Exchange rates applied during the year
Reporting Rates

Average Rate		Year End	
2021	**2020**	**2021**	**2021**
170.1	192.83	150	192.83
170.1	246.82	150	246.82
170.1	21211	150	21211

3.2.5 Translation adjustment

Items	Monetary-Nonmonetary Method					
	Foreign Currrency	Rate at date of Transaction	Translated Amount	Balance sheet Amount	Translation difference	% Impact on the capital
Investment property	9,071,691	150.00	1,360,753,679	1,505,900,738	145,147,060	10%
Intangible assets	4,870,859	150.00	730,628,904	839,772,179	109,143,275	13%
Property and equipment	10,300,961	150.00	1,545,144,099	1,746,323,045	201,178,946	12%
Due to Central Bank & EBID	23,384,423	150.00	3,507,663,443	3,154,525,930	(353,137,513)	-11%
Share capital	7,724,240	150.00	1,158,636,000	423,673,242	(734,962,758)	-173%
Share Premium	18,042,754	150.00	2,706,413,100	2,758,958,544	52,545,444	2%
Statutory Reserves	4,633,207	150.00	694,981,026	419,589,986	(275,391,040)	-66%
			11,704,220,250.23	10,848,743,664.07	(855,476,586.16)	
				Opening Balance 2020	1,847,466,990.99	
				Increase/ (Decrease) during the Year	**(855,476,586.16)**	
				Closing Balance 2021	**991,990,404.83**	

The reporting currency in Liberia is the Liberian Dollars while the functional currency is the United States Dollars given the frequency of usage on the market. Also, LBDI has two other currencies, EURO and Great Britain Pound (GBP) in its operations. This primarily allows the Bank to send and receive funds in the other currencies. The effects of changes in the exchange rates over the year 2021 resulted to L$ 991 K. This translation result is meanly on items (Fixed Assets, Long-Term Debt, Capital, and other Reserves) at the historical rates on LBDI books.

Capital Management

The Banks's objectives when managing capital include:

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

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

(a) hold a minimum regulatory capital of USD$10 million; and

(b) maintain a ratio of total regulatory capital to risk-weighted assets plus risk weighted off balance sheet assets above a required minimum of 10%.

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

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

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

As at December 31, 2021, the Bank's total capital was US$ 37,298,359 which is US$ US$ 36,298,359 in excess of the regulatory minimum of US$10,000,000.

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

The table below summarizes the composition of regulatory capital ratio of the Bank for the year ended December 2021.

Capital Adequacy Ratio

LBDI Capital Adequacy Ratio Computation

In United States Dollars		
1. Tier 1 Capital	**31-Dec-21**	**31-Dec-20**
Paid-in-Capital	5,346,228,269	3,006,228,269
Share premium	140,958,544	140,958,544
Statutory capital	419,589,986	419,589,986
Retained Earnings	(1,706,557,276)	(2,932,258,693)
Other distributable & Legal reserves	-	-
Operating loss	-	-
Sub Total	**4,200,219,523**	**634,518,106**
Deduction from Tier 1 Capital:		
Intangibles	730,628,904	839,772,179
Treasury shares	101,112,418	101,112,418
Connected Lending of Capital Nature	43,173,000	47,778,120
Total qualifying Tier 1 Capital	**3,325,305,202**	**(354,144,610)**
2. Tier 2 Capital		
Subordinated Term Debt	-	-
Qualifying Subordinated Term Debt (Limited to 50% of Tier 1)	-	-
Total Qualifying Tier Two (2) Capital	-	-
Total Qualifying Capital (Qualifying Tier 1 + Qualifying Tier 2)	**3,325,305,202**	**(354,144,610)**

On and Off Balance sheet Exposures items

Total Aggregate On-Balance Sheet Exposures	Value of Exposures	Risk Weighted value	Risk Weighted Without CRM	Effect of CRM	Amount	Amount
Loans & Advances	7,030,261,865	7,030,261,865	-	-	7,030,261,865	9,822,537,330
Off Balance sheet Item	18,000,000	18,000,000	-	-	18,000,000	433,511,208
Fixed assets	1,545,144,099	1,545,144,099			1,545,144,099	1,746,323,045
Other assets	9,166,044,472	9,134,592,905			9,134,592,905	5,538,502,681
Total Risk Weighted On & Off Balance Sheet Items					**17,727,998,868**	**17,540,874,263**
Adjusted Capital Base/Total Risk Weighted On & Off Balance Sheet Items					**19%**	**-2%**
Regulatory Capital Adequacy Ratio					**10%**	**10%**
Surplus/(Deficit)					**9%**	**-12%**

4.0 Operational Risk Management

Liberian Bank for Development and Investment (LBDI) Limited defines Risk Management ‘’Operations Risk’’ as the direct/indirect risk of loss resulting from inadequate and /or failed internal processes, people and systems or from external events.
This definition requires the review and monitoring of all strategies and initiatives deployed in its people management, process engineering and re-engineering, technology investment and deployment, management of all regulatory responsibilities and response to external threats.

To ensure the Bank implements a holistic risk management framework, Operational Risk management also monitors Strategic and Reputational Risks from a broad perspective. The following practices, tools and methodologies have been implemented at the Bank for this purpose:

i) **Loss Incident Reporting**--an in-house manually developed Loss Incident Reporting System is deployed through the Bank’s internal control system of logging operational risk incidents at all levels and in every department and unit of the Bank. All staff members as well as customers are encouraged to report operational risk incidents that occur within their work places whether it crystallize into actual losses or not. As a result, Liberian Bank for Development and Investment collates Operational Risk loss data for reporting to the Board of Directors at regular Board meetings. Information gather is used to identify risk concentrations and for appropriate remedial actions.

ii) **Fraud Risk Management Initiatives—**Causal analysis of key fraud and forgeries trends identified in the Bank or prevalent in local and global business or banking environments are carried out and reported on a monthly basis. Likely and unlikely loss estimations are also determined in the process as input in the Operation Risk loss calculation. The focus in Fraud Risk Management is to ensure that processes for preventing, deterring fraud and forgery incidents and sanctioning offenders are effective.

iii) **Business Continuity Management in line with international best practices—**To ensure the resilience of our business to any disruptive eventuality, the Bank has in place a robust Business Continuity plan which assures timely resumption of its business with minimal financial losses or reputational damage and continuity of service to its customers, vendors and regulators. Proper backup of data and information as well as technology testing (computer and server) are carried out to ensure that recovery plans and processes are effective and that all staff are aware of their roles and responsibilities when there is an alert.

This plan is reviewed regularly and when necessary, it is updated to ensure reliability and relevance of information contained.

iv) **Information Risk Management Awareness and Monitoring—**Strategies for ensuring the confidentiality, Availability and Integrity of all the Bank's information assets (hardware, software, documents, backup media, etc) are continuously reviewed and key risks identified to and reported to key stakeholders. Where applicable, implementation of controls by relevant stakeholders is also tracked and reported on.

