncements that have been issued by the IASB as they are not yet effective for the annual financial year beginning 1 January 2019.The Board anticipates that the new Standards, Amendments and Interpretations will be adopted in the Bank's financial statements when they become effective. The bank has assessed, where practicable, the potential impact of all these new standards, amendments and interpretations that will be effective in future periods.

Details of Standard / interpretation	Anticipated impact	Mandatory application dates and expected Implementation dates
Amendments to References to the Conceptual Framework in IFRS Standards	Together with the revised *Conceptual Framework* published in March 2018, the IASB also issued *Amendments to References to the Conceptual Framework in IFRS Standards*. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32	January 1, 2020
Definition of Material (Amendments to IAS 1 and IAS 8)	The amendments in *Definition of Material (Amendments to IAS 1 and IAS 8)* clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards	January 1, 2020
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	The amendments in *Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)* clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.	January 1, 2020
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.	January 1, 2022

NOTES (continued)
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Annual Improvements to IFRS Standards 2014–2017 Cycle Makes amendments to the following standards:	This Standard could improve the understandability and comparability of the financial statements however, it is not expected to have an impact on the financial performance and financial position of the entity.	January 1,2017 and 2019
IAS 12 - The amendments clarify that the requirements in the former paragraph 52B (to recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits.		

2.4 Translation of foreign currencies

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 a 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 the 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 translate the statement of financial position was **L$187.92 to US$1.00** as at December 31, 2019 and the average rate used to translate the statement of comprehensive income was **L$186.59 to US$1.00** (2018: L$ L$157.55 US$1 and L$$144.06 to US $1 respectively).

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.

NOTES (continued)
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, are recognized as the related services performed.

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.

NOTES (continued)
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial instruments

Initial recognition and measurement

Financial instruments are recognized initially when the Bank becomes a party to the contractual provisions of the instrument. Financial instruments carried at fair value through profit or loss are initially recognised at fair value with transaction costs, which are directly attributable to the acquisition or issue of the financial instruments, being recognised immediately through profit or loss. Financial instruments that are not carried at fair value through profit or loss are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments. Financial instruments are recognised or de-recognised on the date the Bank commits to purchase or sell the instrument (trade day accounting).

Subsequent to initial measurement, financial instruments are measured either at amortized cost or fair value depending on their classification category.

a) Initial recognition, classification and measurement of Financial assets

i. Regular-way purchases and sales of financial assets are recognized on the settlement date. Financial assets, which include both debt and equity securities are measured at initial recognition at fair value, and are classified and subsequently measured at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI) or amortized cost. Subsequent classification and measurement for debt securities is based on the business model for managing the financial instruments and the contractual cash flow characteristics of the instruments.

ii. Debt instruments are measured at amortized cost if both of the following conditions are met and the asset is not designated as FVTPL:
- the asset is held within a business model that is Hold-to-Collect (HTC) as described below, and
- the contractual terms of the instrument give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

iii. Debt instruments are measured at FVOCI if both of the following conditions are met and the asset is not designated as FVTPL:
- the asset is held within a business model that is Hold-to-Collect-and-Sell (HTC&S) as described below, and
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI.

All other debt instruments are measured at FVTPL.The Bank has irrevocably elected to measure equity instruments at FVOCI as no equity instrument is held for trading purposes.

b) Business model assessment

The bank determines the business models at the level that best reflects how portfolios of financial assets are managed to achieve the bank's business objectives. Judgment is used in determining the business models, which is supported by relevant, objective evidence including:

- How the economic activities of our businesses generate benefits, for example through trading revenue, enhancing yields or other costs and how such economic activities are evaluated and reported to key management personnel;
- The significant risks affecting the performance of the Bank's business, for example, market risk, credit risk, or other risks and the activities undertaken to manage those risks; and

NOTES (continued)
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Historical and future expectations of sales of the loans or securities portfolios managed as part of a business model.

2.8 Financial instruments

The Bank's business models fall into three categories, which are indicative of the key strategies used to generate returns:

- Hold-to-Collect (HTC): The objective of this business model is to hold financial assets to collect contractual principal and interest cash flows. Sales are incidental to this objective and are expected to be insignificant or infrequent.
- Hold-to-Collect-and-Sell (HTC&S): Both collecting contractual cash flows and sales are integral to achieving the objective of the business model.
- Other fair value business models: These business models are neither HTC nor HTC&S, and primarily represent business models where assets are held-for-trading or managed on a fair value basis.

c) SPPI assessment

Instruments held within a HTC or HTC&S business model are assessed to determine if their contractual cash flows are comprised of solely payments of principal and interest (SPPI). SPPI payments are those which would typically be expected from basic lending arrangements. Principal amounts include par repayments from lending and financing arrangements, and interest primarily relates to basic lending returns, including compensation for credit risk and the time value of money associated with the principal amount outstanding over a period of time. Interest can also include other basic lending risks and costs (for example, liquidity risk, servicing or administrative costs) associated with holding the financial asset for a period of time, and a profit margin.

Where the contractual terms introduce exposure to risk or variability of cash flows that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

d) Fair value option

A financial instrument with a reliably measurable fair value can be designated as FVTPL (the fair value option) on its initial recognition even if the financial instrument was not acquired or incurred principally for the purpose of selling or repurchasing. The fair value option can be used for financial assets if it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities, or recognizing related gains and losses on a different basis (an "accounting mismatch"). The fair value option can be elected for financial liabilities if: (i) the election eliminates an accounting mismatch; (ii) the financial liability is part of a portfolio that is managed on a fair value basis, in accordance with a documented risk management or investment strategy; or (iii) there is an embedded derivative in the financial or non-financial host contract and the derivative is not closely related to the host contract. These instruments cannot be reclassified out of the FVTPL category while they are held or issued. Financial assets designated as FVTPL are recorded at fair value and any unrealized gains or losses arising due to changes in fair value are included in net trading and foreign exchange income.

Financial liabilities designated as FVTPL are recorded at fair value and fair value changes attributable to changes in the Bank's own credit risk are recorded in OCI. Own credit risk amounts recognized in OCI are not reclassified subsequently to net income. The remaining fair value changes not attributable to changes in the Bank's own credit risk are recorded in other operating income. Upon initial recognition, if it is determined that presenting the effects of own credit risk changes in OCI would create or enlarge an accounting mismatch in net income, the full fair value change in debt securities designated as FVTPL is recognized in net income.

NOTES (continued)
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial Instruments
Fair value option (continued)

To make that determination, the Bank assesses whether to expect that the effects of changes in the liability's credit risk will be offset in profit or loss by a change in the fair value of another financial instrument measured at FVTPL. Such an expectation is based on an economic relationship between the characteristics of the liability and the characteristics of the other financial instrument. The determination is made at initial recognition and is not reassessed. To determine the fair value adjustments on debt instruments designated at FVTPL, the Bank calculates the present value of the instruments based on the contractual cash flows over the term of the arrangement by using our effective funding rate at the beginning and end of the period.

Financial assets are reclassified when and only when the business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

e) Loans

Loans are debt instruments recognized initially at fair value and are subsequently measured in accordance with the classification of financial assets policy provided above. Loans are carried at amortized cost using the effective interest method, which represents the gross carrying amount less allowance for credit losses.

Interest on loans is recognized in interest income using the effective interest method. The estimated future cash flows used in this calculation include those determined by the contractual term of the asset and all fees that are considered to be integral to the effective interest rate. Also included in this amount are transaction costs and all other premiums or discounts.

Fees that relate to activities such as originating, restructuring or renegotiating loans are deferred and recognized as Interest income over the expected term of such loans using the effective interest method. Where there is a reasonable expectation that a loan will be originated, commitment and standby fees are also recognized as interest income over the expected term of the resulting loans using the effective interest method. Otherwise, such fees are recorded as other liabilities and amortized into other operating income over the commitment or standby period.
Impairment losses on loans are recognized at each balance sheet date in accordance with the three-stage impairment model outlined below.

f) Allowance for credit losses

An allowance for credit losses (ACL) is established for all financial assets, except for financial assets classified or designated as FVTPL and equity securities, which are not subject to impairment assessment. Assets subject to impairment assessment include loans, overdrafts, debt securities and accrued interest receivable. These are carried at amortized cost and presented net of ACL on the Statement of Financial Position. ACL on loans is presented in Allowance for credit losses - loans and advances. ACL on debt securities measured at FVOCI is presented in profit or loss with the corresponding entry to other comprehensive income.

Off-balance sheet items subject to impairment assessment include financial guarantees and undrawn loan commitments. For all other off-balance sheet products subject to impairment assessment, ACL is separately calculated and included in Other Liabilities–. Provisions

The Credit Conversion Factor (CCF) is used to determine the credit exposure equivalent of the off balance sheet exposure including the open or undrawn limits. The undrawn portion of the approved limit that would have been drawn at the time of default are converted to exposure at default (EAD),

NOTES (continued)
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial instruments
Allowance for credit losses (continued)

this is in addition to other off-balance sheet exposures like bonds & guarantees, letters of credit etc.

In determining the CCF, the bank considers the behavioral cash flow, collateral type and the collateral value securing the facility, time to discover and prevent further drawing during the time of increased credit risk, time lag to convert the collateral to cash, the recovery strategy and cost are also considered. CCF is applied on the off balance exposures to determine the EAD and then subsequently the expected credit loss (ECL).

The ACL is measured at each reporting date according to a three-stage expected credit loss impairment model which is based on changes in credit risk of financial assets since initial recognition.

1) Performing financial assets:

• Stage 1 – From initial recognition of a financial asset to the reporting date, where the asset has not experienced a significant increase in credit risk relative to its initial recognition, a loss allowance is recognized equal to the credit losses expected to result from defaults occurring over the 12 months following the reporting date. Interest income is calculated on the gross carrying amount of these financial assets.

2) Underperforming financial assets:

• Stage 2 – Following a significant increase in credit risk relative to the initial recognition of the financial asset, a loss allowance is recognized equal to the credit losses expected over the remaining lifetime of the asset. Interest income is calculated on the gross carrying amount of these financial assets.

3) Impaired financial assets

• Stage 3 – When a financial asset is considered to be credit-impaired, a loss allowance is recognized equal to credit losses expected over the remaining lifetime of the asset. The Stage 3 expected credit loss impairment model is based on changes in credit quality since initial recognition. Interest revenue is calculated based on the carrying amount of the asset, net of the loss allowance, rather than on its gross carrying amount. The ACL is a discounted probability-weighted estimate of the cash shortfalls expected to result from defaults over the relevant time horizon. For loan commitments, credit loss estimates consider the portion of the commitment that is expected to be drawn over the relevant time period. For financial guarantees, credit loss estimates are based on the expected payments required under the guarantee contract.

Increases or decreases in the required ACL attributable to purchases and new originations, de-recognitions or maturities, and re-measurements due to changes in loss expectations or stage migrations are recorded in Provision for credit losses. Write-offs and recoveries of amounts previously written off are recorded against ACL.

The ACL represents an unbiased estimate of expected credit losses on our financial assets as at the balance sheet date. Judgment is required in making assumptions and estimations when calculating the ACL, including movements between the three stages and the application of forward looking information. The underlying assumptions and estimates may result in changes to the provisions from period to period that significantly affect our results of operations.

g) Measurement of expected credit losses

Expected credit losses are based on a range of possible outcomes and consider all available reasonable and supportable information including internal and external ratings, historical credit loss

NOTES (continued)
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial instruments
Measurement of expected credit losses (continued)

experience, and expectations about future cash flows. The measurement of expected credit losses is based primarily on the product of the instrument's probability of default (PD), loss given default (LGD) and exposure at default (EAD) discounted to the reporting date. Stage 1 estimates project PD, LGD and EAD over a maximum period of 12 months while Stage 2 estimates project PD, LGD and EAD over the remaining lifetime of the instrument.

