AccessBank Liberia Limited
Annual report and Financial Statements

for the year ended 31 December 2023

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This report contains 76 pages

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Corporate Information

Directors	Dr. Bernd Zattler	Chairman
	Mr. Klaus Mueller	Managing Director
	Prof. Geegbae A. Geegbae	Director (resigned 31 December 2023)
	Ms. Claire Seeliger-Clasquin	Director
	Dr. Rolf Reichardt	Director
	Mr. Bleming Nekati	Director
	Atty. Konah Douglas Karmo	Director

Registered office:
AccessBank Liberia Limited
20th Street, Sinkor
Tubman Boulevard
Monrovia.

Auditors:
Moore Monrovia Inc.
TTLB BuiHing
135 Carey Street,
Monrovia, Liberia

Company Secretary
Cllr. Gartor Tate
20th Street, Sinkor Monrovia

Company Solicitor
Torch Professional Consultancy
2nd Floor, Hykai Building
P.O. Box 619
Broad & Johnson Street
Monrovia, Liberia

Report of the Directors to the Members of AccessBank Liberia Limited

The directors present their report and the financial statements of AccessBank Liberia Limited ("the Bank") for the year ended 31 December 2023.

Directors' responsibility statement

The Directors are responsible for the preparation of the financial statements that give a true and fair view of AccessBank Liberia Limited, comprising the statement of financial position at 31 December 2023, and the statements of comprehensive income, statement of changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in the manner required by the Associations Law, Title 5, Liberia Code of Laws Revised and the New Financial Institutions Act of 1999. In addition, the directors are responsible for the preparation of the report of the directors.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

Going concern

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

Directors

The Articles of Incorporation of AccessBank Liberia Limited also authorise the Board to appoint members of committees as it may deem necessary; and to delegate to such committees such powers as the Board considers appropriate under the circumstance. Below is a table showing the details of the Board committees.

Name of Board Committee	**Committee Members**	**Summary of Terms of Reference**	**Frequency of Meetings**
Asset and liability committee (ALCO)	**Chairman**: Mr Bleming Nekati **Members**: Dr. Rolf Reichardt Dr. Bernd Zattler	Meet to discuss asset and liability issues	Quarterly
Board credit committee	**Chairman**: Dr. Rolf Reichardt **Members**: Mr Bleming Nekati Dr. Bernd Zattler	Review and discuss credit report and credit issues	Quarterly
Board risk management committee	**Chairman**: Prof. A. Geegbae (left 31 December 2023) **Members:** Atty. Konah D. Karmo Ms. Claire Seeliger- Clasquin	Review and discussion of risk reports and risk management issues	Quarterly
Audit committee	**Chairman:** Mr. Konah D. Karmo **Members:** Ms. Claire Seeliger-Clasquin Prof. A. Geegbae	Review and discussion of audit reports and audit activities. Compliance matters are also discussed in committee meetings.	Quarterly

***Report of the Directors to the Members of AccessBank Liberia Limited** (Continued)*

Principal activities

The Bank is licensed to operate as a Bank under the New Financial Institutions Act of 1999.There was no change in the nature of the Bank's business during the year.

Parent company

The Bank is 74% owned by Access Microfinance Holding AG incorporated in Berlin, Germany.

Financial statements review

The financial results of the Bank for the years ended 31 December 2023 and 31 December 2022 are set out in the financial statements, highlights of which are as follows:

(All amounts are in thousands of Liberian Dollars)	**2023**
Profit before tax	**112,808**
Profit after tax	**58,500**
Total assets	**7,290,304**
Total liabilities	**5,230,598**
Total equity	**2,059,706**

Dividends

The directors do not recommend the payment of dividend for the year ended 31 December 2023 (2022: Nil).

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

Approval of the Report of the Directors

The Report of the Directors of AccessBank Liberia Limited were approved by the Board of Directors on 25 June 2024 and signed on their behalf by:

Dr. Bernd Zattler

Klaus Mueller June 25, 2024

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Independent Auditor's Report to the Members of AccessBank Liberia Limited

Opinion

We have audited the financial statements of AccessBank Liberia Limited ("the Bank"), which comprise the statement of financial position at 31 December 2023, the statements of comprehensive income, changes in equity, and cash flows for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes as set out on pages 16 to 76.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank at 31 December 2023 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Associations Law, Title 5, Liberian Code of Laws Revised and the New Financial Institution Act 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 International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together 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 and the IESBA Code.

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

Key Audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters in arriving at our audit opinion above, together with our key audit procedures to address those matters, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Impairment of Loans and Advances

The impairment of loans and advances disbursed to customers is considered to be of most significance in the audit due to the level of subjectivity inherent in estimating the key assumptions that impact the recoverability of loan and advances, including the application of industry knowledge and the prevailing economic conditions in determining the level of impairment allowance required.

The determination of impairment allowance using the Expected Credit Loss (ECL) model requires the application of certain financial indices which are estimated from historical financial data obtained within and outside the Bank, as inputs, into the complex financial model.