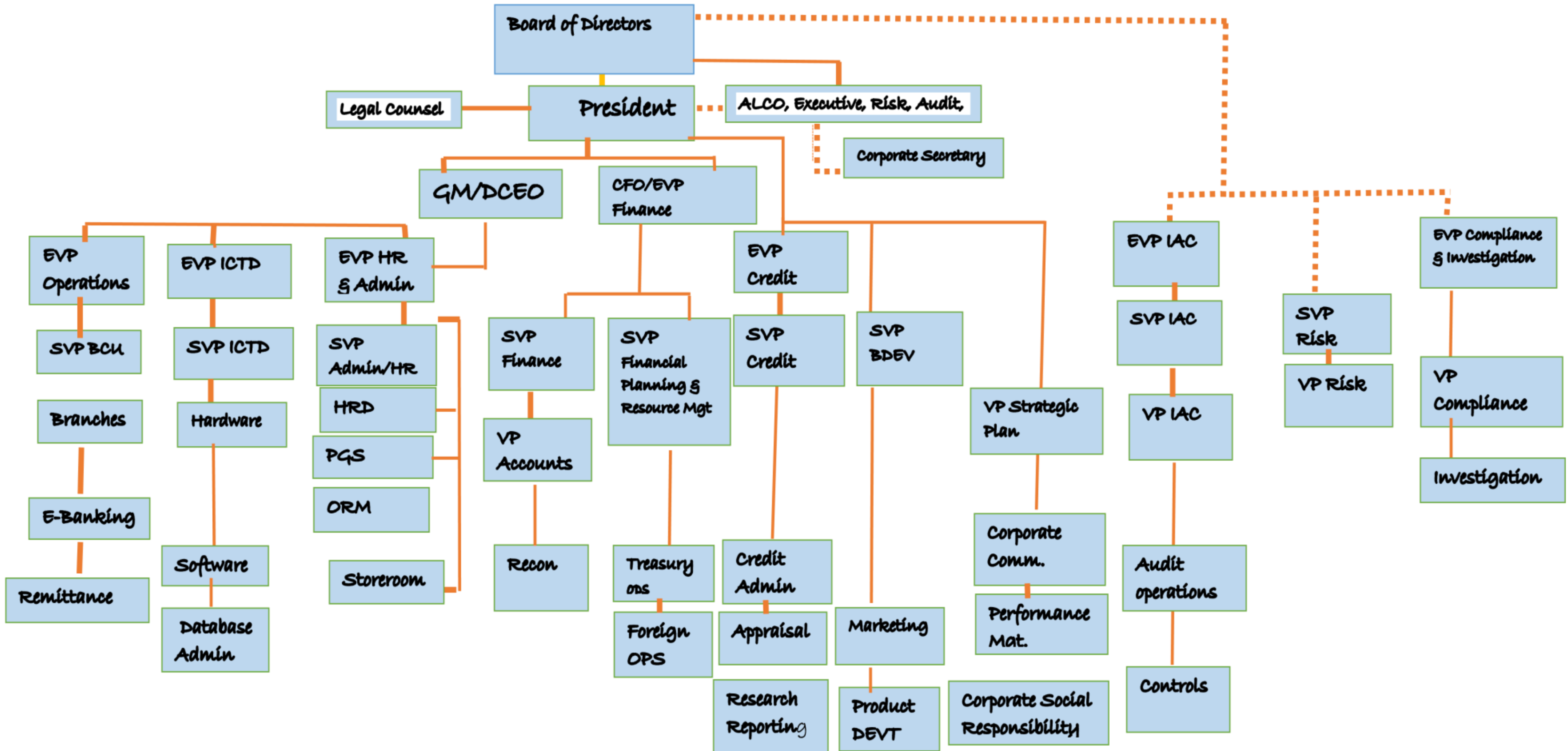
v) **Compliance and Legal Risk Management---**Compliance Risk management involves close monitoring of KYC and other regulatory compliance by the bank, escalation of Non-conformances, compliant management, and observance of the Bank's Zero-tolerance culture for regulatory breaches. It also entails an oversight role for monitoring adherence to regulatory guidelines and global best practices on an on-going basis.

Legal Risk Management involves the monitoring of litigations against the Bank to ascertain likely financial or non-financial loss exposures. It also involves conduct of causal analysis on identified points of failure that occasioned these litigations. Medium to High risk factors identified are duly reported and escalated for appropriate treatment where necessary.

vi) **Occupational Health and Safety Procedures and Initiatives---**Global best practices for ensuring the health and safety of all staff, customers, and visitors to the Bank's premises are advised, reported on to relevant stakeholders and monitored for implementation. AAs a result, the following are conducted and monitored: Fire Risk Assessments, Burglaries and Injuries that occur within the Bank's premises are reviewed and evaluated for appropriateness.

4.1 Operational Risk Management Philosophy and Principles

4.1.1 Governance Structure



The Board through its Risk Management Committee oversees the operational risk as well as credit Risks function in the Bank. It ensures that Operations and credit risk policies are robust and provides a framework on the Bank's generality of its risk profile and limits. It also determines the adequacy and completeness of the Bank's detection and measurement systems, assesses the adequacy of risk mitigates, reviews and approves contingency plans for specific risks and lays down the principles on how operational risk incidents are to be identified, assessed, controlled monitored and measured.

The risk management committee monitors the activities of the operations and credit risk through the Bank's Executive management committee and the Credit and Risk Management Departments of the bank.

All process owners are responsible for the day-to-day management of Operation and other risks prevalent in their respective departments, sections, units and branches of the Bank. Internal audit function conducts independent reviews on the implementation of Operation Risk Policies and procedures bank-wide.

4.2 Strategic Risk Management

Strategic risk management is the process for identifying, assessing and managing risks and uncertainties, affected by internal and external events or scenarios that could inhibit the Bank's ability to achieve its strategy and strategic objectives with the ultimate goal of creating and protecting shareholders' and other stakeholders' value.

At Liberian Bank for Development and Investment, it could also be regarded as the possibility that the Bank's strategy may be inappropriate to support its long-term corporate goals due to the inadequacy of its strategic planning and /or decision-making processes of the inadequate implementation of such strategy. This could include the risk that the strategy is unclear, clear but not viable or clear and viable but badly implemented, or strategy failure due to unexpected circumstances. Because of the importance the Bank's places on this, it has a process in place that monitors and tracks the banks over strategy and measure achievement on an ongoing basis.

4.3 Reputational Risk Management

The bank regularly reviews its policies and procedures for safeguarding against reputational risk. This is an evolutionary process, which takes accounts of relevant developments, industry guidance, best practices and societal expectations. Liberian Bank for Development and Investment has always aspired to the highest standards of conduct and, as a matter of routine, take account of reputational risks to its business. Standards on all major aspects of business are set for the Bank and for individual branches, business units and functions. Reputational risks, including environmental, social and governance matters are considered and assessed by the Board, the Risk Management committee and senior management during the formulation of policies and the establishment of standards.
These policies, which form an integral part of the internal control system, are communicated to through manuals, and policy statements and are promulgated

through internal communications and training.