An expected credit loss estimate is produced for each individual exposure. Relevant parameters are modelled on a collective basis using portfolio segmentation that allows for appropriate incorporation of forward looking information.

ECL for exposures in stage 1 (12-months ECL) is calculated by multiplying the 12-months PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.
Expected credit losses are discounted to the reporting period date using the effective interest rate.

PD is an estimate of the likelihood of default over a given time horizon, which are calculated based on statistical models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. LGD estimates are recalibrated for different economic scenarios and, for lending, to reflect possible changes in the economies. They are calculated on a discounted cash flow basis using the effective interest rate as the discount.

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortization. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the amount of the guaranteed exposure when the financial guarantee becomes payable. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.
As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Bank measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Bank considers a longer period. The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a loan commitment or guarantee.
However, for overdrafts and revolving facilities that include both a loan and an undrawn commitment component, the Bank measures ECL over a period longer than the maximum contractual period if the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Bank's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Bank can cancel them with immediate effect but this contractual right is not

NOTES (continued)
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial instruments
Measurement of expected credit losses (continued)

enforced in the normal day-to-day management, but only when the Bank becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Bank expects to take and that serve to mitigate ECL. These include a reduction in limits, cancellation of the facility and/or turning the outstanding balance into a loan with fixed repayment terms.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- instrument type
- credit risk gradings
- collateral type
- Past due information
- date of initial recognition
- remaining term to maturity
- industry categorization

h) Significant increase in credit risk

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs, days past due information and a range of qualitative factors.

The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Bank's quantitative modelling, the lifetime PD is determined to have increased by more than a predetermined percentage/range.

Using its expert credit judgement and, where possible, relevant historical experience, the Bank may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

The Bank considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Bank determines a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria for recognizing lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

Generally, facilities with loss allowances being measured as Life-time ECL not credit impaired (Stage 2) are monitored for a probationary period of 90 days to confirm if the credit risk has decreased sufficiently before they can be migrated from Lifetime ECL not credit impaired (Stage 2) to 12-month ECL (Stage 1) while credit-impaired facilities (Stage 3) are monitored for a probationary period of 180 days before migration from Stage 3 to 12-month ECL (Stage 1). The decrease in risk of default is a critical input for the staging of financial assets.

NOTES (continued)
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial instruments

The Bank monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (stage 1) and lifetime PD (stage 2).

i) Expected life

For instruments in Stage 2 or Stage 3, loss allowances reflect expected credit losses over the expected remaining lifetime of the instrument. For most instruments, the expected life is limited to the remaining contractual life.
An exemption is provided for certain instruments with the following characteristics:

- the instrument includes both a loan and undrawn commitment component;
- the Bank has the contractual ability to demand repayment and cancel the undrawn commitment; and
- the Bank's exposure to credit losses is not limited to the contractual notice period.

For products in scope of this exemption, the expected life may exceed the remaining contractual life and is the period over which exposure to credit losses is not mitigated by normal credit risk management actions. This period varies by product and risk category and is estimated based on the historical experience with similar exposures and consideration of credit risk management actions taken as part of regular credit review cycle. Products in scope of this exemption include overdraft balances and certain revolving lines of credit. Determining the instruments in scope for this exemption and estimating the appropriate remaining life based on our historical experience and credit risk mitigation practices requires significant judgment.

j) Assessment of significant increase in credit risk

The assessment of significant increase in credit risk requires significant judgment. The Bank's process to assess changes in credit risk is based on the use quantitative and qualitative indicators. Instruments which are more than 30 days past due may be credit-impaired. There is a rebuttable presumption that the credit risk has increased significantly if contractual payments are more than 30 days past due; this presumption is applied unless the bank has reasonable and supportable information demonstrating that the credit risk has not increased significantly since initial recognition.

The following are considered as exception:

i. Outstanding obligation is a result of an amount being disputed between the bank and obligor where the dispute is not more than 90 days.
ii. Outstanding obligation is an insignificant amount compared to the total amount due. Any amount not more than 10% of the total amount due is considered insignificant. Only applicable where there is no significant increase in credit risk and analyzed on a case by case basis.

The assessment is generally performed at the instrument level and it is performed at least on quarterly basis. If any of the factors above indicate that a significant increase in credit risk has

NOTES (continued)
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial instruments
Assessment of significant increase in credit risk (continued)

occurred, the instrument is moved from Stage 1 to Stage 2. The assessments for significant increases in credit risk since initial recognition and credit-impairment are performed independently at each reporting period. Assets can move in both directions through the stages of the impairment model. After a financial asset has migrated to Stage 2, if it is no longer considered that credit risk has significantly increased relative to initial recognition in a subsequent reporting period, it will move back to Stage 1 after 90 days. Similarly, an asset that is in Stage 3 will move back to Stage 2 if it is no longer considered to be credit-impaired after 90 days. An asset will not move back from stage 3 to stage 1 until after a minimum of 180 days, if it is no longer considered to be credit impaired.

For certain instruments with low credit risk as at the reporting date, it is presumed that credit risk has not increased significantly relative to initial recognition. Credit risk is considered to be low if the instrument has a low risk of default, and the borrower has the ability to fulfil their contractual obligations both in the near term and in the longer term, including periods of adverse changes in the economic or business environment.

k) Use of forward-looking information

The measurement of expected credit losses for each stage and the assessment of significant increase in credit risk considers information about past events and current conditions as well as reasonable and supportable projections of future events and economic conditions. The estimation and application of forward-looking information requires significant judgment.
The PD, LGD and EAD inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio. Each macroeconomic scenario used in the expected credit loss calculation includes a projection of all relevant macroeconomic variables applying scenario weights. Macroeconomic variables used in the expected credit loss models include GDP growth rate, foreign exchange rates, inflation rate, and risk free-rate.

The estimation of expected credit losses in Stage 1 and Stage 2 is a discounted probability-weighted estimate that considers a minimum of three future macroeconomic scenarios. The base case scenario is based on macroeconomic forecasts published by relevant government agencies. Upside and downside scenarios vary relative to our base case scenario based on reasonably possible alternative macroeconomic conditions. Additional and more severe downside scenarios are designed to capture material non-linearity of potential credit losses in portfolios. Scenario design, including the identification of additional downside scenarios, occurs at least on an annual basis and more frequently if conditions warrant.

Scenarios are designed to capture a wide range of possible outcomes and weighted according to the best estimate of the relative likelihood of the range of outcomes that each scenario represents. Scenario weights take into account historical frequency, current trends, and forward looking conditions and are updated on a quarterly basis. All scenarios considered are applied to all portfolios subject to expected credit losses with the same probabilities.

The assessment of significant increases in credit risk is based on changes in probability-weighted forward-looking lifetime PD as at the reporting date and days past due, using the same macroeconomic scenarios as the calculation of expected credit losses.

NOTES (continued)
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial instruments
Definition of default (continued)

l) Definition of default

A default is considered to have occurred with regard to a particular obligor when either or both of the following events have taken place.

- The bank considers that the obligor is unlikely to pay its credit obligations in full, without recourse by the bank to actions such as realizing security (if held).
- The obligor is past due more than 90 days on any material credit obligation to the bank (principal or interest). Overdrafts will be considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than current outstanding.
- Interest payments equal to 90 days or more have been capitalized, rescheduled, rolled over into a new loan (except where facilities have been reclassified).

The elements to be taken as indications of unlikeliness to pay include:

- The bank sells the credit obligation at a material credit-related economic loss
- The bank consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness, or postponement, of principal, interest or (where relevant) fees.
- The bank has filed for the obligor's bankruptcy or a similar order in respect of the obligor's credit obligation to the bank.

The following are considered as exceptions:

- Outstanding obligation is a result of an amount being disputed between the bank and obligor where the dispute is not more than 150 days;
- In the case of specialized loans, default is defined as where the obligor is past due more than 180 days on any material credit obligation to the bank (principal or interest). In addition, it is consistent with the Bank's historical default pattern on this category of loans. The specialized loans to which this is applicable are Project Financing, Object Financing, Income Producing Real Estate, Commercial Real Estate and Mortgage Loans;
- Outstanding obligation is an insignificant amount compared to the total amount due. Any amount not more than 10% of amount due is considered insignificant. Only applicable where there is no significant increase in credit risk and analyzed on a case by case basis.
- Exposure is still in default due to a new debit when the initial debit has been cleared. Usually occurs when the debit that initiated the initial days past due has been paid but the days past due continues to reflect a debit.

m) Credit-impaired financial assets (Stage 3)

Financial assets are assessed for credit-impairment at each balance sheet date and more frequently when circumstances warrant further assessment. Evidence of credit-impairment may include indications that the borrower is experiencing significant financial difficulty, probability of bankruptcy or other financial reorganization, as well as a measurable decrease in the estimated future cash flows evidenced by the adverse changes in the payments status of the borrower or economic conditions that correlate with defaults.

A loan is considered for transfer from stage 2 to stage 1 where there is significant improvement in credit risk and from stage 3 to stage 2 (declassified) where the facility is no longer in default. Factors that are considered in such backward transitioning include the following: i) Declassification of the exposure by all the licensed private credit bureaux or the credit risk management system; ii) Improvement of relevant credit risk drivers for an individual obligor (or pool of obligors);

NOTES (continued)
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial instruments
Credit-impaired financial assets (Stage 3) (continued)

iii) Evidence of full repayment of principal or interest.

Generally, the above are to represent an improvement in credit risk to warrant consideration for a backward transition of loans. Where there is evidence of significant reduction in credit risk, the following probationary periods should apply before a loan may be moved to a lower stage (indicating lower risk):

Transfer from Stage 2 to 1:- 90 days
Transfer from Stage 3 to 2:- 90 days
Transfer from Stage 3 to Stage 1:- 180 days

When a financial asset has been identified as credit-impaired, expected credit losses are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the instrument's original effective interest rate. For impaired financial assets with drawn and undrawn components, expected credit losses also reflect any credit losses related to the portion of the loan commitment that is expected to be drawn down over the remaining life of the instrument.

When a financial asset is credit-impaired, interest ceases to be recognised on the regular accrual basis, which accrues income based on the gross carrying amount of the asset. Rather, interest income is calculated by applying the original effective interest rate to the amortized cost of the asset, which is the gross carrying amount less the related ACL. Following impairment, interest income is recognized on the unwinding of the discount from the initial recognition of impairment.

n) Write-off of loans

Loans and the related ACL are written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, they are generally written off after receipt of any proceeds from the realization of collateral. In circumstances where the net realizable value of any collateral has been determined and there is no reasonable expectation of further recovery, write off may be earlier. Written-off loans are derecognized from the Bank's books. However, the Bank continues enforcement activities on all written-off loans until full recovery is achieved or such time when it is objectively evident that recovery is no longer feasible

o) Modifications

The credit risk of a financial asset will not necessarily decrease merely as a result of a modification of the contractual cash flows. If the contractual cash flows on a financial asset have been renegotiated or modified and the financial asset was not de-recognised, the Bank assesses whether there has been a significant increase in the credit risk of the financial by comparing:

- the risk of a default occurring at the reporting date (based on the modified contractual terms); and
- the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms).

A modification will however lead to de-recognition of existing loan and recognition of a new loan i.e. substantial modification if:

- the discounted present value of the cash flows under the new terms, including any fees received net of any fees paid and discounted using the original effective interest rate, is at least 10 per cent

NOTES (continued)
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- different from the discounted present value of the remaining cash flows of the original financial asset.

The following will be applicable to modified financial assets:

The modification of a distressed asset is treated as an originated credit-impaired asset requiring recognition of lifetime ECL after modification.