Independent Auditor's Report to the Members of Access Bank Liberia Limited *(continued)*

Impairment allowance on loans 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 loans. Impairment allowance on loans that have not shown a significant increase in credit risk is recognized based on an estimate of the losses expected to result from default events within the next 12 months. This estimate is also an output of models, with the key assumptions being the possibility of a loan becoming past due and subsequently defaulting, and the rate of recovery on the loans that are past due and in default. The Bank also incorporates forward looking information into the measurement of ECL.

The judgment involved in classifying loans into expected credit loss stages, the level of subjectivity inherent in estimating the key assumptions on the recoverability of loan balances, the inputs estimated, the complexity of the estimation process and the significant judgment involved in applying these estimates to determine the level of impairment allowance required, make the impairment allowance of loans and advances a matter of significance to the audit.

Procedures

Our procedures include the following:

- We evaluated the design and implementation of the key controls over the impairment determination process such as the board credit committee review of loans and advances, management review of relevant data used in the calculation of expected credit losses including forward looking macroeconomic data to be included in the impairment model and evaluation of ECL impairment computation.

- We tested the appropriateness of the Bank's determination of significant increase in credit risk and the resultant classification of loans into the various stages by examining the loans on a sample basis. We evaluated the level of past due obligations and qualitative factors such as publicly available information about the obligors to determine whether the Bank should estimate the expected credit loss over a period of 12 months or over the life of the loans and advances.

- Assisted by our financial risk management specialists, we checked the key data and assumptions for the data input into the ECL model used by the Bank. Our procedures in this regard included the following:

(i) We challenged the reasonableness of the Bank's ECL methodology by considering whether it reflects unbiased and probability-weighted amounts that are determined by evaluating a range of possible outcomes, the time value of money, reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions;

(ii) For forward looking assumptions comprising inflation rate used by the Bank's management in its ECL calculations, we corroborated the Bank's assumptions using publicly available information from external sources;

(iii) We evaluated the appropriateness of the basis of determining Exposure at Default, including the contractual cash flows, outstanding loan balance, loan repayment type, loan tenor and effective interest rate;

(iv) For Probability of Default (PD) used in the ECL calculations, we checked the historical movement in the balances of facilities between default and non-default categories for each sector;

(v) We checked the calculation of the Loss Given Default (LGD) used by the Bank in the ECL calculations, including the appropriateness of the use of collateral, by recomputing the LGD;

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(vi) We re-performed the calculations of impairment allowance for loans and advances using the Bank's impairment model and validated key inputs. For loans and advances which have shown a significant increase in credit risk, the recalculation was based on the amount which may not be recovered throughout the life of the loans while for loans and advances that have not shown significant increase in credit risk, the recalculation was based on the losses expected to result from default events within a year.

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Report as required by the Associations Law- Title 5, Liberia Code of Laws Revised and the New Financial Institutions Act of 1999, which we obtained prior to the date of this report. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Associations Law- Title 5, Liberia Code of Laws Revised and the New Financial Institutions Act of 1999, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Directors are responsible for overseeing the 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.

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Independent Auditor's Report to the Members of AccessBank Liberia Limited *(continued)*

Auditor's Responsibilities for the Audit of the Financial Statements *(continued)*

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, then 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Bank's audit. We remain solely responsible for our audit opinion

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.

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Independent Auditor's Report to the Members of Access Bank Liberia Limited *(continued)*

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 70.135 (1) of the Associations Law. Title 5, Liberian Code of Laws Revised and Section 21(1) (a) of the New Financial Installation Act of 1999.

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

The statement of financial position and income statement are 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 our information and the explanations given to us and as shown by the books of the Bank.

The engagement partner on the audit resulting in this independent auditor's report is David Carew.

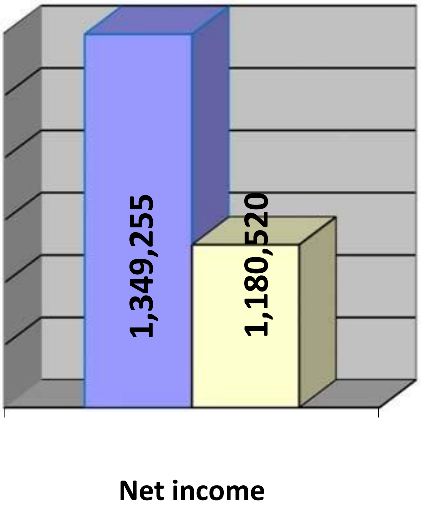
Moore Monrovia

Date 25-6-2024

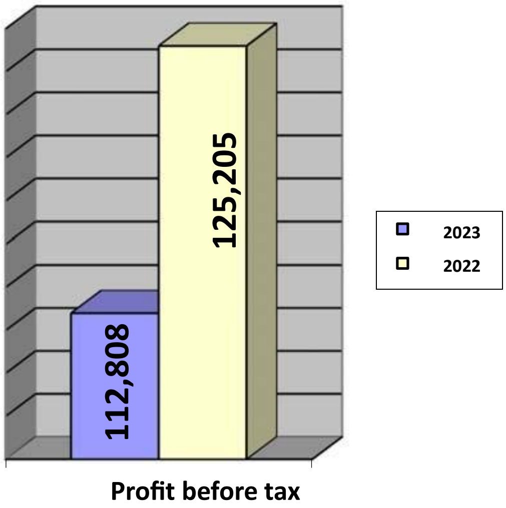
MOORE - MONROVIA
Certified Public Accountants
Moore Monrovia Inc.
MOORE
DATE: 25-6-2024
CERTIFIED PUBLIC ACCOUNTANTS