Appendix I: Financial statement disclosures - proposed

New and amended standards adopted by the bank

All new and revised standards and interpretations that have become effective for the first time in the financial year beginning 1 January 2018 have been adopted by the Bank. Of those, the following has had an effect on the Bank's financial statements:

International Financial Reporting Standard 9 (IFRS 9): Financial Instruments

The Bank has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The Bank did not early adopt IFRS 9 in previous periods.

As permitted by the transitional provisions of IFRS 9, the Bank elected not to restate comparative figures. Therefore, the adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in opening retained earnings.

Consequently, for notes and disclosures, the consequential amendments to IFRS 7 disclosures have also only been applied to the current period. The comparative period notes and disclosures repeat those disclosures made in the prior year.

The adoption of IFRS 9 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

Set out below are disclosures relating to the impact of the adoption of IFRS 9 on the Bank. Further details of the specific IFRS 9 accounting policies applied in the current period are described in more detail in note __ (i) *(below - Classification and measurement of financial instruments)* and note *3 (on risk management objectives and policies)*.

(i) Classification and measurement of financial instruments

The measurement category and the carrying amount of financial assets and liabilities in accordance with IAS 39 and IFRS 9 at December 31, 2021 are compared as follows:

	IAS 39		IFRS 9	
Financial assets highlight	**Measurement Category**	**Carry Amount**	**Measurement Category**	**Carry Amount**
Cash and cash equivalent	Amortised cost	4,717,735,140	Amortised cost	4,717,735,140
Loan and advances	Amortised cost	10,280,211,784	Amortised cost	10,280,211,784
Other financial assets:				
Held for trading	FVTPL	-	FVTPL	-
Held for sale	FVTOCI	-	FVTOCI	-
Held for maturity	Amortised cost	-	Amortised cost	-
Availiable for sale	Amortised cost	-	Amortised cost	-

New standards, amendments and interpretations issued but not effective

At the date of authorisation of these financial statements the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective for the year presented:

- Amendments to IAS 12 'Income Taxes' effective for annual periods beginning on or after 1 January 2019 clarifying on the recognition of income tax consequences of dividends.

- Amendments to IAS 19 'Employee Benefits' effective for annual periods beginning on or after 1 January 2019 clarifying the effects of a retirement benefit plan amendment, curtailment or settlement.

- Amendments to IAS 23 'Borrowing Costs' effective for annual periods beginning on or after 1 January 2019 clarifying that specific borrowings remaining unpaid at the time the related asset is ready for its intended use or sale will comprise general borrowings.

- Amendments to IAS 28 'Investments in Associates and Joint Ventures' effective for annual periods beginning on or after 1 January 2019 clarifying that IFRS 9 is only applicable to investments to which the equity method is not applied.

- Amendments to IFRS 3 'Business Combinations' and IFRS 11 'Joint Arrangements' effective for annual periods beginning on or after 1 January 2019 in relation to re-measurement of previously held interests on a joint operation on obtaining control.

- Amendments to IFRS 9 'Financial Instruments' effective for annual periods beginning on or after 1 January 2019 clarifying that the existence of prepayment features with negative compensation will not in itself cause the instrument to fail the amortised cost classification.

- IFRS 16 ‘Leases’ (issued in January 2016) effective for annual periods beginning on or after 1 January 2019, replaces IAS 17 ‘Leases’, IFRIC 4 ‘Determining whether an Arrangement Contains a Lease’ and their interpretations (SIC-15 and SIC-27). IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions.

- IFRS 17 ‘Insurance Contracts’ (issued May 2017) effective for annual periods beginning on or after 1 January 2021 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (issued June 2017) effective for annual periods beginning on or after 1 January 2019 clarifies the accounting for uncertainties in income taxes.

The directors expect that the future adoption of IFRS 16 may have a material impact on the amounts reported. However, it is not practicable to provide a reliable estimate of the effects of the above until a detailed review has been completed.

The directors do not expect that adoption of the other standards and interpretations will have a material impact on the financial statements in future periods. The Bank plans to apply the changes above from their effective dates.

b) Critical accounting estimates and judgement

In the application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The directors have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Measurement of expected credit losses (ECL):

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumption about future economic conditions and credit behaviour.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL

ECLs are measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument.

The measurement of ECLs are based primarily on the product of the instrument's Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

The ECL model contains a three-stage approach that is based on the change in the credit quality of assets since initial recognition.

- Stage 1 - If, at the reporting date, the credit risk of non-impaired financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and a loss allowance that is measured, at each reporting date, at an amount equal to 12-month expected credit losses is recorded.

- Stage 2 - When there is a significant increase in credit risk since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and a loss allowance that is measured, at each reporting date, at an amount equal to lifetime expected credit losses is recorded. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase

  in credit risk since initial recognition, the ECL model requires reverting to recognition of 12-month expected credit losses.

When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred, the financial asset is considered credit-impaired and is migrated to Stage 3, and an allowance equal to lifetime expected losses continues to be recorded or the financial asset is written off.

Assessment of significant increase in credit risk:
The determination of a significant increase in credit risk takes into account many different factors including a comparison of a financial instruments credit risk or PD at the reporting date and the credit risk or PD at the date of initial recognition. IFRS 9 however includes rebuttable presumptions that contractual payments that are overdue by more than 30 days will represent a significant increase in credit risk (stage 2) and contractual payments that are more than 90 days overdue will represent credit impairment (stage 3). The Bank uses these guidelines in determining the staging of its assets unless there is persuasive evidence available to rebut these presumptions.

c) Impairment of non-financial assets and intangible assets

At the end of each reporting period, the Bank reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

i. Financial instruments

Financial assets and financial liabilities are recognised when the Bank becomes a party to the contractual provisions of the instrument. Management determines all classification of financial instruments at initial recognition.

- **Financial assets**
  Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss.

The Bank's financial assets fall into the following categories:

Amortised cost: financial assets that are held for collection of contractual cash flows where those cash flows represent Solely Payments of Principal and Interest (SPPI), and that they are not designated at Fair Value Through Profit or Loss (FVTPL), are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured. Interest income from these financial assets is included in 'interest and similar income' using the effective interest rate method.

Fair Value Through Other Comprehensive Income (FVTOCI): financial assets that are held for collection of contractual cash flows where these cash flows comprise SPPI and also for liquidating the assets depending on liquidity needs and that are not designated at FVTPL, are measured at FVTOCI.

Movements in the carrying amount are taken through OCI, except for recognition of impairment gain or losses, interest revenue and foreign exchange gain and losses. Gains and losses previously recognised in OCI are reclassified from equity to profit or loss on

disposal of such instruments. Gains and losses related to equity instruments are not reclassified.

Fair Value Through Profit or Loss (FVTPL): financial assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measure at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement.

For the purpose of SPPI the test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit
margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement will not comprise SPPI.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Bank determines the business models at a level that reflects how societies financial assets are managed together to achieve a particular business objective.