- The cumulative changes in lifetime expected credit losses since initial recognition is recognized as a loss allowance for purchase or originated credit-impaired financial asset at the reporting date.
- The general impairment model does not apply to purchased or originated credit-impaired assets.

The following situations (qualitative) may however not lead to a de-recognition of the loan:

- Change in financial asset's tenor (increase or decrease);
- Change in installment amount to higher or lower amount;
- Change in the annuity repayment pattern, for example, from monthly to quarterly, half-yearly or yearly
- Change in the applicable financial asset fee

Modification gain or loss is included as part of allowance for credit loss for each financial year

p) Classification and measurement of financial liabilities

The Bank recognizes financial liabilities when it first becomes a party to the contractual rights and obligations in the relevant contracts.
Under IFRS 9, financial liabilities are either classified as financial liabilities at amortized cost or financial liabilities at FVTPL. The Bank classifies its financial liabilities as measured at amortized cost, except for:

i. Financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in the trading booking) and other financial liabilities designated as such at initial recognition. A financial liability is classified as held for trading if it is a part of a portfolio of specific financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.
   Gains or losses from financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the Bank's own credit risk, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the Bank's credit risk are also presented in profit or loss;
ii. Financial guarantee contracts and commitments.

Financial liabilities that are not classified at fair value through profit or loss are measured at amortized cost using the effective interest rate method. Financial liabilities measured at amortized cost are deposits from banks or customers, borrowings, and subordinated liabilities

q) De-recognition of financial instruments

The Bank derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when the Bank transfers the right 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 assets are transferred, or has assumed an obligation to pay those cash flows to one or

NOTES (continued)
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial instruments

more recipients, subject to certain criteria. Any interest in transferred financial assets that is created or retained by the Bank is recognised as a separate asset or liability.
The Bank may enter into transactions whereby it transfers assets, 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 de-recognised. In transactions where the Bank neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it de-recognizes 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.

The Bank de-recognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

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 fair value 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.

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.

NOTES (continued)
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Property, plant and equipment (continued)

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
Buildings	2%
Office furniture and fixtures	10%
Office equipment	16.67%
Generators and other equipment	16.67%
Housing furniture and equipment	20%
Vehicles	33.33%
Software	10%
Right of use assets	various

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.

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.

NOTES (continued)
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

2. 2.12 Impairment of non-financial assets (continued)

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 primary source 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.

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.

NOTES (continued)
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 Department, which are responsible for developing and managing risks 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)

3.3.1 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. 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 Credit Risk (continued)

3.3.1 Management of credit risk (continued)

	2019	2018
Carrying amount	**896,508,230**	**1,035,533,605**
Individually impaired		
Grade A1/A2	**1,279,772,972**	1,509,856,958
Grade B	**-**	98,619,053
Grade C1/C2	**97,483,688**	119,579,662
Grade C3	**315,314,351**	89,554,886
Grade C4	**246,659,191**	162,624,213
Gross amount	**1,939,230,202**	**1,980,234,772**
Allowance for impairment		
Stage 3	**(1,042,721,972)**	**(944,701,167)**
Carrying amount	**12,522,646,978**	**10,747,796,267**
Collectively impaired		
Grade A1/A2	**11,497,845,294**	7,496,696,293
Grade B	**904,423,638**	998,220,887
Grade C1/C2	**278,128,741**	1,358,950,834
Grade C3	**164,418,912**	595,288,653
Grade C4	**-**	721,742,096
Gross amount	**12,844,816,585**	11,170,898,763
Allowance for impairment		
Stage 1	**(247,421,229)**	**(153,478,652)**
Stage 2	**(74,748,378)**	**(269,623,804)**
Total carrying amount on balance sheet	**13,419,155,208**	**11,783,329,872**

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 8.62% (2018: 10.45%) of the gross loans.
The twenty largest exposure (gross funded and non-funded) to total exposure is 31.83% (2018: 31.64%)
IBLL NPL (non-performing loans) Ratio: 8.62% (2018: 10.45%)

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 2019 (31 December 2018: 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)

	2019	2018
Carrying amount	**13,419,155,233**	11,783,329,872
Concentration by product		
Overdraft	**8,131,279,232**	7,186,870,315
Term loan	**6,652,767,518**	5,964,263,124
Gross	**14,784,046,750**	13,151,133,440
Less: Impairment	**(1,364,891,517)**	(1,367,803,623)
Net	**13,419,155,233**	11,783,329,872
Concentration by industry		
Agriculture	**940,209,908**	1,421,075,162
Mining and Quarrying	**-**	22,819,700
Manufacturing	**558,938,710**	216,602,261
Construction	**2,405,058,716**	2,414,796,460
Transportation, Storage and Communications	**431,799,834**	269,019,461
Trade, Hotel and Restaurant	**7,222,952,481**	4,976,540,949
Services	**1,302,647,658**	1,301,096,898
Personal	**1,735,371,346**	1,606,144,633
Miscellaneous	**187,068,097**	923,037,971
Gross	**14,784,046,750**	13,151,133,495
Less: Impairment	**(1,364,891,517)**	(1,367,803,623)
Net	**13,419,155,233**	11,783,329,872
Concentration by customer		
Individuals	**1,735,371,346**	1,606,144,577
Private enterprise	**13,048,675,404**	11,544,988,918
Gross	**14,784,046,750**	13,151,133,495
Less: Impairment	**(1,364,891,517)**	(1,367,803,623)
Net	**13,419,155,233**	11,783,329,872

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

3. Financial risk management (continued)

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.

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 2019	Total	0 to 3 Months	3 to 6 Months	6 to 12 months	Over 12 months
Non-derivative liabilities					
Deposits from customers	15,474,727,412	1,105,337,735	2,210,675,283	4,421,350,565	7,737,363,771
Trade payables	1,924,769,171	137,483,587	274,966,987	549,934,162	962,384,548
Borrowings	5,015,408,019	358,243,359	716,486,906	1,432,973,624	2,507,704,078
Other liabilities	455,610,910	32,543,610	65,087,220	130,174,627	227,805,456
	22,870,515,512	1,633,608,292	3,267,216,396	6,534,432,978	11,435,257,853
Non-derivative assets					
Cash and cash equivalents	8,204,351,959	8,204,351,959			
Trade and other receivables	875,893,337	62,563,830	125,127,660	250,255,319	437,946,620
Loans and advances	13,419,155,208	958,511,141	1,917,022,095	3,834,044,377	6,709,577,613
	22,499,400,504	9,225,426,930	2,042,149,755	4,084,299,696	7,147,524,233
Liquidity gap	371,115,008	(7,591,818,638)	1,225,066,641	2,450,133,282	4,287,733,620

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 2018	Total	0 to 3 months	3 to 6 Months	6 to 12 months	Over 12 months
Non-derivative liabilities					
Deposits from customers	12,850,531,692	917,895,123	1,835,790,246	3,671,580,491	6,425,265,860
Trade payables	2,088,762,424	148,983,061	297,966,122	595,932,087	1,042881,271
Borrowings	3,431,964,019	245,140,238	490,280,633	980,561,108	1,715,981,978
Other liabilities	220,137,110	15,724,120	31,448,240	62,896,323	110,068,526
	18,591,395,245	1,327,742,542	2,655,485,241	5,310,970,009	9,294,197,635
Non-derivative assets					
Cash and cash equivalents	6,002,251,423	6,002,251,423			
Trade and other receivables	796,063,069	56,861,686	113,723,371	227,446,585	398,031,484
Loans and advances	11,783,329,872	841,666,446	1,683,332,892	3,366,665,626	5,891,664,964
	18,581,644,364	6,900,779,555	1,797,056,263	3,594,112,211	6,289,696,448
Liquidity gap	6,750,881	(5,573,037,013)	858,428,978	1,716,857,798	3,004,501,187

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 Department. 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:

	Total	**Less than 3 months**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**
31 December 2019					
Cash and cash equivalents	**8,204,351,959**	**8,204,351,959**	**-**	**-**	**-**
Loans and advances	**13,419,155,208**	**958,511,141**	**1,917,022,095**	**3,834,044,377**	**6,709,577,613**
Total financial assets	**21,623,507,167**	**9,162,863,100**	**1,917,022,095**	**3,834,044,377**	**6,709,577,613**
Deposits from customers	**15,474,727,412**	**1,105,337,735**	**2,210,675,283**	**4,421,350,565**	**7,737,363,829**
Borrowings	**5,015,408,019**	**358,243,359**	**716,486,906**	**1,432,973,624**	**2,507,704,129**
Total financial liabilities	**20,490,135,431**	**1,463,581,094**	**2,927,162,189**	**5,854,324,189**	**10,245,067,958**
Total interest reprising gap	**1,133,371,735**	**7,699,282,006**	**(1,010,140,094)**	**(2,020,279,812)**	**(3,535,490,345)**

	Total	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 Years
31 December 2018					
Cash and cash equivalents	6,002,251,423	6,002,251,423	-	-	-
Loans and advances	11,783,329,872	841,666,446	1,683,332,892	3,366,665,626	5,891,664,908
Total financial assets	17,785,581,295	6,843,917,869	1,683,332,892	3,366,665,626	5,891,664,908
Deposits from customers	12,850,531,692	917,895,123	1,835,790,246	3,671,580,491	6,425,265,832
Borrowings	3,431,964,019	245,140,238	490,280,633	980,561,108	1,715,982,041
Total financial liabilities	16,282,495,711	1,163,035,360	2,326,070,878	4,652,141,599	8,141,247,873
Total interest reprising gap	1,503,085,584	5,680,882,509	(642,737,987)	(1,285,475,973)	(2,249,582,909)

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

	2019	2018
Interest income impact	**20,178,298**	18,107,683
Interest expense impact	**(4,088,644)**	(2,611,660)
Net impact on profit	**16,089,654**	15,496,023

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 2019 by LR$16,089,654 (2018: LR$15,496,023) while a series of such falls would decrease net interest income for 2018 by LR$ LR$16,089,654 (2018: LR$15,496,023)

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 2019. 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 2019	**US$**	**GBP**	**EUR**	**L$**	**Total**
Assets					
Cash and cash equivalents	**7,013,642,005**	**8,920,795**	**5,949,280**	**1,175,839,878**	**8,204,351,959**
Loans and advances	**12,141,737,932**	**-**	**-**	**1,277,417,276**	**13,419,155,208**
	19,155,379,937	**8,920,795**	**5,949,280**	**2,453,257,154**	**21,623,507,167**
Liabilities					
Deposits from customers	**12,929,412,592**	**-**	**-**	**2,545,314,820**	**15,474,727,412**
Borrowings	**4,923,504,000**	**-**	**-**	**91,904,019**	**5,015,408,019**
	17,852,916,592	**-**	**-**	**2,637,218,839**	**20,490,135,431**
Net on-balance sheet financial position	**1,302,463,345**	**8,920,795**	**5,949,280**	**(183,961,685)**	**1,133,371,736**

At 31 December 2018	US$	GBP	EUR	L$	Total
Assets					
Cash and cash equivalents	5,114,166,094	9,329,999	29,956,191	948,799,139	6,002,251,423
Loans and advances	10,748,744,283	-	-	1,034,585,589	11,783,329,872
	15,862,910,377	9,329,999	29,956,191	1,883,384,728	17,785,581,295
Liabilities					
Deposits from customers	10,871,423,438	-	-	1,979,108,254	12,850,531,692
Borrowings	3,340,060,000	-	-	91,904,019	3,431,964,019
	14,211,483,438	-	-	2,071,012,273	16,282,495,711
Net on-balance sheet financial position	1,651,426,939	9,329,999	29,956,191	(187,627,545)	1,503,085,584

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, 2019 is US$17,795,979 (2018: US$17,211,891).

The capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's risk weighted asset base. In accordance with section 15 of the New Financial Institutions Act (FIA) 1999 the Bank must maintain a minimum ratio of 10%.