Financial highlights

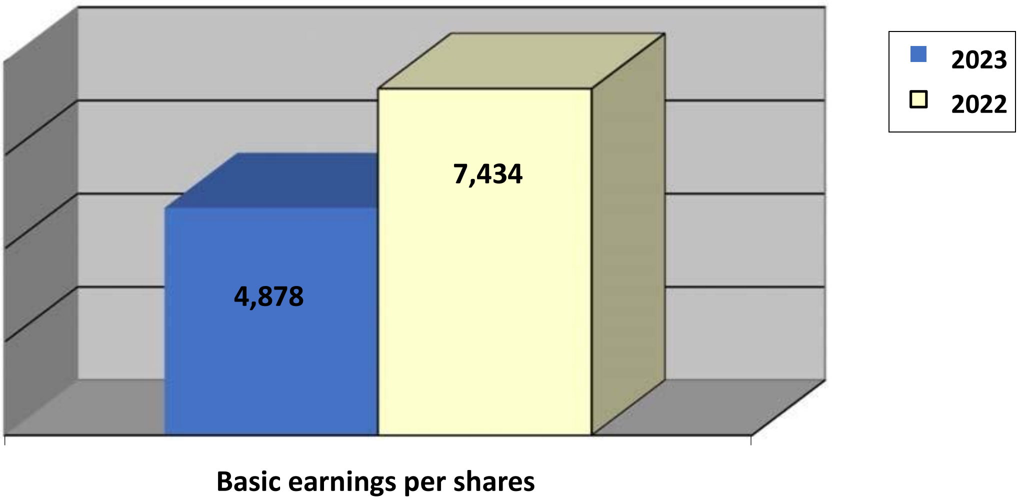
Revenue



Profit before tax

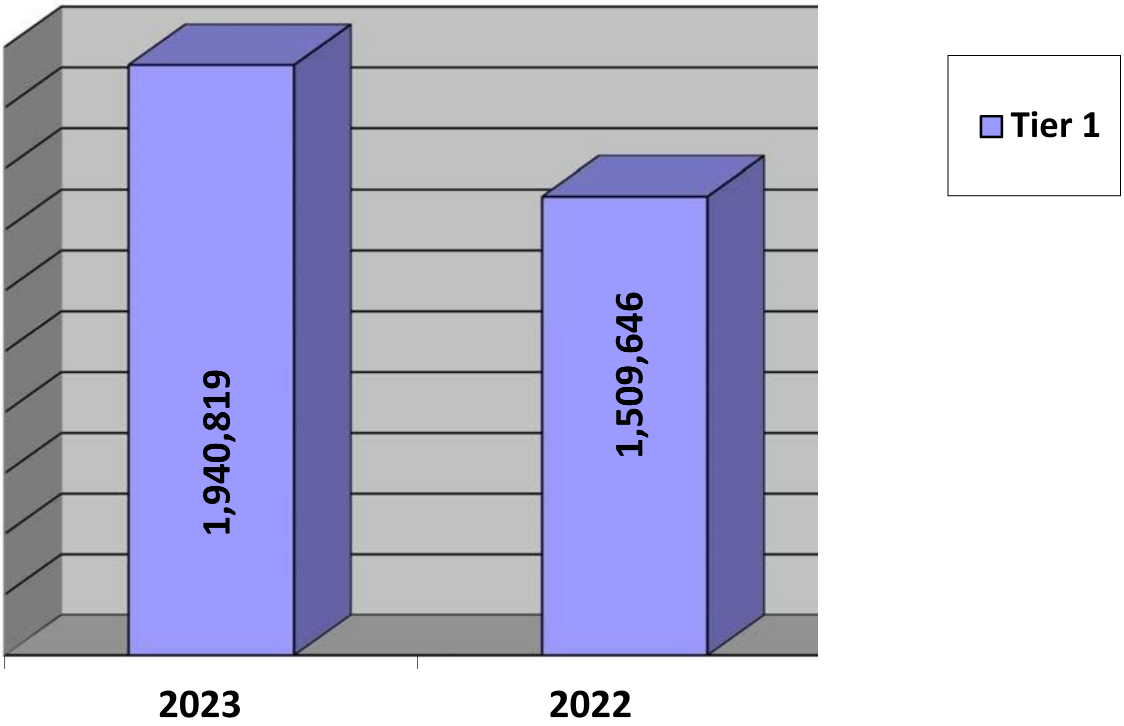


Basic earnings per shares



Regulatory Capital

(All amounts are in thousands of Liberian Dollars)



Statement of financial position
(All amounts are in thousands of Liberian Dollars)