The Bank's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Bank has more than one business model for managing its financial instruments which reflect how the Bank manages its financial assets in order to generate cash flows. The Bank's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Bank considers all relevant information available when making the business model assessment. However, this assessment is not performed on the basis of scenarios that the Bank does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The Bank takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and

- how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Bank determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Bank reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Bank has not identified a change in its business models.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Financial instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Impairment

The Bank recognises loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:
- Cash and cash equivalents
- Loans and advances
- Other financial assets

No impairment loss is recognised on investments measured at FVTPL.

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month expected credit loss (ECL), i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or

- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument. (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the12-month ECL.
More details on the determination of a significant increase in credit risk are provided in note 4.4.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Bank under the contract and the cash flows that the Bank expects to receive arising from the

weighting of multiple future economic scenarios, discounted at the asset's EIR.

For undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Bank if the holder of the commitment draws down the loan and the cash flows that the Bank expects to receive if the loan is drawn down.

For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Bank expects to receive from the holder, the debtor or any other party.

The Bank measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics.

The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original effective interest rate (EIR), regardless of whether it is measured on an individual basis or a collective basis.

More information on measurement of ECLs is provided on page 60, including details on how instruments are grouped when they are assessed on a collective basis.

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets.
Evidence of credit-impairment includes observable data about the following events:

- contractual payments that are more than 90 days overdue;
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's
- financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event, instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Bank assesses whether all new and revised standards and interpretations that have become effective for the first time credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Bank considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

Modification and de-recognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Bank renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default.

A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms.

The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants. The Bank has an established forbearance policy which applies for corporate and retail lending.

When a financial asset is modified, the Bank assesses whether this modification results in de-recognition. In accordance with the Bank's policy a modification results in de-recognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Bank considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants. If these do not clearly indicate a substantial modification, then;

- A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest.

If the difference in present value is greater than 10% the Bank deems the arrangement is substantially different leading to de-recognition.

In the case where the financial asset is derecognised, the loss allowance for ECL is re-measured at the date of de-recognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on de-recognition.

The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated - credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Bank monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in de-recognition, the Bank determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with

- the remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified as part of the Bank's forbearance policy, where modification did not result in de-recognition, the estimate of PD reflects the Bank's ability to collect the modified cash flows taking into account the Bank's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to de-recognition the Bank calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Bank measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Bank derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is

recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

On de-recognition of a financial asset other than in its entirety (e.g. when the Bank retains an option to repurchase part of a transferred asset), the Bank allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer.

The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss.

A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

Write-off

Loans and debt securities are written off when the Bank has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a de-recognition event. The Bank may apply enforcement activities to financial assets written off. Recoveries resulting from the Bank's enforcement activities will result in impairment gains.

Financial liabilities

- **Financial liabilities at fair value through profit or loss:** financial liabilities that are acquired or incurred principally for the purpose of repurchasing in the near term or upon initial recognition is part of a portfolio that has a recent pattern of short term profit taking.

  Such liabilities are carried at fair value and the fair value gains or losses are included in profit or loss. This category has two sub-categories:

  - financial assets held-for-trading and;

  - those designated at fair value through profit or loss at inception.

- **Financial liabilities measured at amortised cost:** These include borrowings, trade and other payables. These are initially measured at fair value and subsequently measured at amortised cost, using the effective interest rate method.

Any difference between the proceeds (net of transaction costs) and the redemption value is recognised as interest expense in profit or loss under finance costs under the effective interest rate method.

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised as interest expense in profit or loss under finance costs.

Fees associated with the acquisition of borrowing facilities are recognised as transaction costs of the borrowing to the extent that it is probable that some or all of the facilities will be acquired. In this case the fees are deferred until the drawn down occurs. If it is not probable that some or all of the facilities will be acquired the fees are accounted for as prepayments under trade and other receivables and amortised over the period of the facility.

General and specific borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially completed for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

Financial liabilities are derecognised when, and only when, the Bank's obligations are discharged, cancelled or expired.

1. **Loans and advances to customers**	**2021**	**2020**
Classification		
Performing	4,827,564,424	6,404,848,153
Non-performing	5,452,647,360	7,638,928,905
Gross loans	**10,280,211,784**	**14,043,777,058**
Less: Provision for credit losses (e)	(3,249,949,919)	(4,221,239,728)
	7,030,261,865	**9,822,537,330**

2. **Risk management objectives and policies**

a) Credit risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligation resulting in financial loss to the Bank. The Bank's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances to customers and other financial institutions

(including related commitments to lend such as loans or credit card facilities) and investment in debt securities. The Bank considers all elements of credit risk exposure such as counterparty default risk, geographical risk and sector risk for risk management purposes.

Credit risk management

The Bank's credit committee is responsible for managing the Bank's credit risk by;

- Ensuring that the Bank has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the Bank's stated policies and procedures, IFRSs and relevant supervisory guidance.

- Identifying, assessing and measuring credit risk across the Bank, from an individual instrument to a portfolio level.

- Creating credit policies to protect the Bank against the identified risks including the requirements to obtain collateral from borrowers, to perform robust ongoing credit assessment of borrowers and to continually monitor exposure against internal risk limit.

- Establishing a robust control framework regarding the authorisation structure for the approval and renewal of credit facilities.

- Developing and maintaining the Bank's risk grading to categories exposure according to the degree of risk of default. Risk grades are subject to regular reviews.

- Developing and maintaining the Bank's risk processes for measuring Expected Credit Loss including monitoring of credit risk, incorporating forward looking information and the method used to measure ECL.

- Ensuring the Bank has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.

- Establishing a sound credit risk accounting assessment and measurement process that provides it with a strong basis for common systems, tools and data to assess credit risk to account for ECL. Providing advice, guidance and special skills business units to promote best practice in the management of credit risk.

The internal audit function performs regular audit to make sure that the established controls and procedures are adequately designed and implemented.

Significant increase in credit risk

The Bank monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been an increase in significant risk the Bank will measure the loss allowance based on the lifetime rather that 12 - months ECL.

Internal credit risk rating

The Bank takes on exposure to credit risk which is the risk of financial loss to the Bank if a member or counterparty to a financial instrument fails to meet its contractual obligations.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing ending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral against loans and advances in the form of registered securities over assets and guarantees from members.

Credit risk in the Bank, is also managed through a framework of policies and procedures. Origination and approval roles are segregated.

To aid credit managers in portfolio management, regular internal risk management reports contain information on key environmental and economic trends across major portfolios, portfolio delinquency and loan impairment performance as well as information on migration across credit grades and other trends. Expected loss is the long-run average credit loss across a range of typical economic conditions. It is used in the delegation of credit approval authority and must be calculated for every transaction to determine the appropriate level of approval. To assist risk officers in monitoring the portfolio, various internal risk management reports are available on a regular basis, providing individual counterparty, counterparty Bank and portfolio exposure information, the status of accounts showing signs of weakness or financial deterioration and updates on credit markets.