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

Capital base:
In thousands of Liberian Dollars

	2019	2018
1. Tier 1 capital		
	2019	2018
Issued capital	**705,486**	705,486
Share Premium	**57,713**	57,713
Statutory Reserve	**342,035**	229,290
Translation reserve & Retained Earnings	**2,293,176**	1,281,396
Retained profit and reserves		172,371
	3,398,410	2,446,256
2. Tier 2 capital		
Financial instrument with equity option	**-**	-
	3,398,410	2,446,256

Risk weighted asset base
In thousands of Liberian Dollars

	2019			2018		
	Amount	**%**	**Weighted Amount**	Amount	%	Weighted Amount
Eligible guaranteed by PSE	-	20%	-	39,922	20%	7,984
Eligible past due exposures	**143,425**	50%	**71,713**	170,294	50%	85,147
Retail exposures	**2,465,677**	75%	**1,849,258**	2,333,777	75%	1,750,333
Eligible claims on corporates and other exposures	**13,083,119**	100%	**13,083,119**	10,622,693	100%	10,622,693
Off-balance items	**1,451,951**	50%	**725,976**	269,000	50%	134,500
Total	**17,144,172**		**15,730,065**	13,435,686		12,600,657

Capital adequacy ratio **21.60%** 19.41%

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

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.

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

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 2.8a 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.

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**
December 31, 2019				
Cash and bank balances	**8,204,351,959**	-	**8,204,351,959**	**8,204,351,959**
Loans and advances	**13,419,155,208**	-	**13,419,155,208**	**13,419,155,208**
Total Financial assets	**21,623,507,167**	-	**21,623,507,167**	**21,623,507,167**
Deposits from customers	**15,474,727,412**	-	**15,474,727,412**	**15,474,727,412**
Borrowings	**5,015,408,019**	-	**5,015,408,019**	**5,015,408,019**
Total financial liabilities	**20,490,135,431**	-	**20,490,135,431**	**20,490,135,431**

	Loans and receivables	Available-for-sale	Total	Fair value
December 31, 2018				
Cash and bank balances	6,002,251,424	-	6,002,251,424	6,002,251,424
Loans and advances	11,783,329,872	-	11,783,329,872	11,783,329,872
Total Financial assets	17,785,581,296	-	17,785,581,296	17,785,581,296
Deposits from customers	12,850,531,692	-	12,850,531,692	12,850,531,692
Borrowings	3,431,964,019	-	3,431,964,019	3,431,964,019
Total financial liabilities	16,282,495,711	-	16,282,495,711	16,282,495,711

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

7. Net interest income

	2019	2018
Interest income and commission on loans and advances	**2,017,829,771**	1,810,768,293
Total interest income	**2,017,829,771**	1,810,768,293

Interest expense		
Saving accounts	**114,374,545**	83,099,714
Deposits from customers	**55,090,080**	23,712,564
Borrowings	**239,399,771**	154,353,703
Total interest expense	**408,864,396**	261,165,981

8. Fee and commission income

Fees from transfers	**449,267,660**	379,392,500
	449,267,660	379,392,500

9. Other operating income

Fee income on customer deposits	**188,874,968**	130,474,566
Currency trading income	**19,198,487**	18,855,822
Miscellaneous	**72,979,686**	59,874,624
	281,053,141	209,205,012

10. Personnel expenses

Staff costs	**480,544,493**	366,031,682
Social security contributions	**9,791,428**	13,253,664
Provident fund contributions	**19,665,331**	14,912,370
Other staff related expenses	**79,085,654**	44,026,380
	589,086,906	438,224,096

The average number of persons employed by the bank during the year ended 31 December 2019 was 245 (2018: 250).

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

11. Occupancy and other property costs

	2018	2017
Utilities	**72,454,319**	63,727,102
Lease and rental expenses	**60,359,730**	57,142,551
Repairs and maintenance-Building and others	**67,648,864**	43,296,657
Guard service	**79,549,510**	53,007,453
Repairs and maintenance-Vehicles	**13,463,040**	8,614,788
Insurance	**96,361,563**	69,320,664
Software maintenance	**28,870,651**	15,449,725
	418,707,677	310,558,940

12. Other expenses include:

Scholarship and donation	**15,434,031**	11,158,888
Foreign travels	**46,728,695**	29,594,246
Local transportation	**7,010,836**	4,375,678
Board of directors expenses	**28,888,531**	21,477,185
Miscellaneous expenses	**230,089,750**	209,558,320
Money gram	**19,416,790**	19,071,099
	347,568,633	295,235,416

12b. Fines and Penalties

There was no fine/penalties charged against the bank during the year ended December 31, 2019.(2018; nil)

13. Income tax expense

Current income tax	**76,430,366**	68,319,718

(a) Current income tax

31 December 2019	**Balance at January 1**	**Payments during year**	**Charge for the year**	**Balance at December 31**
Year of assessment				
Up to 2018	**26,607,564**			26,607,564
2019	**-**	**(94,478,904)**	**76,430,472**	(18,048,432)
	26,607,564	**(94,478,904)**	**76,430,472**	8,559,132

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

Income tax expense (continued)

Current income tax

31 December 2018	Balance at January 1	Payments during year	Charge for the year	Balance at December 31
Year of assessment				
Up to 2017	54,236,411			54,236,411
2018	-	(84,980,989)	57,352,142	
	54,236,411	(84,980,989)	57,352,142	26,607,564

Recognized in the income statement

(b) Current tax expense:

	2019	2018
Current year	**56,481,561**	57,352,142
Deferred tax expense		
Origination and reversal of temporary difference	**19,948,911**	10,967,576
Total tax expense	**76,430,472**	68,319,718

The tax positions are subject to agreement with the tax authorities.

Reconciliation of effective tax rate

Profit before income tax	**299,366,908**	273,278,778
Income tax on profit before tax	**56,481,561**	57,352,142
Tax impact of temporary difference:		
Property, plant and equipment	**19,948,911**	10,967,576
Tax incentives		
Total income tax expense in Income statement	**76,430,472**	68,319,718
Effective tax rate	26%	25%

(a) Deferred tax account

Balance brought forward	**(36,054,028)**	(47,021,604)
Charge/(credit) for the period	**19,948,911**	10,967,576
Balance at 31 December	**(16,105,117)**	(36,054,028)

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:

2018			2017		
Asset	**Liability**	**Net**	Asset	Liability	Net
(16,105,117)		**(16,105,117)**	(36,054,028)		(36,054,028)
(16,105,117)		**(16,105,117)**	(36,054,028)		(36,054,028)

Movement in temporary differences during year 2019

	Opening Balance	Recognized in Profit	Recognized in Equity	Closing Balance
Property, Plant & Equipment	(36,054,028)	**19,948,911**	**-**	**(16,105,117)**
	(36,054,028)	**19,948,911**	**-**	**(16,105,117)**

Movement in temporary differences during year 2018

	Opening Balance	Recognized in Profit	Recognized in Equity	Closing Balance
Property, Plant & Equipment	(47,021,604)	10,967,576	-	(36,054,028)
	(47,021,604)	10,967,576	-	(36,054,028)

14. Cash and cash equivalents

	2019	2018
Cash on hand	**3,456,396,941**	2,987,612,457
Balances with Central Bank of Liberia	**1,924,163,411**	1,742,367,507
Cash and bank balances	**5,380,560,352**	4,729,979,964
Balances with foreign banks	**2,823,791,607**	1,272,271,459
Cash and cash equivalents	**8,204,351,959**	6,002,251,423
Mandatory reserve deposits	**(1,795,366,069)**	(1,575,873,755)
Cash and cash equivalents at 31 December	**6,408,985,890**	4,426,377,668

NOTES (continued)

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

Included in balances with Central Bank of Liberia above is an amount of LR$1,795,366,069,(2018: LR$ 1,575,873,755) for the Bank mandatory primary reserve deposits representing 10% (US$) & 25% (LR$) 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.

15. Loans and advances

	2019	2018
Loans and advances	**14,784,044,855**	13,151,133,496
Allowance for credit losses		
Specific allowances for impairment	**(1,042,719,972)**	(944,701,167)
Collective allowances for impairment	**(322,169,675)**	(423,102,456)
	13,419,155,208	11,783,329,873

16 Impairment allowance on loans and advances

Specific allowance for impairment		
Balance at beginning of year	**944,701,167**	591,423,684
Allowance for credit losses -Stage 3	**121,991,443**	168,956,720
Loans written off	**(179,812,552)**	-
Recovery	**(9,458,202)**	-
Effect of translation	**165,298,116**	184,320,763
Balance at end of year	**1,042,719,972**	944,701,167
Collective allowance for impairment		
Balance at the beginning of the year	**423,102,456**	169,905,610
Allowance for credit losses		
Stage 1	**55,649,407**	62,931,924
Stage 2	**205,122,314**	136,131,894
Loan written off	**(446,455,442)**	-
Recovery	**(11,883,690)**	
Effect of translation	**96,634,630**	54,133,028
Balance at end of year	**322,169,674**	423,102,456
Total allowances for impairment	**1,364,889,647**	1,367,803,623

16a Impairment allowance on loans and advances

Specific allowance for impairment	**121,991,443**	168,956,720
Collective allowance for impairment (Stage 1&2)	**260,771,721**	199,063,818
Loan written off	**-**	193,726,271
Charge for the year	**382,763,164**	561,746,809

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

16b. Central Bank of Liberia prudential regulation on asset quality

The Non-performing ratio as calculated as per these IFRS financials is indicated on pages 33 & 71 of this report.

The below table illustrates the non-performing ratio as per the Central Bank of Liberia prudential guidelines for provisioning. As noted in Note 26, the difference between the two, which was previously captured on Credit Risk reserve, is no longer applicable.

2019/STATUS	Total count	% Total count	Loan Value (Gross)	% Total value	Provision Per CBL/amount (Gross)	% Total provision
CURRENT	1821	79%	13,509,329,205	91.38%	673,170,088	49%
Total Current	1821	79%	13,509,329,205	91.38%	673,170,088	49%
Total Performing	1821	79%	13,509,329,205	91.38%	673,170,088	49%
SUB-STANDARD	56	2%	562,658,218	3.81%	101,517,276	8%
DOUBTFUL	19	1%	479,733,226	3.24%	357,878,077	25%
LOSS	406	18%	232,324,207	1.57%	232,324,207	18%
Total NPL	481	21%	1,274,715,650	8.62%	691,719,560	51%
Total Performing & NPL	2,302	100%	14,784,044,855	100.00%	1,364,889,647	100%

2018/STATUS -	Total count	% Total count	Loan Value (Gross)	% Total value	Per CBL/ Provision amount (Gross)	% Total provision
CURRENT	1,988	81%	11,771,555,515	90%	324,488,615	27%
Total Current	1,988	81%	11,771,555,515	90%	324,488,615	27%
Total Performing	1,988	81%	11,771,555,548	90%	324,488,615	27%
SUB-STANDARD	44	0.2%	216,674,239	2%	39,621,529	3%
DOUBTFUL	80	2%	634,943,407	5%	350,546,107	29%
LOSS	363	16.8%	527,960,335	4%	482,720,913	40%
Total NPL	487	19%	1,379,577,981	10%	872,888,549	73%
Total Performing & NPL	2,475	100%	13,151,133,496	100%	1,197,377,164	100%