	Note	2023	2022
Assets	15		
Cash and cash equivalents		**1,364,138**	1,628,308
Investment securities	16	**92,941**	93,464
Loans and advances to banks	17	**1,904,813**	1,186,713
Loans and advances to customers	18a	**2,598,859**	2,264,573
Other financial assets	19	**368,587**	268,376
Other non-financial assets	20	**67,091**	48,350
Current tax assets	14(c)	**25,863**	2,076
Property and equipment	21	**663,178**	476,300
Intangible Assets	22	**118,887**	129,113
Deferred tax assets	14d	**85,947**	116,870
Total assets		**7,290,304**	6,214,143
Liabilities	*14(c)*		
Current tax liability		**1,041**	-
Loan from banks and other financial institutions	23	**1,361,707**	1,088,229
Deposit from customers	24	**3,179,985**	2,902,041
Other financial liabilities	25	**446,011**	380,827
Other non - financial liabilities	26	**44,419**	34,204
Provisions	27	**26,398**	32,913
Lease liability	28(d)	**171,037**	137,170
Total liabilities		**5,230,598**	4,575,384
Equity	29		
Stated Capital		**804,641**	804,641
Statutory reserves	30	**136,471**	121,846
Translation reserve	31	**1,291,620**	929,173
Retained earnings	32	**(173,026)**	(216,901)
Total equity attributable to equity holders of the Bank		**2,059,706**	1,638,759
Total liabilities and equity		**7,290,304**	6,214,143

June 25, 2024
Dr. Bernd Zattler (Director)

June 25, 2024
Klaus Mueller (Director)

The accompanying notes on pages 16 to 76 form an integral part of these financial statements

Statement of profit or loss and other comprehensive income
(All amounts are in thousands of Liberian Dollars)

	Note	**2023**	2022
Interest revenue using the effective interest method	4(a)	**1,591,245**	1,419,020
Interest expense	5	**(159,091)**	(159,537)
Net interest income before allowance of impairment losses		**1,432,154**	1,259,483
Impairment charge on financial assets	6	**(82,899)**	(78,963)
Net income		**1,349,255**	1,180,520
Fees and commission income	7(a)	**98,259**	132,724
Fees and commission expense	7(b)	**(4,815)**	(7,686)
Net result from foreign exchange operations	8	**(17,031)**	7,158
Loss on financial instruments at fair value through profit or loss	9	**-**	(528)
Net operating income		**1,425,668**	1,312,188
Other operating income	10	**66,365**	53,899
Total operating income		**1,492,033**	1,366,087
Personnel expenses	11	**(729,541)**	(677,053)
Depreciation and amortization	21(a),22	**(167,687)**	(133,972)
Other administrative expense	12	**(478,794)**	(398,996)
Other operating expenses	13	**(3,203)**	(30,861)
Profit/(loss) before tax		**112,808**	125,205
Income tax	14(a)	**(54,308)**	(36,056)
Profit/(loss) for the year		**58,500**	89,149
Other comprehensive income			
Items that may never be reclassified to profit/loss			
Foreign currency translation differences		**362,447**	94,111
Total other comprehensive income		**362,447**	94,111
Total comprehensive income		**420,947**	183,260

The accompanying notes on pages 16 to 76 form an integral part of these financial statements

Statement of changes in equity
(All amounts are in thousands of Liberian Dollars)

	Note	Stated Capital	Statutory Reserve	Retained Earnings	Translation reserve	Total
Balance at 1 January 2022		804,641	99,559	(283,763)	835,062	1,455,499
Total comprehensive income						
Profit for the year		-	-	89,149	-	89,149
Exchange difference on translation		-	-	-	94,111	94,111
Total comprehensive income		-	-	89,149	94,111	183,260
Transfer to statutory reserves		-	22,287	(22,287)	-	-
Transactions with shareholders						
Waiver of liability from parent company	33(c)	-	-	-	-	-
Tax effect		-	-			
Total transactions with shareholders		-	-			
Balance at 31 December 2022		804,641	121,846	(216,901)	929,173	1,638,759
Balance at 1 January 2023		**804,641**	**121,846**	**(216,901)**	**929,173**	**1,638,759**
Total comprehensive income						
Profit for the year		**-**	**-**	**58,500**	**-**	**58,500**
Exchange difference on translation		**-**	**-**	**-**	**362,447**	**362,447**
Total comprehensive income		**-**	**-**	**58,500**	**362,447**	**420,947**
Transfer to statutory reserves			**14,625**	**(14,625)**	**-**	**-**
Transactions with shareholders						
Waiver of liability from parent company		**-**	**-**	**-**	**-**	**-**
Tax effect		**-**	**-**	**-**	**-**	**-**
Total transactions with shareholders		**-**	**-**	**-**	**-**	**-**
Balance at 31 December 2023		**804,641**	**136,471**	**(173,026)**	**1,291,620**	**2,059,706**

The accompanying notes on pages 16 to 76 form an integral part of these financial statements

Statement of cash flows
(All amounts are in thousands of Liberian Dollars)