The Bank' grading systems is based on the basic principles issued by the regulatory authority SASRA on the basis that the periods are largely consistent with the IFRS presumptions on stages of credit products. In addition to nominal aggregate exposure expected loss is used in the assessment of individual exposures and for portfolio analysis.
The credit grades within Bank are based on a probability of default. The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to the nature and type of loans. The Bank grades its loans into five categories on the basis of the following criteria:

1. **Performing loans**, being loans which are well documented and performing according to contractual terms. Such loans are considered under stage 1 - no significant increase in credit risk for purposes of the ECL calculation;

2. **Watch loans**, being loans whose principal or interest have remained un-paid for one day to thirty days or where one instalment is outstanding for less than 30 days. Such loans are also classified as stage 1 for purposes of the ECL calculation;

3. **Substandard loan**, being loans not adequately protected by the current repayment capacity and the principal or interest have remained un-paid between thirty-one to one eighty days or where two to six instalments have remained outstanding. Under this category, loans past due between 31 - 90 days (or 2-3 pending instalments) are classified within in stage 2 – significant increase in credit risk for purposes of the ECL calculation. Loans aged beyond 90 days are classified as stage 3 - credit impaired;

4. **Doubtful loans**, being loans not adequately protected by the current repayment capacity and the principal or interest have remained un-paid between one hundred and eighty-one to three hundred and sixty days or where seven to twelve instalments have remained outstanding. Such loans are classified as stage 3 for purposes of the ECL calculation; and

5. **Loss loans**, being loans which are considered uncollectible or of such little value that their continued recognition as receivable assets is not warranted, not adequately protected and have remained un-paid for more than three hundred and sixty days or where more than twelve instalments have remained outstanding. Such loans are also classified as stage 3 for purposes if the ECL calculation.

The Bank analyses all data collected using statistical models and estimates the remaining lifetime PD of exposures and how these are expected to change over time. The factors taken into account in this process include macro-economic data such as GDP growth, unemployment, benchmark interest rates and house prices. The Bank generates a ‘base case’ scenario of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. The Bank then uses these forecasts, which are probability-weighted, to adjust its estimates of PDs.

Loan commitments are assessed along with the category of loan the Bank is committed to provide, i.e. commitments to provide mortgages are assessed using similar criteria to mortgage loans, while commitments to provide a corporate loan are assessed using similar criteria to corporate loans.

The Bank presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due unless the Bank has reasonable and supportable information that demonstrates otherwise.

The Bank has monitoring procedures in place to make sure that the criteria used to identify significant increases in credit are effective, meaning that significant increase in credit risk is identified before the exposure is defaulted or when the asset becomes 30 days past due.

The Bank performs periodic back-testing of its ratings to consider whether the drivers of credit risk that led to default were accurately reflected in the rating in a timely manner.

Incorporation of forward-looking information

The Bank uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL. The Bank's employs experts who use external and internal information to generate a ‘base case’ scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

The Bank applies probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome and consists of information used by the Bank for strategic planning and budgeting. The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data, has estimated relationships

between macro-economic variables and credit risk and credit losses. The Bank has not made changes in the estimation techniques or significant assumptions made during the reporting period.

The principal macroeconomic indicators included in the economic scenarios used at 31 December 2021 for Liberia are as follows:

- GDP Growth
- Unemployment rates
- Interest rates
- Inflation
- Property price indices

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 3 years. The Bank has determined that over this historical period, there has been minimal correlation between the macroeconomic factors and the experienced credit losses. Therefore, these factors do not have a material impact on the ECL.

Measurement of ECL

The key inputs used for measuring ECL are:

	Weighted average weight for all sectors	
	2021	**2020**
• probability of default (PD);	66.3%	66.5%
• loss given default (LGD); and	68.2%	68.2%
• exposure at default (EAD).	37.6%	37.6%

As explained above these figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information where it may have a material impact on the ECL.

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral. The LGD models for secured assets consider forecasts of future collateral valuation taking into account sale discounts, time to realisation of collateral, cross-collateralisation and seniority of claim, cost of realisation of collateral and cure rates (i.e. exit from non-performing status). LGD models for unsecured assets consider time of recovery, recovery rates and the calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the loan.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

The Bank's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortisation profiles, early repayment or overpayment, changes in utilisation of undrawn commitments and credit mitigation actions taken before default. The Bank uses EAD models that reflect the characteristics of the portfolios.

The Bank measures ECL considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if contract extension or renewal is common business practice.
However, for financial instruments such as revolving credit facilities and overdraft facilities that include both a loan and an undrawn commitment component, 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. For such financial instruments the Bank measures ECL over the period that it is exposed to credit risk and ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. These financial instruments do not have a fixed term or repayment structure and have a short contractual cancellation period. However, the Bank does not enforce in the normal day-to-day management the contractual right to cancel these financial instruments. This is because these financial instruments are managed on a collective basis and are cancelled 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 to mitigate ECL, e.g. reduction in limits or cancellation of the loan commitment.

The ECL calculation for accounting purposes is different to the provisions calculation for regulatory purposes. The Bank has ensured that the appropriate methodology is used when calculating ECL for both accounting purposes. The main differences between the methodologies used to measure ECL in accordance with IFRS 9 versus the ones applied for regulatory purposes are as disclosed in Appendix 1, page 42 to the notes to the financial statements. Any excess in regulatory provisions over IFRS 9 ECLs are accounted for as an appropriation from retained earnings into a loan loss reserve.

Groupings based on shared risks characteristics

When ECL are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, such as:

- instrument type;
- credit risk grade;
- collateral type;
- remaining term to maturity;
- industry/economic sector; and
- geographic location of the borrower.

The groupings are reviewed on a regular basis to ensure that each group is comprised of homogenous exposures.

Collateral held as security

The Bank holds collateral against all loans and advances to customers in the form of residential, commercial and industrial property, fixed assets such motor vehicle, chattels and other customers' guarantees. The Bank has developed specific policies and guidelines for the acceptance of different classes of collateral.

Estimates of the collateral's fair values are based on the value of collateral independently and professionally assessed at the time of borrowing, and re-valued with a frequency commensurate with nature and type of the collateral and credit advanced.
Collateral structures and covenants are subjected to regular review to ensure they continue to fulfil the intended purpose. Collateral is generally not held in respect of deposits and balances due from banking institutions, items in the course of collection and Government securities.

Liberian Dollars

2021 Prudential Impairment Provision charges per CBL Prudential Guideline

Year	Provision CBL Guideline	Provision IFRS	Net Provision Impact	Impact on capital	Provision Impact P&L
2021	4,244,569,511	3,310,089,851	934,479,660	5,594,753,898	1,226,188,510
	-	-	-	(934,479,660.00)	(934,479,660.00)
Net Impact	**4,244,569,511**	**3,310,089,851**	**934,479,660**	**4,660,274,238**	**291,708,850**

2020 Prudential Impairment Provision charges per CBL Prudential Guideline

Year	Provision CBL Guideline	Provision IFRS	Net Provision Impact	Impact on capital	Provision Impact P&L
2020	6,772,899,905	4,221,239,728	2,551,660,177	2,884,529,067	(3,995,733,906)
	-	-	-	(2,551,660,177)	(2,551,660,177)
Net Impact	**6,772,899,905**	**4,221,239,728**	**2,551,660,177**	**332,868,890**	**(6,547,394,083)**

Provisions for credit losses under prudential regulation are determined using the time based provisioning prescribed by the Revised Central Bank of Liberia (CBL) Prudential Guidelines on assets classification, issued before the adoption of IFRS. This is at variance with the expected credit loss model and the incurred loss model under IFRS 9 and IAS 39. As a result of the differences in the methodology of provisioning, there will be variances in the impairment allowances required under the two methodologies.