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

17. Property and equipment

	Land	Leasehold properties and improvements	Building	Household furniture and equipment	Office furniture and fixtures	Office equipment	Other machinery and equipment	Vehicles	Total
Year ended December 31, 2019									
Cost									
At 1 January	**89,831,315**	**258,180,788**	**-**	**2,061,347**	**36,329,310**	**171,828,633**	**147,116,860**	**33,519,795**	**738,868,048**
Adjustment	-	(127,592,815)		-	-	-	-	-	**(127,592,815)**
Adjusted opening balance	89,831,315	130,587,973	-	2,061,347	36,329,310	171,828,633	147,116,860	33,519,795	611,275,233
Additions	-	208,299,995	114,686,599	-	10,965,508	28,515,137	56,684,600	13,154,400	432,306,239
At 31 December	**89,831,315**	**338,887,968**	**114,686,599**	**2,061,347**	**47,294,818**	**200,343,770**	**203,801,460**	**46,674,195**	**1,043,581,472**
Depreciation									
At 1 January	**-**	**34,650,084**	**-**	**2,003,526**	**27,399,556**	**141,460,752**	**41,462,633**	**21,231,585**	**268,208,136**
Adjustment	-	-	-	-	-	(56,707,218)	56,707,218	-	**-**
Adjusted opening balance	**-**	**34,650,084**	**-**	**2,003,526**	**27,399,556**	**84,753,534**	**98,169,851**	**21,231,585**	**268,208,136**
Charge for the year	-	23,279,189	2,277,544	21,645	8,597,448	30,737,639	14,317,894	8,240,396	**87,471,755**
At 31 December	**-**	**57,929,273**	**2,277,544**	**2,025,171**	**35,997,004**	**115,491,173**	**112,487,745**	**29,471,981**	**355,679,891**
Net Book Value at December 31	**89,831,315**	**280,958,695**	**112,409,054**	**36,176**	**11,297,814**	**84,852,597**	**91,313,715**	**17,202,214**	**687,901,580**

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

17. Property and equipment (continued)

	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, 2018								
Cost								
At 1 January	89,831,315	126,537,784	2,213,805	31,854,784	145,819,910	53,978,126	44,043,977	494,279,701
Reclassification						28,111,016		28,111,016
Adjustment		(110,443)	(152,458)	586,350	852,661	172,990	(5,986,742)	(4,637,643)
Adjusted opening balance	89,831,315	126,427,341	2,061,347	32,441,134	146,672,571	82,262,132	38,057,235	517,753,075
Additions		131,753,447	-	3,888,176	25,156,062	64,854,728	4,726,500	230,378,913
Write off		-	-	-	-	-	(9,263,940)	(9,263,940)
At 31 December	89,831,315	258,180,788	2,061,347	36,329,310	171,828,633	147,116,860	33,519,795	738,868,048
Depreciation								
At 1 January	-	19,633,551	1,986,815	19,994,222	83,943,403	53,526,921	40,208,627	219,293,539
Adjustment				1,349,258	25,194,608	(16,449,165)	(14,732,343)	(4,637,643)
Adjusted opening balance		19,633,551	1,986,815	21,343,480	109,138,011	37,077,756	25,476,284	214,655,896
Charge for the year		15,016,333	16,711	6,056,076	32,322,741	4,384,877	5,019,241	62,816,179
Released on Write off		-	-	-	-	-	(9,263,940)	(9,263,940)
At 31 December		34,650,084	2,003,535	27,399,557	141,460,752	41,462,632	21,231,585	268,208,135
Net Book Value at December 31	89,831,315	223,530,704	57,821	8,929,754	30,367,881	105,654,228	12,288,210	470,659,913

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

18a. Intangible assets

Cost	2019	2018
At 1 January	**71,581,820**	87,662,318
Additions	**1,882,254**	12,030,518
Disposal	**(53,031,881)**	-
Adjustments	**-**	(28,111,016)
At 31 December	**20,432,193**	71,581,820
Amortization		
At 1 January	**50,688,177**	39,142,002
Amortization for the period	**10,422,287**	11,546,175
Release on disposal	**(53,031,881)**	-
At 31 December	**8,078,583**	50,688,177
Net book amounts		
At 31 December	**12,353,610**	20,893,643

	Buildings leased	Total
18b. Right-of-use assets		
Balance - 1 January 2019	**120,474,100**	**120,474,100**
Addition	**-**	**-**
Balance - 31 December 2019	**120,474,101**	**120,474,101**
Depreciation		
Balance - 1 January 2019	**-**	**-**
Charge for the period	**24,444,006**	**24,444,006**
Balance - 31 December 2019	**24,444,006**	**24,444,006**
Carrying amount		
Balance at 31 December 2019	**96,030,094**	**96,030,094**
18c. Lease liabilities		
Lease liability	**97,345,108**	**97,345,108**
Balance - 31 December 2019	**97,345,108**	**97,345,108**

Lease in the statement of profit or loss

Depreciation of ROU assets	**24,444,006**	**24,444,006**
Interest expense on lease liabilities	**4,347,637**	**4,347,637**

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

19. Depreciation and amortisation

The depreciation and amortisation charge is realised as follows:

	2019	2018
Property and equipment (Note 17)	**87,471,756**	62,816,179
Intangible assets (Note 18)	**10,422,287**	11,546,175
Right-out-use assets(Note 2.3.1)	**24,444,006**	-
	122,338,049	74,362,354

20. Trade and other receivables

Staff and sundry debtors	**463,339**	808,862
Insurance Company of Africa	**15,214,035**	5,203,994
Other receivables	**1,117,368,563**	1,083,673,785
	1,133,045,937	1,089,686,641
Provision for doubtful debts	**(118,896,006)**	(179,974,743)
	1,014,149,931	909,711,898

21. Other assets

Prepayment	**149,131,403**	**106,421,825**
	149,131,403	**106,421,825**

22. Deposits from customers

	2019	2018
By type of deposit		
Demand deposits	**8,435,928,283**	6,883,465,846
Savings	**6,943,696,280**	5,925,708,971
Time deposits	**95,102,849**	41,356,875
	15,474,727,412	12,850,531,692

By type of customer		
Individuals and other private enterprises	**15,008,034,845**	12,462,980,619
Public enterprises	**466,692,567**	387,551,074
	15,474,727,412	12,850,531,692

23. Other liabilities.

Accrued expenses and others	**287,387,997**	220,137,110
Deferred income	**168,222,913**	120,215,458
	455,610,910	340,262,568

NOTES (continued)

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

24. 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 Bank are 30,000,000 ordinary shares at US$1 par value.

	2019	2018
Issued and fully paid		
Issued for cash consideration (number of shares)		
Proceeds	**705,486,211**	705,486,211

25. Number of shareholders

The Bank's shareholders as at December 31, 2019 are as follows:

	Shareholding	Percentage (%)
Liberia Financial Holdings	**10,646,992**	**86.29%**
Trust Bank Limited	**1,537,062**	**12.46%**
Other shareholders	**153,935**	**1.25%**
Total	**12,337,989**	**100.00%**

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

26. Other reserves

Credit risk reserve

The credit risk reserve is no longer applicable under the updated Central Bank of Liberia prudential guidelines.

Sensitivity analysis on recognition of provision based on CBL guidelines concerning accounting and financial reporting for Banks.

December 31, 2019

Detail	Provision based on CBL's guidelines	IFRS provision recognized in the statement of profit or loss and other compressive income	Difference between CBL and IFRS	Profit/loss as per statement of profit or loss and other comprehensive income before the recognition of CBL provision	Profit/(loss) if CBL provision amount was recognized	Total equity attributable to owners of the bank (IFRS)	Total equity attributable to owners of the bank (CBL)
Amount (LR$)	**341,486,949**	**382,763,164**	**41,276,215**	**222,936,436**	**264,212,650**	**2,932,129,257**	**2,973,405,472**

December 31, 2018

Detail	Provision based on CBL's guidelines	IFRS provision recognized in the statement of profit or loss and other compressive income	Difference between CBL and IFRS	Profit/loss as per statement of profit or loss and other comprehensive income before the recognition of CBL provision	Profit/(loss) if CBL provision amount was recognized	Total equity attributable to owners of the bank (IFRS)	Total equity attributable to owners of the bank (CBL)
Amount (LR$)	508,519,843	561,746,809	53,226,966	204,959,060	258,186,026	2,446,017,022	2,499,243,988

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

27. Dividends

At the Annual General Meeting on April 30, 2020, a dividend per share of L$ 6.10 amounting to L$75,293,838 was proposed for the year ended 31 December 2019.

28. Contingencies

Claims and litigation

In the normal course of the Bank's business, The Bank may initiate or become subject to various forms of litigation claims and assessments. An evaluation by management, in conjunction with the Bank's legal counsel, of the risk of loss related to the Bank's existing or threatened litigation, claims and assessments, resulted in the determination that such risk is minimal, if any, as at December 31, 2018.

In one such employment-related matter currently on-going, before a certain GOL Agency, in recognizing prior decision trends by that GOL Agency, management is of the opinion that chances that the bank will prevail, are equal. Were the GOL Agency's decision stated in favor of the former employee, the Bank's total exposure is estimated to be immaterial.

The Bank does not record contingent assets. As such, in regards to loans, mortgages and financing agreements on which the bank has initiated action, no contingent assets are recognized in the financial statements as at December 31, 2019.

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. (include balances of contingent liabilities)

28.3 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.

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

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

28.4 Commitments for capital expenditure

The bank had no commitments for capital expenditure as at December 31, 2019 (2018: NIL).

29. Related parties

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

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:

	2019	2018
Salaries and other short-term benefits	**78,022,804**	61,854,976
Social security and provident fund contributions	**3,823,636**	2,402,221

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

30. Borrowings

	2019	2018
Non-current		
Bank borrowings	**5,027,951,877**	3,431,964,019
Current		
Bank borrowings	**-**	-
	5,027,951,877	3,431,964,019

2019

	Balance at 1 January	Drawdown	Interest	Exchange rate movements	Balance at 31 December
Central Bank of Liberia	**280,964,019**	**-**	**-**	**37,237,858**	**318,201,877**
OPIC	**3,151,000,000**		**-**	**604,256,142**	**3,755,256,142**
GHIB		**941,950,000**			**941,950,000**
	3,431,964,019	**941,950,000**	**-**	**641,494,000**	**5,015,408,019**

2018

	Balance at 1 January	Drawdown	Interest	Exchange rate movements	Balance at 31 December
Central Bank of Liberia	242,444,019	-	-	38,520,000	280,964,019
OPIC	1,881,750,000	787,750,000	-	481,500,000	3,151,000,000
	2,124,194,019	787,750,000	-	520,020,000	3,431,964,019

The Bank entered into agreement with Central Bank of Liberia on January 8, 2013 for amounts of US$ 1,200,000 and LR$ 21,750,000 for a period of seven (7) years at an interest rate of 2% per annum with a six (6) months moratorium after commencement date.

The Bank entered into an agreement with the Overseas Private Investment Corporation (OPIC) on March 14, 2017 for the amount of US$20,000,000 for five (5) years.

The Bank entered into an agreement with the Ghana international Bank (GHIB) on November 4, 2019 for the amount of US$ 5,000,000 for eighteen (18) months at an interest rate of 6.5%.

31. Comparative information

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

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

32. Events after the post financial position date

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. On March 11, 2020, The World Health Organization declared the outbreak a Global Pandemic. On March 21, 2020, the Minister of Health of the Republic of Liberia declared the Coronavirus outbreak a National Health Emergency, in accordance with Liberia's Public Health Law. The Bank's Management is closely monitoring developments and assessing the impact(s) that all these developments are very likely to have on the Bank's operations.

At this point, we cannot reasonably estimate the duration and severity of this pandemic, which could have a material adverse impact on our business, results of operations, financial position, and cash flows.