	Note	2023	2022
Cash flows from operating activities			
Profit/(loss) after tax		**58,500**	89,149
Adjustments for non - cash items:			
Losses on financial assets at fair value through profit or loss	9	**-**	528
Impairment charge on financial assets	6	**122,975**	127,809
Depreciation and amortization	21(a),22	**167,687**	133,972
Gain on disposal of property and equipment	21(b)	**(299)**	(1,244)
Interest income	4(a)	**(1,591,245)**	(1,419,020)
Interest expense	5	**159,091**	159,537
Tax expense	14(a)	**54,308**	36,056
		(1,028,983)	(873,213)
Changes in working capital			
Loans and advances to customers	18	**(334,286)**	(361,762)
Loans and advances to banks	17	**(718,100)**	(563,332)
Other financial assets	19	**(100,211)**	(139,219)
Other non-financial assets	20	**(18,741)**	66,146
Loans from banks and other financial institutions	23	**273,478**	197,962
Deposit from customers	24	**277,944**	(209,799)
Other financial liabilities	*25*	**65,184**	205,022
Other non-financial liabilities	*26*	**10,215**	(8,807)
Derivative liabilities		**-**	(115,557)
Provisions	27	**(6,515)**	22,492
		(1,580,015)	(1,780,067)
Interest received	*4(a)*	**1,591,245**	1,419,020
Income tax paid	14(c)	**(46,131)**	(38,434)
Interest paid	5	**(159,091)**	(159,537)
Net cash (used in)/from operating activities		**(193,992)**	(559,018)
Cash flow from investing activities			
Purchase of property and equipment	21(a)	**(213,871)**	(109,737)
Purchase of intangible assets	22	**(2,653)**	(4,127)
Proceed from disposal of property and equipment	21(b)	**329**	1,267
Proceeds from redemption of investment securities		**95,459**	*98,832*
Purchase of investment securities		**(89,847)**	(89,847)
Net cash (used in)/(from) investing activities		**(210,583)**	(103,612)
Cash flow from financing activities			
Payment of lease liabilities	28(c)	**(28,266)**	(13,292)
Net cash used in financing activities			
Net decrease in cash and cash equivalents		**(432,841)**	(675,922)
Cash and cash equivalents at January 1		**1,628,308**	2,360,162
Effects on changes in exchange rate on cash and cash equivalent held		**168,671**	(55,932)
Cash and cash equivalents at December 31		**1,364,138**	1,628,308

The accompanying notes on pages 16 to 76 form an integral part of these financial statements

Notes to the Financial Statements

1. Reporting entity

Access Bank Liberia Limited (the "Bank"), is a limited liability company incorporated and domiciled in the City of Monrovia, Republic of Liberia. Its registered office is at 20th Street, Sinkor, Tubman Boulevard, P. O. Box 1230, City of Monrovia, Republic of Liberia. Its parent and ultimate holding company is Access Microfinance Holding AG, incorporated in Germany. The principal activities of the Bank, as a commercial microfinance bank, is providing financial services to micro, small and medium sized enterprises in the form of loans and deposit-taking services. The financial statements comprise the individual financial statements of the Bank as at and for the year ended 31 December 2023.

2. Basis of accounting

The financial statements of Access Bank Liberia Limited have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Associations Law, Title 5, Liberian Code of Laws Revised and the New Financial Institution Act of 1999. Details of the Bank's accounting policies are included in Note 3.

2.1 Basis of measurement

The financial statements have been prepared on a historical cost basis except for the following items which are measured on an alternative basis.

Item	**Measurement basis**
Derivative liabilities	Fair value

2.2. Functional and presentation currency

The Bank's functional currency is the United States Dollar while the presentation currency is the Liberian Dollar in accordance with the Central Bank of Liberia regulation on the publication on financial statement which requires all banks to present their financial statements in Liberian Dollars. The financial statements are presented in Liberian Dollars and all amounts are rounded to the nearest thousand Dollar, except when otherwise indicated.

2.3 Use of judgements and estimates

In preparing the financial statements, management has made judgments, estimates and assumptions that affect the application of the Bank's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

2.3.1 Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in Note 37 – establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward looking information into the measurement of ECL and selection and approval of models used to measure ECL.

2.3.2 Assumptions and estimation uncertainties

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Bank based its assumptions and estimates on parameters available when the financial statements were prepared.

Notes to the Financial Statements *(continued)*

2. Basis of accounting *(Continued)*

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

(i) Measurement of expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

Paragraph 125 of IAS 1 requires disclosure about the assumptions that a Bank makes about the future and other sources of estimation uncertainty at the reporting date that have a significant risk of resulting in a material adjustment within the next financial year. During the recent COVID-19 pandemic, the Bank and its customers faced significant disruption to business operations and economic activity, particularly where there had been implementation of stringent measures to contain or reduce the spread of the virus, with cascading impacts on both upstream and downstream supply chains; a more volatile commodity and foreign exchange markets; and disrupted business relations with companies that operate in the nonessential sectors.

The above economic and business impacts had significant and pervasive financial reporting implications on financial statements resulting in increased complexity, subjectivity and uncertainty which will impact the recognition, measurement, presentation and disclosure in the financial statements including but not limited to increased estimation uncertainty and changes to estimation techniques and assumptions for measuring ECL.

Refer to Note 37 for further details on these estimates and judgements.

(ii) Fair value of financial Instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgement is required to establish fair values. The judgements include model inputs such as extrapolated interest rate curves and forward rates. The valuation of financial instruments is described in more detail in Note 35.

(iii) Income taxes

The Bank recognizes deferred income tax assets only to the extent that it is probable that taxable profits will be available against which the tax-reducing effects can be utilized. Judgement is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and level of future taxable profits. The profit projection is based on the Bank's 5years business plan as of December 2022 which reflects management's best estimate on future taxable profits.