The Central Bank of Liberia stipulates that provision charges on loans recognized in the profit or loss account be determined based on the requirements of IFRS. The IFRS provision should then be compared with provision determined using the Prudential Guidelines prescribed by the CBL.
No adjustment has been made for the difference between the CBL predential guildelines and IFRS 9 because the Financial reporting framework is IFRS.

Impact on Profit or loss and Capital accounts

Had we used the Prudential Guidelines issued by the CBL on assets classification in determining the impairment of loans and advances, the impact on Profit or loss would had been L$ 291,708,850 (**2020**: L$ -6,547394,083) additional loss, while on capital, the impact would have been a further errosion of capital by L$ 4,660,274,238 (**2020:** L$332,868,890)

		December 2021 L$	December 2020 L$
5	**Cash and cash equivalents**		
	Cash and balances with banks	1,123,907,929	3,150,671,756
	Unrestricted balances with banks	3,593,827,211	2,519,253,218
		4,717,735,140	**5,669,924,974**
6	**Treasury bond**	**2,000,000,000**	**2,000,000,000**

On July 13, 2018, the Central Bank of Liberia acquired a Treasury Bond from the Bank for a period of two years at an interest rate of 16%. The bond matured on July 10, 2020 and the bank is expected to received a nominal amount of L$ 2,640,000,000.

		December 2021 L$	December 2020 L$
7	**Loans and advances to customers**	**10,280,211,784**	**9,822,537,330**
a.	**Analysis by sector**		
i.	Agriculture	1,130,823,296	657,399,214
ii.	Construction	2,056,042,357	1,278,036,457
iii.	Communication	822,416,943	477,086,439
iv.	Services	2,364,448,710	1,434,478,655
v.	Extractive		-
vi.	SME	351,583,243	1,263,939,935
vii.	Trade	742,231,291	2,668,317,641
viii.	Others	2,812,665,944	6,264,518,718
	Gross loans	**10,280,211,784**	**14,043,777,058**
	Less: Provision for credit losses (e)	(3,249,949,919)	(4,221,239,728)
		7,030,261,865	**9,822,537,330**
b.	**Analysis by performance**		
	Neither past due nor impaired	4,564,574,774	6,927,654,326
	Past due but not impaired	1,084,889,287	57,825,323
	Individually impaired	4,630,747,722	7,058,297,408
	Gross loan	**10,280,211,784**	**14,043,777,058**
c.	**Classification**		
	Performing	4,827,564,424	6,404,848,153
	Non-performing	5,452,647,360	7,638,928,905
	Gross loans	**10,280,211,784**	**14,043,777,058**
	Less: Provision for credit losses (e)	(3,249,949,919)	(4,221,239,728)
		7,030,261,865	**9,822,537,330**
d.	**Analysis of provision for credit losses - loan and advances**		
	Balance as at January 1, 2021	4,221,239,728	974,105,752
	Loan impairment charge for the year	875,349,155	3,384,409,479
	Write back	(1,846,638,962)	(137,275,502)
	Total impairment at December 31, 2021	**3,249,949,919**	**4,221,239,728**

		December 2021 L$	December 2020 L$
8	**Receivables and prepayments**		
	Accounts receivable	2,478,170,586	3,384,699,184
	Accrued interest on short term investment	6,534,000	6,534,000
	Accrued interest on treasury bond	179,833,721	187,178,042
	Accrued interest on inter-bank borrowings	34,277,500	-
	Less: Provision on receivables	(114,381,068)	(211,300,540)
		2,584,434,739	**3,367,110,686**
	Prepayments	420,206,030	404,250,400
	Deferred expenses - advances	385,336,381	606,285,108
	Stock/stationery items	145,121,622	154,205,102
		950,664,033	**1,164,740,610**
		3,535,098,773	**4,531,851,296**

FOREX POSITION AS AT DECEMBER 31, 2021

1	FOREX	USD	EUR	GBP	LRD	Equi USD	Equi LRD
	Exchange Rate to USD	**1**	**1.1**	**1.3**	**150**		
2	***Open Position***						
2.1	APPROVED LIMIT	625,000	100,000	25,000	66,000,000	750,000	112,500,000
2.2	**ACTUAL AS AT December 31, 2021)**	**(1,247,966)**	**(311,252)**	**59,893**	**(175,653,416)**	**(2,683,505)**	**(402,525,750)**
2.3	**OPEN /CLOSE POSITION**	**(622,966)**	**(211,252)**	**84,893**	**(109,653,416)**	**(1,933,505)**	(290,025,750)
	CBL RISK EXPOSURE LIMIT: 40% OF NETWORTH					**15,093,331**	2,263,999,620
	RISK EXPOSURE (US$15.093M VS, US$6.766M)					**13,159,826**	1,973,973,870
3	Foreign Ccy Placement as % of Total Foreign Ccy Deposits	-	-	-	-	-	-
3.1	REGULATORY LIMIT (40% of Networth of US$37,733,327)					12,097,792	1,814,668,740
3.2	**OPEN /CLOSE POSITION**					**10,164,287**	1,524,642,990
							-
4	Currency Proportion to Liquid Asset:						-
	Total Liquid Assets Excl CBL Reserved Account:	**33,584,588**	**1,339,120**	**824**	**79,171,406**	**35,518,247**	**102,861,604**
4.2	% proportion of currency	95%	4%	0%	1%	100%	**100%**

The table illustrates the foreign exchange holding risk of the bank. The stock level is at a negative forward sale position (US$2.683M) against an approved composite limit of US$750K, there is risk exposure of US$1.933M to cover the stock position. The regulatory limit is 40% of networth and LBDI exposure of US$2.683M vs US$15.097M puts LBDI at US$13.164M. There is no Foreign currency placement or Deposit.

		December 2021 L$	December 2020 L$
9	**Investment properties**		
	Carrying value as at beginning of the year	1,505,900,738	1,433,326,616
	Fair value changes	-	-
	Exchange rate differences	(145,147,060)	72,574,122
	Additions	-	-
	Carrying value as at December 31, 2021	**1,360,753,679**	**1,505,900,738**

10 Equity and other investments

	December 2021 L$	December 2020 L$
CEMENCO - equity investment	**270,280,698**	**243,991,169**

The Bank holds 7.8% of the ordinary share capital of Liberia Cement Corporation (CEMENCO), a company involve in the production and sale of cement in Liberia.