SUPPLEMENTARY DATA BRIEF

The financial statements for the year ended December 31, 2019 are presented on pages 10 to 74 in accordance with the requirement of law. The above mentioned financial statements are presented in this section (pages 76 to 112), 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 2019
Revenue:

Interest income and commission			
on loans & advances	7	**10,814,027**	12,569,543
Less: Interest expense	7	**(2,191,201)**	(1,812,897)
Net interest and commission on loans & advances		**8,622,826**	10,756,646
Commissions on transfers and drafts	8	**2,407,732**	2,633,573
Other operating income	9	**1,506,230**	1,452,207
Total revenue		**12,536,788**	14,842,426
General and administrative expenses		**-**	-
Loan Impairment/Bad Debt	16a	**2,051,318**	3,899,395
Salaries and benefits	10	**3,157,056**	3,041,956
Occupancy & other property cost	11	**2,243,953**	2,155,761
Management fees		**-**	208,235
Consultancy		**10,257**	205,080
Professional services		**222,322**	131,751
License and taxes		**69,183**	57,308
Office expenses		**636,679**	680,379
Depreciation & Amortization	19	**655,639**	516,190
Other expenses	12	**1,862,703**	2,049,392
Finance costs- Lease liability	18c	**23,300**	
Total operating expenses		**10,932,410**	12,945,447
Profit before tax		**1,604,378**	1,896,979
Corporate Income Tax	13b	**(409,617)**	(474,245)
Profit after tax		**1,194,761**	1,422,734

The notes on pages 79 to 111 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31 2019

(All amounts are expressed in US Dollars)

	Notes	2019	2018
Assets			
Cash and short term funds	14	**43,658,748**	38,097,438
Loans and advances	15	**71,408,872**	74,791,050
Property, plant and equipment	17	**5,504,940**	4,352,217
Right-of-Use-Assets	18b	**510,091**	
Intangible Assets	18a	**338,781**	384,620
Interbank Placement		**1,064,283**	1,272,541
GOL T-Bonds & T- Bills		**10,636,204**	10,399,446
Prepaid Staff Benefits		**70,613**	82,457
Trade and other receivable	20	**5,396,711**	5,774,116
Deferred Tax Asset	13d	**191,628**	298,541
Other current assets	21	**793,590**	675,480
Total assets		**139,574,461**	136,127,906
Liabilities and shareholders' equity			
Liabilities			
Deposits from Customer	22	**82,347,421**	81,564,784
Borrowings	30	**26,689,059**	21,783,332
Trade payables		**9,724,479**	13,238,732
Current income tax liabilities	13	**75,017**	168,884
Lease liabilities	18c	**518,014**	-
Other liabilities	23	**2,424,494**	2,160,283
Total Liabilities		**121,778,484**	118,916,015
Equity:			
Share capital	24	**12,337,989**	12,337,989
Share premium		**1,009,328**	1,009,328
Statutory reserve		**2,474,485**	2,175,795
Translation reserve		**(1,563)**	
Retained earnings		**1,975,740**	1,688,779
Total shareholders' equity		**17,795,979**	17,211,891
Total liabilities and shareholders' equity		**139,574,461**	136,127,906

The financial statements were approved by the Board on July 31 2020 and signed on its behalf by:

Mr. Estrada J. Bernard
Chairman

Mr. Henry F. Saamoi
Chief Executive Officer

The notes on pages 81 to 113 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, 2019

	Stated Capital	Share premium	Translation reserve	Statutory Reserve	Income Surplus	Total
Balance as at January 1	**12,337,989**	**1,009,328**	**-**	**2,175,795**	**1,688,779**	**17,211,891**
Profit for the year	-	-	-		896,071	896,071
Dividends declared:	-	-	-	-	(569,093)	(569,093)
Statutory reserve	-	-	-	298,690	-	298,690
Other adjustments			**(1,563)**		(40,017)	(41,580)
Balance at December 31	**12,337,989**	**1,009,328**	**(1,563)**	**2,474,485**	**1,975,740**	**17,795,979**

For the year ended December 31, 2018

	Stated Capital	Share premium	Credit Risk Reserve	Statutory Reserve	Income Surplus	Total
Balance as at January 1	**12,337,989**	**1,009,328**	**-**	**1,820,111**	**1,495,254**	**16,662,682**
Profit for the year	-	-	-	-	1,067,050	1,067,050
Dividends declared:	-	-	-	-	(873,525)	**(873,525)**
Statutory reserve	-	-	-	355,684	-	355,684
Balance at December	**12,337,989**	**1,009,328**	**-**	**2,175,795**	**1,688,779**	**17,211,891**

The notes on pages 81 to 113 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 2019

Cash flows from operating activities		**2019**	2018
Net Operating Results		**1,604,378**	1,896,979
Adjustments			
Depreciation & Amortization	19	**655,639**	516,190
Impairment of Loan and Advances	16a	**2,051,318**	3,899,395
Change in Loans and Advances		**1,330,859**	(6,905,438)
Change in Mandatory Reserve Deposit		**448,487**	(25,735)
Change in Prepaid Staff Benefits		**11,845**	(9,675)
Changes in Receivables		**1,113,125**	4,225,827
Change in Other Assets		**(853,831)**	126,098
Change in short term investment		**(28,500)**	(11,671,987)
Changes in Operating Assets & Liabilities			
Customer Deposits		**782,637**	6,191,294
Other Liabilities		**264,211**	58,568
Trade and Other Payables		**(2,478,227)**	705,058
Income Tax paid	13	**(396,570)**	(661,564)
Net Cash Flows from Operating Activities		**4,505,371**	(1,654,990)
Investing Activities			
Additions to Fixed Assets	17	**(2,300,480)**	(1,462,259)
Adjustment in PPE	17	**678,975**	-
Additions to Intangibles	18a	**(10,016)**	(76,360)
Right-of-Use assets	18b	**(641,092)**	-
Net Cash Used in Investing Activities		**(2,272,613)**	(1,538,619)
Financing Activities			
Draw down on borrowings	30	**4,905,727**	4,850,738
Lease liability		**(518,014)**	-
Other adjustments to equity		**(40,017)**	-
Divined		**(569,093)**	(873,526)
Net Cash Used in Financing Activities		**3,778,603**	3,977,212
Net Increase in Cash & Cash Equivalents		**6,011,361**	783,603
Translation Difference		**(1,563)**	
Cash and cash equivalents at 1 January	14	**28,095,063**	27,311,460
Cash and cash equivalents at 31 December	14	**34,104,861**	28,095,063

The notes on pages 81 to 113 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 Department, which are responsible for developing and managing risks 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. 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 US Dollars unless otherwise stated)

3. Financial risk management (continued)

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3.3 Credit Risk (continued)

3.3.1 Management of control risk

	2019	2,018
Carrying amount	**4,770,691**	6,659,977
Individually impaired		
Grade A1/A2	**6,810,201**	9,583,351
Grade B		625,954
Grade C1/C2	**518,751**	758,995
Grade C3	**1,677,918**	568,422
Grade C4	**1,312,576**	1,032,207
Gross amount	**10,319,446**	12,568,929
Allowance for impairment		
Stage 3	**(5,548,755)**	(5,908,952)
Carrying amount	**66,638,181**	68,131,073
Collectively impaired		
Grade A1/A2	**61,184,788**	47,582,966
Grade B	**4,812,812**	6,335,899
Grade C1/C2	**1,480,038**	8,625,521
Grade C3	**874,941**	3,778,411
Grade C4	**-**	4,581,035
Gross amount	**68,352,579**	70,903,832
Allowance for impairment		
Stage 1	**(1,316,631)**	(1,017,153)
Stage 2	**(397,767)**	(1,755,606)
Total carrying amount on balance sheet	**7,726,724**	74,791,050

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

Bonds and guarantees	**7,726,724**	17,073,300
Commitments:		

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 8.62 % (2018: 10.40%) of the gross loans. The twenty largest exposure (gross funded and non-funded) to total exposure is 31.83% (2018: 31.6%).
IBLL NPL (non-performing loans) Ratio: 8.62%

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 2019 (31 December 2018: 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)

	2019	2018
Carrying amount	**71,408,872**	74,791,050
Concentration by product		
Overdraft	**43,269,898**	45,616,441
Term loan	**35,402,126**	37,856,320
Gross	**78,672,024**	83,472,761
Less: Impairment		
Stage 1	**(1,316,630)**	1,017,153)
Stage 2	**(397,767)**	(1,755,606)
Stage 3	**(5,548,755)**	(5,908,952)
Net	**71,408,872**	74,791,050
Concentration by customer		
Individuals	**9,234,628**	10,194,507
Private enterprise	**69,437,396**	73,278,254
Gross	**78,672,024**	83,472,761
Less: Impairment		
Stage 1	**(1,316,631)**	(1,017,153)
Stage 2	**(397,767)**	(1,755,606)
Stage 3	**(5,548,755)**	(5,908,952)
Net	**71,408,872**	74,791,050
Concentration by industry		
Agriculture	**5,003,246**	9,019,836
Mining and Quarrying	**-**	144,841
Manufacturing	**2,974,344**	1,374,816
Construction	**12,798,312**	13,594,392
Transportation, Storage and Communications	**2,297,785**	1,707,518
Trade, Hotel and Restaurant	**38,436,316**	33,319,841
Services	**6,931,927**	8,258,311
Personal	**9,234,628**	10,194,507
Miscellaneous	**995,467**	5,857,899
Gross	**78,672,024**	83,472,761
Less: Impairment		
Stage 1	**(1,316,630)**	(1,017,153)
Stage 2	**(397,767)**	(1,755,606)
Stage 3	**(5,548,755)**	(5,908,952)
Net	**71,408,872**	74,791,050

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:

	2019	2018
Carrying amount		
Concentration by product		
Bonds and Guarantees	**7,276,724**	17,073,300
Letters of Credit	**450,000**	

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 2019	Total	0 to 3 months	3 to 6 Months	6 to 12 months	Over 12 months
Non-derivative liabilities					
Deposits from customers	**82,347,421**	**5,881,959**	**11,763,917**	**23,527,834**	**41,173,711**
Trade payables	**10,242,492**	**731,607**	**1,463,213**	**2,926,427**	**5,121,246**
Borrowings	**26,689,059**	**1,906,361**	**3,812,723**	**7,625,445**	**13,344,530**
Other liabilities	**2,424,494**	**173,178**	**346,356**	**692,713**	**1,212,247**
	121,703,466	**8,693,105**	**17,386,209**	**34,772,419**	**60,851,734**
Non-derivative assets					
Cash and cash equivalents	**43,658,748**	**43,658,748**			
Trade and other receivables	**4,660,991**	**332,928**	**665,856**	**1,331,712**	**2,330,495**
Loans and advances	**71,408,872**	**5,100,634**	**10,201,267**	**20,402,535**	**35,704,436**
	119,728,611	**49,092,310**	**10,867,123**	**21,734,247**	**38,034,931**
Liquidity gap	**1,974,855**	**(40,399,205)**	**6,519,086**	**13,038,172**	**22,816,803**

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 2018	Total	0 to 3 months	3 to 6 months	6 to 12 months	Over 12 months
Non-derivative liabilities					
Deposits from customers	81,564,784	5,826,056	11,652,112	23,304,224	40,782,392
Trade payables	13,238,733	945,624	1,891,248	3,782,495	6,619,367
Borrowings	21,783,332	1,555,952	3,111,905	6,223,809	10,891,666
Other liabilities	1,397,252	99,804	199,608	399,215	698,626
	117,984,102	8,427,436	16,854,873	33,709,743	58,992,051
Non-derivative assets					
Cash and cash equivalents	38,097,438	38,097,438			
Trade and other receivables	5,052,765	360,912	721,824	1,443,647	2,526,382
Loans and advances	74,791,050	5,342,218	10,684,436	21,368,871	37,395,525
	117,941,253	43,800,568	11,406,260	22,812,518	39,921,907
Liquidity gap	42,649	(35,373,132)	5,448,613	10,897,225	19,077,144

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 Department. 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 2019					
Cash and cash equivalents	43,658,748	43,658,748	-	-	-
Loans and advances	71,408,872	5,100,634	10,201,267	20,402,535	35,704,436
Total financial assets	115,067,620	48,759,382	10,201,267	20,402,535	35,704,436
Deposits from customers	82,347,421	5,881,959	11,763,917	23,527,834	41,173,711
Borrowings	26,689,059	1,906,361	3,812,723	7,625,445	13,344,530
Total financial liabilities	109,036,480	7,788,320	15,576,640	31,153,279	54,518,241
Total interest reprising gap	6,031,139	40,971,062	(5,375,373)	(10,750,744)	(18,813,806)

	Total	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 Years
31-December 2018					
Cash and cash equivalents	38,097,438	38,097,438	-	-	-
Loans and advances	74,791,050	5,342,218	10,684,436	21,368,871	37,395,525
Total financial assets	112,888,488	43,439,656	10,684,436	21,368,871	37,395,525
Deposits from customers	81,563,763	5,826,056	11,652,112	23,304,224	40,782,392
Borrowings	21,783,332	1,555,952	3,111,905	6,223,809	10,891,666
Total financial liabilities	103,348,116	7,382,008	14,764,017	29,528,003	51,674,068
Total interest reprising gap	9,540,372	30,057,648	(4,079,581)	(8,159162)	(14,278,533)

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

	2019	2018
Interest income impact	108,140	125,695
Interest expense impact	(21,912)	(18,129)
Net impact on profit	86,228	107,566

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 2019 by US$ 86,228 (2018: US$ 107,566) while a series of such falls would decrease net interest income for 2019 by US$ 86,228 (2018: US$ 107,566).