The Bank has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

3.1 Foreign currency translation

Transactions in foreign currencies are translated into the functional currency of the Bank at the exchange rates at the dates of the transactions.

Notes to the Financial Statements *(continued)*

2. Basis of accounting *(Continued)*

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within "Net result from foreign exchange operations".

The following closing exchange rates were applied in these financial statements.

1 USD equals	**Abbreviation**	**31.12.2023**	**31.12.2022**
Liberian Dollar	L$	187.63	153.65

As the Bank's functional currency is different from the presentation currency, the results and financial position are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing exchange rate of the reporting date • Income and expenses are translated at the exchange rate at the date of the transaction.
- Equity items are translated at the exchange rate at the date of the transaction.

Foreign currency differences arising from translation are recognized in other comprehensive income and accumulated in translation reserves.

3.2 Financial Instruments

3.2.1 Recognition and initial measurement

The Bank initially recognises loans and advances, deposits and debt securities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognized on the trade date, which is the date on which the Bank becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument at initial recognition is generally its transaction price.

3.2.2 Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI).

Notes to the Financial Statements *(continued)*

3. Significant accounting policies

3.2 Financial Instruments *(continued)*

3.2.2 Classification and subsequent measurement *(continued)*

Business model assessment
The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management’s strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Bank's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed

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

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation; but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

The Bank's retail and corporate banking business comprises primarily of loans to customers that are held for collecting contractual cash flows. In retail business the loans comprise overdrafts, unsecured personal lending.
Assessment whether contractual cash flows are SPPI

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- contingent events that would change the amount or timing of cash flows;

- leverage features;

- prepayment and extension features;

- terms that limit the Bank's claim to cash flows from specified assets - e.g. non-recourse asset arrangements; and

- features that modify consideration of the time value of money - e.g. periodic reset of interest rates.

Notes to the Financial Statements *(continued)*

3. Significant accounting policies

3.2 Financial Instruments *(continued)*

3.2.2 Classification and subsequent measurement *(continued)*

Financial liabilities

The Bank classifies its financial liabilities, as measured at amortized cost and fair value through profit or loss.

Derivative liabilities

Non-trading derivatives are recognised on statement of financial position at fair value. If a derivative is not held for trading, and is not designated in a qualifying hedging relationship, then all changes in its fair value are recognised immediately in profit or loss as a component of income from financial instruments at FVTPL.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets.

3.2.3 Derecognition *Financial*

assets

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Financial liabilities

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

3.2.4 Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, then the Bank evaluates whether the cash flows of the modified asset are substantially different.
If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised (see (3.2.3)) and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and

Notes to the Financial Statements *(continued)*

3. Significant accounting policies

3.2 Financial Instruments *(continued)*

3.2.4 Modifications of financial assets and financial liabilities *(continued)*

- other fees are included in profit or loss as part of the gain or loss on derecognition. If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms.

If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. Any costs or fees incurred and modification fees received adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

Financial liabilities

The Bank derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

Interest rate benchmark reform

If the basis for determining the contractual cash flows of a financial asset or liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Bank updates the effective interest rate of the financial asset or liability to reflect the change that is required by the reform.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met;

Notes to the Financial Statements *(continued)*

3. Significant accounting policies

3.2 Financial Instruments *(continued)*

3.2.4 Modifications of financial assets and financial liabilities *(continued)*

- the change is necessary as a direct consequence of the reform and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis
- i.e. the basis immediately before the change.

If the changes are made to a financial asset or financial liability in additions to changes to the basis for determining the contractual cash flows required by the interest rate benchmark reform, the Bank first updates the effective interest rate of the financial assets or financial liability to reflect the change that is required by interest rate benchmark reform. After that the Bank applies the policies on accounting for modifications set out above to the additional changes.

3.2.5 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.
Income and expenses are presented on a net basis only when permitted under IFRS Standards.

3.2.6 Fair value measurement

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

When one is available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

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

Notes to the Financial Statements *(continued)*

3. Significant accounting policies *(continued)*

3.2.6 Fair value measurement

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

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

3.2.7 Impairment

The Bank recognises Expected Credit Loss (ECL) on the following financial instruments that are not measured at FVTPL.

- financial assets that are debt instruments;

The Bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

• other financial instruments on which credit risk has not increased significantly since their initial

The Bank considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’. The Bank does not apply the low credit risk exemption to any other financial instruments.

12- month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as ‘Stage 1 financial instruments’. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition but are not credit-impaired.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial instruments for which lifetime ECL are recognised but that are not credit-impaired are referred to as ‘Stage 2 financial instruments’. Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit-impaired.

Financial instruments for which lifetime ECL are recognised and that are credit-impaired are referred to as ‘Stage 3 financial instruments.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses and are measured as follows:

— financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls); (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive

— financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows; When discounting future cash flows, the following discount rates are used:

Notes to the Financial Statements *(continued)*

3. **Significant accounting policies** *(continued)*

3. **Significant accounting policies** *(continued)*

— financial assets: the original effective interest rate or an approximation thereof;

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition.