		December 2021 L$	December 2020 L$
11	**Other investments**		
i	LBDI/Loita investment banking fund	235,827,375	166,000,000
ii	Government of Liberia bonds	3,434,475,903	4,602,050,666
	Central Bank of Liberia bill	43,827,450	-
	Inter-banks investment	732,616,667	-
	Lonestar MTN - equity investment	-	84,922
		4,446,747,389	**4,768,135,588**

i. The Bank entered a Joint Venture arrangement with LOITA International for the creation of special investment vehicle called LBDI Loita. This is a separate legal entity charged with the responsibility of investment banking activities.

ii. The Government of Liberia bonds represent loans to contractors guarenteed by the GOL in the construction sector that are constructing roads onbehalf of the Government. The loans were converted into a bond issued by the GOL payable over 7 years at a rate of 4% per annum.

12 Intangible assets

	Flexcube LD$	Automatic Teller Machine LD$	Other Software LD$	Total LD$
COST				
As at January 1, 2021	879,523,599	252,758,872	116,030,149	1,248,312,620
Additions	-	-	91,680,509	91,680,509
Reclassification	(152,477,575)	-	-	(152,477,575)
As at December 31, 2021	**727,046,024**	**252,758,872**	**207,710,658**	**1,187,515,554**
AMORTIZATION				
As at January 1, 2021	347,669,838	48,534,393	12,336,210	408,540,441
Charge for the year	47,501,084	17,880,506	60,867,375	126,248,964
Effect of exchange rate	(56,260,765)	(5,540,760)	(16,101,230)	(77,902,755)
As at December 31, 2021	**338,910,157**	**60,874,139**	**57,102,355**	**456,886,650**
NET BOOK VALUE				
As at December 31, 2021	**388,135,867**	**191,884,734**	**150,608,303**	**730,628,904**
As at December 31, 2020	531,853,761	204,224,479	103,693,939	839,772,179

Liberia Bank for Development & Investment (LBDI)
Note to the finaicial statements
For the year ended December 31, 2020

	Flexcube LD$	Automatic Teller Machine LD$	Other Software LD$	Total LD$
COST				
As at January 1, 2020	384,627,946	183,787,525	20,219,682	588,635,153
Additions	494,895,653	68,971,347	95,810,467	659,677,467
As at December 31, 2020	**879,523,599**	**252,758,872**	**116,030,149**	**1,248,312,620**
DEPRECIATION				
As at January 1, 2020	295,992,726	20,929,853	8,960,065	325,882,644
Charge for the year	51,677,112	27,604,540	3,376,145	82,657,797
As at December 31, 2020	**347,669,838**	**48,534,393**	**12,336,210**	**408,540,441**
NET BOOK VALUE				
As at December 31, 2020	**531,853,761**	**204,224,479**	**103,693,939**	**839,772,179**
As at December 31, 2019	95,925,490	162,857,672	11,259,617	270,042,779

13 Property, plant and equipment

31-Dec-21

	Land & Buildings L$	Leasehold Improvement L$	Equipment L$	Furniture & Fixture L$	Vehicles L$	Miscellaneous properties L$	Work in Progress L$	TOTAL L$
COST								
As at January 1, 2021	1,224,309,739	407,712,209	962,724,817	125,422,496	243,928,580	9,726,986	111,364,665	3,085,189,492
Additions	159,751,500	-	109,627,650	5,639,700	14,760,000	-	-	289,778,850
Effect of exchange rate	(388,779,998)	(38,443,196)	(97,185,828)	(15,043,951)	(35,511,188)	(930,791)	-	(575,894,952)
Balance as at December 31, 2021	**995,281,241**	**369,269,013**	**975,166,639**	**116,018,245**	**223,177,392**	**8,796,195**	**111,364,665**	**2,799,073,390**
DEPRECIATION								
As at January 1, 2021	78,266,257	176,335,774	760,111,264	99,174,302	216,269,934	8,708,916	-	1,338,866,447
Charge for the year	8,597,850	-	36,613,711	5,218,500	3,787,050	53,700	-	54,270,811
Effect of exchange rate	(27,199,300)	(7,812,501)	(62,502,700)	(9,462,525)	(31,344,223)	(886,719)	-	(139,207,967)
Balance as at December 31, 2021	**59,664,807**	**168,523,273**	**734,222,275**	**94,930,277**	**188,712,761**	**7,875,897**	**-**	**1,253,929,291**
NET BOOK VALUE:								
As at Decemember 31, 2021	**935,616,434**	**200,745,740**	**240,944,364**	**21,087,968**	**34,464,631**	**920,298**	**111,364,665**	**1,545,144,099**
As at December 31, 2020	**1,146,043,482**	**231,376,435**	**202,613,553**	**26,248,194**	**27,658,646**	**1,018,070**	**111,364,665**	**1,746,323,045**

	Land & Buildings L$	Leasehold Improvement L$	Equipment L$	Furniture & Fixture L$	Vehicles L$	Miscellaneous properties L$	Work in Progress L$	TOTAL L$
COST								
As at January 1, 2020	1,375,502,994	470,298,198	1,077,968,424	142,009,035	276,256,465	10,965,345	36,310,698	3,389,311,159
Additions	44,419,332	-	38,896,981	31,540	-	44,820	-	83,392,673
Effect of exchange rate	(195,612,587)	(62,585,989)	(154,140,588)	(16,618,079)	(32,327,885)	(1,283,179)	75,053,967	(387,514,340)
Balance as at December 31, 2020	**1,224,309,739**	**407,712,209**	**962,724,817**	**125,422,496**	**243,928,580**	**9,726,986**	**111,364,665**	**3,085,189,492**
DEPRECIATION								
As at January 1, 2020	393,239,783	188,766,019	690,028,432	100,367,934	221,822,151	9,112,719	-	1,603,337,038
Charge for the year	-	-	67,653,474	12,257,173	26,832,702	769,683	-	107,513,032
Effect of exchange rate	(314,973,526)	(12,430,245)	2,429,358	(13,450,805)	(32,384,919)	(1,173,486)	-	(371,983,623)
Balance as at December 31, 2020	**78,266,257**	**176,335,774**	**760,111,264**	**99,174,302**	**216,269,934**	**8,708,916**	**-**	**1,338,866,447**
NET BOOK VALUE:								
As at Decemember 31, 2020	**1,146,043,482**	**231,376,435**	**202,613,553**	**26,248,194**	**27,658,646**	**1,018,070**	**111,364,665**	**1,746,323,045**
As at December 31, 2019	982,263,212	-	387,939,992	41,641,100	54,434,314	1,852,625	36,310,698	1,504,441,943

		December 2021 L$	December 2020 L$
14	**Deposits from customers**		
	Current	6,216,738,481	7,687,464,474
	Savings	7,899,026,326	8,454,636,712
	Fixed	174,960,341	222,864,942
		14,290,725,149	**16,364,966,128**
15	**Short term borrowing**	**558,750,000**	**2,112,350,000**

The Bank entered into currency swap arrangements with two other banks, United Bank of Africa (UBA) and Access Bank in which it borrowed US$ dollars. The amount borrowed in both cases were collateralized with Liberian dollars: 1 billion dollars of the 2 billion T-bills due from the Central Bank of Liberia was used to secure the amount borrowed from UBA while L$ 550 million placed in a Time deposit account with Access Bank to secure the amount borrowed from Access bank at an average interest rate of 6.6%. The amount borrowed were for a period not exceeding fourteen months.