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 2018. 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 2019	**US$**	**GBP**	**EUR**	**ZAR**	**L$**	**Total**
Assets						
Cash and cash equivalents	**37,322,488**	**47,471**	**31,659**	**-**	**6,257,130**	**43,658,748**
Loans and advances	**64,611,207**	**-**	**-**	**-**	**6,797,665**	**71,408,872**
	101,933,695	**47,471**	**31,659**		**13,054,795**	**115,067,620**
Liabilities						
Deposits from customers	**68,802,749**	**-**	**-**		**13,544,672**	**82,347,421**
Borrowings	**26,200,000**	**-**	**-**		**489,059**	**26,689,059**
Total financial liabilities	**95,002,749**	**-**	**-**		**14,033,731**	**109,036,480**
Net on-balance sheet financial position	**6,930,946**	**47,471**	**31,659**		**(978,936)**	**6,031,140**

At 31 December 2018	**US$**	**GBP**	**EUR**	**ZAR**	**L$**	**Total**
Assets						
Cash and cash equivalents	32,460,591	59,219	190,138	-	5,387,491	38,097,438
Loans and advances	68,224,337	-	-		6,566,713	74,791,070
	100,684,938	59,219	190,138	**-**	**11,954,023**	**112,888,488**
Liabilities						
Deposits from customers	68,003,005	-	-	-	12,561,779	81,564,784
Borrowings	21,200,000	-	-	-	-	21,200,000
Total financial liabilities	**90,203,005**	**-**	**-**		12,561,779	**102,764,784**
Net on-balance sheet financial position	**10,481,933**	**59,219**	**190,138**	**-**	**(607,576)**	**10,123,704**

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, 2019 is US$17,795,979 (2018: US$ 17,211,891).

The bank's capital adequacy ratio as of December 31, 2019 is 21.60% (2018: 19.41%)

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

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.

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

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 2.8a and Note 6.

NOTES (continued)
(All amounts are expressed in US 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 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.

	Amortised cost	FVTPL	Total	Fair value
31 December 2019				
Cash and bank balances	**43,658,748**	**-**	**43,658,748**	**43,658,748**
Loans and advances	**71,408,872**		**71,408,872**	**71,408,872**
Total Financial assets	**115,067,620**	**-**	**115,067,620**	**115,067,620**
Deposits from customers	**82,347,421**	**-**	**82,347,421**	**82,347,421**
Borrowings	**26,689,059**		**26,689,059**	**26,689,059**
Total financial liabilities	**109,036,480**	**-**	**109,036,480**	**109,036,480**

	Loans and receivables	Available-for-sale	Total	Fair value
31 December 2018				
Cash and bank balances	38,097,438	-	38,097,438	38,097,438
Loans and advances	74,791,050	-	74,791,050	74,791,050
Total Financial assets	112,888,488	-	112,888,488	112,888,488
Deposits from customers	81,564,784	-	81,564,784	81,564,784
Borrowings	21,783,332	-	2,017,542	2,017,542
Total financial liabilities	103,348,116	-	83,582,326	83,582,326

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

7. Net interest income

	2019	2018
Interest income and commission on loans and advances	**10,814,027**	12,569,543
Total interest income	**10,814,027**	12,569,543
Interest expense		
Saving accounts	**612,961**	576,841
Deposits from customers	**268,909**	164,602
Borrowings	**1,309,331**	1,071,454
Total interest expense	**2,191,201**	1,812,897

8. Fee and commission income

Fees from transfers	**2,407,732**	2,633,573
Other fees	**-**	**-**
	2,407,732	2,633,573

9. Other operating income

Fees income on customer deposits	**1,012,226**	905,696
Currency trading income	**102,889**	130,889
Miscellaneous	**391,115**	415,622
	1,506,230	1,452,207

10. Personnel expenses

Staff costs	**2,575,351**	2,540,829
Social security contributions	**52,475**	92,001
Provident fund contributions	**105,391**	103,515
Other staff related expenses	**423,839**	305,611
	3,157,056	3,041,956

The average number of persons employed by the bank during the year ended 31 December 2019 was 245 (2018: 250).

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

	2019	2018
11. Occupancy and other property cost		
Utilities	**534,679**	442,365
Lease and rental expenses	**177,103**	396,658
Repairs and maintenance-Building and others	**362,546**	300,546
Guard service	**426,325**	367,954
Repairs and maintenance-Vehicles	**72,152**	59,800
Insurance	**516,424**	481,193
Software maintenance	**154,725**	107,245
	2,243,953	2,155,761

12. Other expenses include:		
Scholarship and donation	**82,715**	77,460
Foreign travels	**250,430**	205,430
Local transportation	**37,573**	30,374
Board of directors expenses	**154,820**	149,085
Contingency		-
Miscellaneous expenses	**1,233,106**	1,454,660
Money gram	**104,059**	132,383
	1,862,703	2,049,392

12b. Fines and Penalties
There was no fine/penalty charged against the bank in 2019.

13. Income tax expense

Current income tax	**302,704**	**398,113**

(a) Current income tax

31 December 2019	Balance at January 1	Payments during year	Charge for the year	Balance at December 31
Year of assessment				
Up to 2018	168,884			**186,884**
2019		**(396,571)**	**302,704**	**(93,867)**
	168,884	**(396,571)**	**302,704**	**75,017**

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Income tax expense (continued)
Recognized in the income statement

31 December 2018	Balance at January 1	Payments during year	Charge for the year	Balance at December 31
Year of assessment				
Up to 2017	432,335			432,335
2018		(661,564)	398,113	(263,451)
	432,335	(661,564)	398,133	168,884

		2019	2018
(b)	**Current tax expense:**		
	Current year	**302,704**	398,113
	Deferred tax expense Origination and reversal of temporary difference	**106,913**	76,132
	Total tax expense	**409,617**	474,245

The tax positions are subject to agreement with the tax authorities.

Reconciliation of effective tax rate

	2019	2018
Profit before income tax	**1,604,378**	1,896,979
Income tax on profit before tax	**302,704**	398,113
Tax impact of permanent difference:		
Non-deductible expenses	**106,913**	76,132
Tax incentives		
Total income tax expense in Income statement	**474,245**	474,245
Effective tax rate	**26%**	25%

(c) Deferred tax account

In US Dollars

Balance brought forward	**(298,541)**	**(374,673)**
Charge/(credit) for the period	**106,913**	**76,132**
Balance at 31 December	**(191,628)**	**(298,541)**

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:

	2019			2018		
	Asset	**Liabilities**	**Net**	Asset	Liabilities	Net
	(191,628)		**(191,628)**	(298,541)		(298,541)

Movement in temporary differences during year 2019

	Opening Balance	Recognized in PL	Recognized in Equity	Closing Balance
Property, Plant & Equipment	**(298,541)**	**106,913**		**(191,628)**

Movement in temporary differences during year 2018

	Opening Balance	Recognized in PL	Recognized in Equity	Closing Balance
Property, Plant & Equipment	(374,673)	76,132		(298,541)

14. Cash and cash equivalents

	2,019	2018
Cash on hand	**18,392,917**	18,962,948
Balances with Central Bank of Liberia	**10,239,269**	11,059,140
Cash and bank balances	**28,632,186**	30,022,088
Balances with foreign banks	**15,026,562**	8,075,349
Cash and cash equivalents	**43,658,748**	38,097,438
Mandatory reserve deposits	**(9,553,885)**	(10,002,372)
	34,104,863	28,095,066

Included in balances with Central Bank of Liberia above is an amount of US$ 9,553,885 (2018: US$ 10,002,372) for the Bank mandatory primary reserve deposits representing 10% (USD) & 25% (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.

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

15. Loans and advances	**2019**	2018
Loans and advances	**78,672,024**	83,472,761
Allowance for credit losses		
Specific allowances for impairment	**(5,548,755)**	(5,908,952)
Collective allowances for impairment	**(1,714,397)**	(2,772,759)
	71,408,872	74,791,050

16. Impairment allowance on loans and advances		
Specific allowance for impairment		
Balance at beginning of year	**5,908,952**	4,714,417
Allowance for credit losses		
Stage 3	**653,781**	1,194,535
Loans written off	**(963,647)**	-
Recovery	**(50,331)**	-
Balance at end of year	**5,548,755**	5,908,952
Collective allowance for impairment		
Balance at the beginning of the year	**2,772,759**	1,354,370
Allowance for credit losses		
Stage 1	**298,238**	475,405
Stage 2	**1,099,299**	942,984
Loans written off	**(2,392,660)**	-
Recovery	**(63,239)**	-
Balance at end of year	**1,714,398**	2,772,759
Total allowances for impairment	**7,263,152**	8,681,711

16a. Impairment allowance on loans and advances		
Specific allowance for impairment	**653,781**	1,194,535
Collective allowance for impairment	**1,397,537**	1,418,389
Loan written off	**-**	1,286,471
Charge for the year	**2,051,318**	3,899,395

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

16b. Central Bank of Liberia prudential regulation on asset quality
The Non-performing ratio as calculated as per these IFRS financials is indicated on pages 33 & 71 of this report.

The below table illustrates the non-performing ratio as per the Central Bank of Liberia prudential guidelines for provisioning. As noted in Note 26, the difference between the two, which was previously captured on Credit Risk reserve, is no longer applicable.