This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortised cost are credit-impaired (referred to as 'Stage 3 financial assets'). 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. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise; – it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or – the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for more than 90 days is considered credit-impaired even when the regulatory definition of default is different.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Bank considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Notes to the Financial Statements *(continued)*

3. Significant accounting policies *(continued)*

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

– financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;

Write-offs

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally 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. This assessment is carried out at an individual asset level. Recoveries of amounts previously written off are recognised when cash is received and are included in 'impairment loss on financial assets' in the statement of comprehensive income.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

3.3 Interest

3.3.1 Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

— the gross carrying amount of the financial asset; or
— the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

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

3.3.2 Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

3.3.3 Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re- estimation of cash flows of floating-rate instruments to reflect movements in market rates of interest.

Notes to the Financial Statements *(continued)*

3. Significant accounting policies *(continued)*

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

Presentation

Interest income calculated using the effective interest method presented in the statement of comprehensive income includes:

— interest income from loans and advances to customers

— interest income from balances with banks

— interest income from investment securities

Interest expense presented in the statement of comprehensive income includes:

— Interest expense on loans from banks and other financial institutions

— Interest expense on customer deposits (i.e. term deposits, savings and current account)

— Interest expense on lease liability

3.3 Calculation of interest income and expense

Interest income and expense on other financial assets and liabilities measured at FVTPL are presented in "Interest income on financial instruments at fair value through profit or loss".

3.4 Fees and commission

Fees and commissions are recognized on an accrual basis when the service has been provided. Loan disbursement fees for loans are deferred (together with related direct costs) and recognized as part of the effective interest rate of the loan. If the financial instrument is carried at fair value through profit or loss, any associated fees are recognized in profit or loss when the instrument is initially recognized, provided there are no significant unobservable inputs used in determining its fair value. The bank provides services such as account management, ATM cards, services fees, money transfers etc. Fees from ongoing account management are charged to the customer's account on a monthly basis. The bank sets rates on which these charges are based on. Revenue from account management is recognised over time as the services are provided.

Transaction-based fees such as charges on money transfers, cheque books, replacement of lost cards are charged to the customer's account when the transaction takes place. Revenue related to transactions is recognised at the point in time when the transaction takes place.

3.5 Net income from other financial instruments at fair value through profit or loss

Net income from other financial instruments at FVTPL relates to non-trading derivatives held for risk management purposes that do not form part of qualifying hedging relationships. The line item includes fair value changes.

Notes to the Financial Statements *(continued)*

3. Significant accounting policies *(continued)*

3.6 Cash and cash equivalents

Cash and cash equivalents as presented in the statement of financial position comprise notes and coins on hand, bank balances with other financial institutions, bank balances with Central Bank of Liberia and highly liquid investments with maturities of three months or less in money market instruments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

3.7 Property and equipment

3.7.1 Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

3.7.2 Subsequent costs

Subsequent expenditure is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the Bank. Ongoing repairs and maintenance are expensed as incurred.

3.7.3 Depreciation

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. Useful life is the period over which an asset is expected to be available for use. Land is not depreciated. Asset classified under capital work in progress is only depreciated after they have been transferred to their respective asset classes.

The estimated useful lives of the Bank's asset classes are as follows:

- Land and Buildings (including leasehold improvement) 15–40 years

  (Shorter of lease term or useful life of 15 years for leasehold improvement)

Computer equipment	2-5 years
Furniture, fixtures and equipment	5-10 years
Motor vehicles	3-5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.7.4 De-recognition

Property and equipment are derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in 'Other operating income' in the profit or loss in the year the asset is derecognized.

Notes to the Financial Statements *(continued)*

3. **Significant accounting policies** *(continued)*

3.8 Intangible assets

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on the basis of the expected useful lives. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Amortization is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives as

- Software 3 -15 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.9 Leases

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

i. Bank acting as the lessee

At commencement or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of its relative stand- alone prices.

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial of the lease liability, adjusted for any lease payments made at or before commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.
The lease liability is initially measured present value of the lease payments that are not paid at commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

The Bank determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable under a residual value guarantee; and

Notes to the Financial Statements

3.9 Leases *(continued)*

- the exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of- use asset has been reduced to zero.

The Bank presents right-of-use assets in 'property and equipment' and lease liabilities in 'lease liabilities' in the statement of financial position.

3.10 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.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or cash generating unit (CGUs). A cash generating unit is the smallest identifiable asset that generates cash flows that are largely independent from other assets.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.11 Current and deferred income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Notes to the Financial Statements *(continued)*

3.11 Current and deferred income tax *(continued)*

3.11.1 Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using the tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

3.11.2 Deferred tax

Deferred tax is recognized in respect of 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 temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered based on the business plan for the Bank.

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; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using the tax rate enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Bank expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

3.12 Provisions and contingent liabilities

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the profit or loss net of any reimbursement.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events, and present obligations where the transfer of economic resources is uncertain or cannot be reliably measured.

Notes to the Financial Statements *(continued)*

3. Significant accounting policies *(continued)*

3.12 Provisions and contingent liabilities *(continued)*

Contingent liabilities are not recognised on the statement of financial position but are disclosed unless the outflow of economic resources is remote.