		December 2021 L$	December 2020 L$
16	**Accounts payable**		
	Accounts payable suppliers	-	1,030,611
	Point of sale	-	2,261,546,793
	Nobel Money Transfer	-	381,066
	Accounts payable general	168,652,389	591,624,516
	Government of Liberia Payroll	13,504,911	30,241,219
	Government of Liberia vendors	-	48,050
	NSSWC beneficiaries	7,886,244	27,242,683
	Credit balances reclassified - Tellers	403,081	4,912,316
	Liberia Petroleum Refining Company (LPRC)	1,657,622	2,668,969
	Liberia Institute of Public Administration	943,763	-
	Liberia Reconstruction and Development Corporation	1,434,571	-
	Trade Finance	-	350,846,299
	Elfreda Tamba	-	4,407
	Francis A. Dennis	-	1,823,223
		194,482,579	**3,272,370,152**
17	**Other liabilities**		
	Interest payable - deposits	151,572,094	249,565,059
	Sub agent reimbursement payable	430,920	542,289
	Due to staff	271,790,562	313,466,250
	Escrow account payable	430,244,284	458,946,409
	Legal fees	6,654,157	16,770,147
	Master card payable	72,424,558	13,864,288
	Dividend payable	73,146,975	91,260,907
	Manager cheques payable	145,234,577	474,302,126
	Other payable	791,188,329	439,872,705
		1,942,686,456	**2,058,590,180**

	December 2021 L$	December 2020 L$
18 Other levies payable		
At January 1, 2021	2,050,203	10,994,359
Additions	3,893,476	-
Payments made during the year	-	(8,944,156)
At December 31, 2021	**5,943,679**	**2,050,203**
19 Long - term borrowings		
Long term debt-CBL/World Bank	1,492,500,000	1,628,500,000
Long term debt - CBL rubber stimulus fund	494,950,000	512,550,000
Accrued interest payable general	-	61,157,159
Small business development funds	1,000,001	1,000,001
	1,988,450,001	**2,203,207,160**
20 Due to foreign banks		
Due to Arab bank for Economic Development in Africa	407,581,913	861,689,251
Due to ECOWAS Bank for Investment & Development	-	37,897,807
Due to Afreximbank	1,110,000,000	1,992,000,000
	1,517,581,913	**2,891,587,058**
21 Paid-in Capital		
Share capital		
Class A Common stock $10 par value (Authorized 50,000,000 shares)		
Issued and outstanding at the beginning of year 422,653 shares	2,837,991,038	219,991,038
	2,340,000,000	2,618,000,000
	5,177,991,038	**2,837,991,038**
Class B Common stock $10 par value (Authorized 50,000,000 shares)		
Issued and outstanding at the beginning of year 349,771 shares	168,237,231	168,237,231
Issued during the year	-	-
Total issued and outstanding at the beginning of year 349,771 shares	**168,237,231**	**168,237,231**
Total share capital	5,346,228,269	3,006,228,269
Paid-in capital in excess of par	140,958,544	140,958,544
Paid-in Capital	**5,487,186,813**	**3,147,186,813**

		December 2021 L$	December 2020 L$
22	**Interest Income**		
	Loans and advances	1,194,112,256	938,530,527
	T Bill and C- Bills	114,947,201	55,871,638
	Treasury bond	320,000,000	194,522,405
		1,629,059,458	**1,188,924,570**
23	**Interest expense**		
	Savings accounts individuals	101,497,797	121,084,090
	Savings accounts joint in trust	12,309	10,561
	Savings In trust	2,600,723	2,680,973
	Savings not for profit	19,609,224	21,171,408
	Savings joint	11,538,302	14,464,719
	Savings staff	3,055,392	3,375,711
	Savings non resident	3,308,281	4,158,833
	Savings clubs & associations	4,552,904	4,724,253
	Savings accounts susu clubs	730,074	868,812
	Savings direct deposit	6,533,518	6,867,805
	Interest on time deposit	10,134,739	113,071,074
	Long term borrowing	79,681,903	118,059,966.00
	Short term borrowing	94,033,435	102,167,807
		337,288,603	**512,706,012**
24	**Commission and fees**		
	Commission on loan and advances	59,825,172	11,767,015
	Commission on Money Gram operation	31,290,763	46,034,969
	Commission on Western Union operation	22,769,986	25,804,332
	Commission on transfer	186,722,477	163,789,128
	Commission on FX	38,403,769	26,818,824
	Service charge on customer accounts	78,263,683	84,805,511
	Commission on guarantees and bonds	2,851,803	4,437,159
	Other commission and fees	130,215,520	141,299,359
		550,343,172	**504,756,297**
25	**Other operating income**		
	Dividend from Cemenco	335,131,020	192,775,705
	Income on GOL bond	163,961,881	238,421,318
	Recoveries	1,386,538,020	-
	Others	31,184,887	16,666,854
		1,916,815,807	**447,863,877**
25.1	Rental Income - Investment Property	62,102,744	68,734,020
	Direct expenses on investment property	-	-
	Net income	**62,102,744**	**68,734,020**
		1,978,918,552	**516,597,897**

Rental income is from the rental of E.E Saleeby building occupied by Lonestar MTN owned by the Liberian Bank for Development and Investment (LBDI).

		December 2021 L$	December 2020 L$
26	**Personnel costs**		
	Wages and salaries	3,845,061	4,176,605
	Housing and transportation allowance	374,412,065	461,382,941
	Staff contribution to social security	25,808,617	90,659,232
	Other staff costs	343,383,480	331,570,016
		747,449,223	**887,788,794**
27	**General and administrative expenses**		
	Directors' emolument	35,403,796	44,773,980
	Foreign travel	10,169,387	593,927
	Local travel & transportation	29,066,897	45,279,572
	Professional fees	121,878,306	193,930,379
	Licenses and subscriptions	295,950,023	259,468,812
	Advertising and business promotion	9,672,439	3,840,669
	Office rent	42,714,052	24,504,386
	Provision on receivable	21,977,119	166,090,932
	Office expenses	67,046,564	81,947,693
	Depreciation of leased assets	-	29,767,425
	Bank service and note import charges	48,285,178	70,882,370
	Armotization of intangibles	126,248,964	82,657,797
	Depreciation of property, plant and equipment	54,270,811	107,513,032
	Repairs and maintenance	65,249,432	88,621,689
	Insurance	24,630,641	27,172,780
	Other expenses	(9,290,422)	90,130,299
		943,273,187	**1,317,175,742**
28	**Other operating expenses**		
	Scholarship and donation	1,449,250	1,429,817
	Sundry expenses	5,963,303	73,617,348
	Treasury operation	22,028,464	27,301,005
	Cash shortage/overage	(668,513)	(142,812)
		28,772,504	**102,205,358**

29 Capital Commitments

There are no capital commitments as at December 31, 2021