2019/STATUS	**Total count**	**% Total count**	**Loan Value (Gross)**	**% Total value**	**Provision Per CBL (Gross)**	**% Total provision**
CURRENT	**1821**	**79%**	**71,888,725**	**91.38%**	**3,475,788**	**49%**
Total Current	**1821**	**79%**	**71,888,725**	**91.38%**	**3,475,788**	**49%**
Total Performing	**1821**	**79%**	**71,888,725**	**91.38%**	**3,475,788**	**49%**
SUB-STANDARD	**56**	**2%**	**2,994,137**	**3.81%**	**540,215**	**8%**
DOUBTFUL	**19**	**1%**	**2,552,859**	**3.24%**	**1,789,636**	**25%**
LOSS	**406**	**18%**	**1,236,293**	**1.57%**	**1,236,293**	**18%**
Total NPL	**481**	**21%**	**6,783,289**	**8.62%**	**3,566,145**	**51%**
Total Performing & NPL	**2,302**	**100%**	**78,672,014**	**100%**	**7,041,933**	**100%**

2018/STATUS	Total count	% Total count	Loan Value (Gross)	% Total value	Provision Per CBL (Gross)	% Total provision
CURRENT	2262	81%	74,716,316	90%	2,252,611	27%
Total Current	2262	81%	74,716,316	90%	2,252,611	27%
Total Performing	2262	81%	74,716,316	90%	2,252,611	27%
SUB-STANDARD	5	0%	1,375,273	2%	275,054	3%
DOUBTFUL	65	2%	4,030,107	5%	2,433,503	29%
LOSS	462	17%	3,351,065	4%	3,351,065	40%
Total NPL	532	19%	8,756,445	10%	6,059,622	73%
Total Performing & NPL	2,794	100%	83,472,761	100%	8,312,233	100%

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

17. Property and equipment

	Land	Leasehold properties and improvements	Household furniture and equipment	Building	Office furniture and fixtures	Office equipment	Other machinery and equipment	Vehicles	Total
Year ended December 31 2019									
Cost									
At 1 January	**1,011,500**	**2,236,018**	**1,030**		**443,974**	**1,910,349**	**1,364,518**	**497,558**	**7,464,948**
Adjustment		(678,974)							(678,974)
Adjusted opening balance	1,011,500	1,557,044	1,030	-	443,974	1,910,349	1,364,518	497,558	6,785,974
Additions		1,108,450		610,295	58,352	151,741	301,642	70,000	2,300,480
Disposal									
At 31 December	**1,011,500**	**2,665,494**	**1,030**	**610,295**	**502,326**	**2,062,090**	**1,666,160**	**567,558**	**9,086,454**
Depreciation									
At 1 January		**487,081**	**663**		**269,308**	**1,392,082**	**520,512**	**443,085**	**3,112,731**
Adjustment						(301,763)	301,763		-
Adjusted opening balance		487,081	663		269,308	1,090,319	822,275	443,085	3,112,731
Charge for the year		124,759	116	12,206	46,076	164,730	76,733	44,162	468,782
At 31 December		**611,840**	**779**	**12,206**	**315,384**	**1,255,049**	**899,008**	**487,247**	**3,581,513**
Net Book Value at December 31	**1,011,500**	**2,053,654**	**251**	**598,089**	**186,942**	**807,040**	**767,152**	**80,311**	**5,504,940**

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

17. Property and equipment (continued)

	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 2018								
Cost								
At 1 January	**1,011,500**	**1,400,455**	**31,265**	**413,870**	**1,745,267**	**773,349**	**564,357**	**5,940,063**
Reclassification						178,426		178,426
Adjustment		(701)	(30,235)	5,425	5,412	1,098	(37,999)	(57,000)
Adjusted opening balance	1,011,500	1,399,754	1,030	419,295	1,750,679	952,873	526,358	6,061,489
Additions	-	836,264	-	24,679	159,670	411,645	30,000	1,462,259
Disposal		-	-	-	-	-	(58,800)	(58,800)
At 31 December	**1,011,500**	**2,236,018**	**1,030**	**443,974**	**1,910,349**	**1,364,518**	**497,558**	**7,464,948**
Depreciation								
At 1 January		**382,843**	**28,111**	**218,705**	**1,007,797**	**594,480**	**560,553**	**2,792,488**
Adjustment			(27,564)	8,564	159,915	(104,406)	(93,509)	(57,000)
Adjusted opening balance		382,843	547	227,269	1,167,712	490,074	467,044	2,735,489
Charge for the year		104,238	116	42,039	224,370	30,438	34,841	436,042
Released on Disposal		-	-	-	-	-	(58,800)	(58,800)
At 31 December	**-**	**487,081**	**663**	**269,308**	**1,392,082**	**520,512**	**443,085**	**3,112,731**
Net Book Value at December 31	**1,011,500**	**1,748,937**	**367**	**174,666**	**518,267**	**844,007**	**54,473**	**4,352,217**

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

18a. Intangible assets

Intangibles	**2019**	**2018**
Cost		
At 1 January	**925,694**	1,027,760
Additions	**10,016**	76,360
Disposal	**(336,603)**	
Adjustments		(178,426)
At 31 December	**599,107**	925,694
Amortization		
At 1 January	**541,074**	460,926
Adjustments		
Amortization for the period	**55,856**	80,148
Release on disposal	**(336,604)**	
At 31 December	**260,326**	541,074
Net book amounts		
At 31 December	**338,781**	384,620

18b Right-of-use assets	**2019**
Cost	
At 1 January	**641,092**
At 31 December	**641,092**
Amortization	
At 1 January	-
Amortization for the period	**131,001**
At 31 December	**131,001**
Net book amounts	
At 31 December	**510,091**

18c Lease liabilities

Balance - 1 January 2019	**518,014**
Finance cost - lease liability	**23,300**
At 31 December	**541,314**

Lease in the statement of Profit or loss

Depreciation-Right-of-use assets	**131,001**
Interest expense on lease liabilities	**23,300**
At 31 December	**154,301**

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

19. Depreciation and amortisation

The depreciation and amortisation charge is realised as follows:

	2019	2018
Property and equipment (Note 18a)	**468,782**	436,042
Intangible assets (Note 19)	**55,856**	80,148
Depreciation for ROU (Note 18b)	**131,001**	
	655,639	516,190

20. Trade and other receivables

Staff and sundry debtors	**2,466**	5,134
Insurance Company of Africa	**80,960**	33,031
Other receivables	**5,790,965**	6,878,285
	5,874,391	6,916,450
Provision for doubtful debts	**(477,680)**	(1,142,334)
	5,396,711	5,774,116

21. Other assets

Prepayments	793,590	675,480
	793,590	675,480

22. Deposits from customers

By type of deposit		
Demand deposits	**44,891,062**	43,690,675
Savings	**36,950,278**	37,611,609
Time deposits	**506,082**	262,500
	82,347,421	81,564,784

The twenty largest depositors to total deposit constitute 22.61% (2018: 19..62%).

By type of customer		
Financial institutions	-	-
Individuals and other private enterprises	**79,863,957**	79,104,923
Public enterprises	**2,483,464**	2,459,861
	82,347,421	81,564,784

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

23. Other liabilities

	2019	2018
Accrued expenses and others	**1,529,310**	1,397,252
Deferred income	**895,184**	783,593
Contingent liability	**-**	-
	2,424,494	2,122,277

24. 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 Bank are 30,000,000 ordinary shares at US$1 par value.

Issued and fully paid		
Issued for cash consideration (number of shares)	**11,444,261**	11,444,261
Proceeds	**11,444,261**	11,444,261

25. Number of shareholders

The Bank's shareholders at 31 December 2019 are as follows:

	Shareholding	Percentage (%)
Liberia Financial Holdings	**10,646,992**	**86.29%**
Trust Bank Limited	**1,537,062**	**12.46%**
Other shareholders	**153,935**	**1.25%**
Total	**12,337,989**	**100.00%**

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

26. Other reserves

Credit risk reserve

The credit risk reserve is no longer applicable under the updated Central Bank of Liberia prudential guidelines.

Sensitivity analysis on recognition of provision based on CBL guidelines concerning accounting and financial reporting for Banks.

December 31, 2019

Detail	Provision based on CBL's guidelines	IFRS provision recognized in the statement of profit or loss and other compressive income	Difference between CBL and IFRS	Profit/loss as per statement of profit or loss and other comprehensive income before the recognition of CBL provision	Profit/(loss) if CBL provision amount was recognized	Total equity attributable to owners of the bank (IFRS)	Total equity attributable to owners of the bank (CBL)
Amount	**1,830,109**	**2,051,318**	**221,209**	**1,194,761**	**1,415,970**	**17,795,979**	**18,017,188**

December 31, 2018

Detail	**Provision based on CBL's guidelines**	**IFRS provision recognized in the statement of profit or loss and other compressive income**	**Difference between CBL and IFRS**	**Profit/loss as per statement of profit or loss and other comprehensive income before the recognition of CBL provision**	**Profit/(loss) if CBL provision amount was recognized**	**Total equity attributable to owners of the bank (IFRS)**	**Total equity attributable to owners of the bank (CBL)**
Amount	**3,529,917**	**3,889,395**	**359,478**	**1,422,734**	**1,782,212**	**17,211,890**	**17,571,368**

27. Dividends

At the Annual General Meeting on April 30, 2020, a dividend per share of US$ 0.0387 amounting to US$ 477,904 was proposed for the year ended 31 December 2019.

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

28. Contingencies

Claims and Litigation

In the normal course of the Bank's business, The Bank may initiate or become subject to various forms of litigation claims and assessments. An evaluation by management, in conjunction with the Bank's legal counsel, of the risk of loss related to the Bank's existing or threatened litigation, claims and assessments, resulted in the determination that such risk is minimal, if any, as at December 31, 2019.

In one such employment-related matter currently on-going, before a certain GOL Agency, in recognizing prior decision trends by that GOL Agency, management is of the opinion that chances that the bank will prevail, are equal. Were the GOL Agency's decision stated in favor of the former employee, the Bank's total exposure is estimated to be immaterial.

The Bank does not record contingent assets. As such, in regards to loans, mortgages and financing agreements on which IB has initiated action, no contingent assets are recognized in the financial statements as at December 31, 2019.

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.

28.3 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.

28.4 Commitments for capital expenditure

The Bank had no commitments for capital expenditure as at 31 December 2019 (2018: NIL).

29. Related Parties

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

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.

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

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

	2019	2018
Salaries and other short-term benefits	**415,192**	429,370
Social security and provident fund contributions	**20,347**	16,675

30 Borrowings

	2019	2019
Non-current		
Bank borrowings	**26,689,059**	21,783,332
Current		
Bank borrowings	**-**	-
	26,689,059	21,783,332

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

2019

	Balance at 1 January	Drawdown	Interest	Exchange rate movements	Balance at 31 December
Central Bank of Liberia	**1,783,332**	**-**	**-**	**(94,273)**	**1,689,059**
OPIC	**20,000,000**	**-**	-	-	**20,000,000**
GHIB	**-**	**5,000,000**	**-**	**-**	**5,000,000**
	21,783,332	**5,000,000**	**-**	**(94,273)**	**26,689,059**

	Balance at 1 January	Drawdown	Interest	Exchange rate movements	Balance at 31 December
Central Bank of Liberia	**1,932,595**	**-**	**-**	**(149,263)**	**1,783,332**
OPIC	**15,000,000**	**5,000,000**	-	-	**20,000,000**
	16,932,595	**5,000,000**	**-**	**(149,263)**	**21,783,332**

The Bank entered into agreement with Central Bank of Liberia on January 8, 2013 for amounts of US$ 1,200,000 and LR$ 21,750,000 for a period of seven (7) years at an interest rate of 2% per annum with a six (6) months moratorium after commencement date.

The Bank entered into an agreement with the Overseas Private Investment Corporation (OPIC) on March 14, 2017 for the amount of US$ 20,000,000 for five (5) years.

The Bank entered into an agreement with the Ghana International Bank (GHIB) on November 4, 2019 for the amount of US$ 5,000,000 for eighteen (18) months at an interest rate of 6.5%.

31. Comparative information

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

32. Events after the post financial position date

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. On March 11, 2020, The World Health Organization declared the outbreak a Global Pandemic. On March 21, 2020, the Minister of Health of the Republic of Liberia declared the Coronavirus outbreak a National Health Emergency, in accordance with Liberia's Public Health Law. The Bank's Management is closely monitoring developments and assessing the impact(s) that all these developments are very likely to have on the Bank's operations.

At this point, we cannot reasonably estimate the duration and severity of this pandemic, which could have a material adverse impact on our business, results of operations, financial position, and cash flows.