3.13 Share capital

The Bank's share capital is not redeemable by holders in the normal course of business and bears an entitlement to distributions that is non-cumulative and at the discretion of the Directors. Accordingly, they are presented as a component of issued capital within equity. Proceeds from issue of ordinary shares are classified as equity. Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

3.14 Employment benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans, if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.15 Government grant

The Bank recognises government grant as other operating income when the grant becomes receivable. The grants related to assets are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the bank will comply with the conditions associated with the grant; they are then recognised in the profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the bank for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

3.16 Changes in significant accounting policies

As a fallout of the ongoing COVID-19 pandemic and related lockdowns, the financial assets of banks across the world have been negatively impacted. Although widespread, these negative effects are not likely to prolong into the long term. Further, it is likely that in the long term, banks will benefit from economic stimulus packages and other support measures that have been provided by governments and international agencies across the world.

Our customers have also been adversely affected by the health risks and by government-mandated business and travel restrictions. The effect on the loan portfolio of the Bank/Company is summarized below:

- The majority of loan payment plans were changed, primarily following mandates from the government and / or central bank in [country name]. Such restructuring included payment moratorium (generally less than three months) and / or extension of maturity of loans

- After the expiry of the moratorium period, some clients experienced difficulty repaying their instalments. However, it has been observed that repayment share on the affected portfolio has been improving month-on-month, returning to pre-COVID levels

Notes to the Financial Statements *(continued)*

3.16 Changes in significant accounting policies*(continued)*

- The Bank selectively offered further rescheduling assistance to selected clients on a bona fide basis, to help them reduce their financial stress. Thus, there are loans that were restructured more than once, often first at government instruction and second at either additional instruction or in order to accommodate customer constraints

- Fresh disbursement of loans was reduced during the initial periods of lockdown and disbursements resumed in June 2020. We have observed that fresh loans disbursed after the lockdown do not follow the repayment patterns of loans affected by COVID-19 lockdowns.

Nonetheless, the unexpected decline in the quality of financial assets and the current uncertainties posed by the fallout of pandemic have introduced significant challenges to estimating credit losses (ECL) as required under IFRS9. International accounting bodies have acknowledged these challenges and have suggested that banks make appropriate changes to their models for estimating ECL, including making management overlays where necessary.

Based on available data on performance of loans at different time points, the Bank management considers carving out loans affected by COVID-19 into a separate pool and estimating ECLs on these loans separately would be the best and most scientific approach. 15 March 2020 is taken as the cut-off date.

The Bank has been mandated by the government/central bank to offer repayment moratoria. Given that the restructuring is a temporary measure under the current extraordinary circumstances, we believe that these modifications per se do not lead to a significant increase in credit risk. There is no other factor that would necessitate such restructuring under the normal course of business.

Further, we expect that over the total extended duration of the modified loans, our clients will be able to repay their dues fully once the current restrictions on businesses are eased. Therefore, considering the maximum contractual period (including extension options), the expected credit losses (ECL) on loans restructured due to the current COVID-19 crisis will not exceed the ECL associated with non-restructured loans.

Accordingly, for loans restructured due to the ongoing COVID-19 crisis, the Bank/Company will continue providing for 12-month expected credit losses at the ECL rates applicable for non-restructured loans.

In addition to the changes described above, it is anticipated that the methodology for adjusting the calculated ECL based on forward-looking information would need to be changed, incorporating inter alia:

- Upside and downside scenarios for macro-economic and internal operational factors that are part of the model

- Management overlays for the expected impact of government stimulus packages and other support measures

- Management overlays for recovery of local markets and economic recovery post introduction of vaccine

In accordance with IFRS9, the changes to the methodology for estimating ECLs will be reviewed periodically, based on progression of COVID-19 affected portfolio and availability of more reliable and consistent data on loan performance.

Notes to the Financial Statements *(continued)*
3.16 Changes in significant accounting policies*(continued)*

COVID-19-Related Rent Concessions

The Bank has adopted COVID-19-Related Rent Concessions – Amendment to IFRS 16 issued on 28 May 2020. The amendment introduces an optional practical expedient for leases in which the Bank is a lessee – i.e. for leases to which the Bank applies the practical expedient, the Bank is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 coronavirus pandemic are lease modifications. The Bank has applied the amendment retrospectively.

3.17 New Standards and Interpretations issued not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2023 and have not been applied in preparing these financial statements. Those which may be relevant to the Bank are set out below. The Bank does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

Key changes

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

While the November 2020 ED had proposed that a seller-lessee initially measures the right-of-use asset and lease liability arising from a leaseback using the present value of expected lease payments at the commencement date, the final amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback.

Effective date and transition

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.
A seller-lessee applies the amendments retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to sale and leaseback transactions entered into after the date of initial application.

The Bank is yet to assess the effect of the standard on its financial statements.

Non-current Liabilities with Covenants (Amendments to IAS 1)

The amendments in Non-current Liabilities with Covenants (Amendments to IAS 1):

- Modify the requirements introduced by Classification of Liabilities as Current or Non-current on how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances: Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

Notes to the Financial Statements *(continued)*
New Standards and Interpretations issued not yet adopted *(continued)*

- Defer the effective date of the 2020 amendments to 1 January 2024.

Three proposals the IASB included in its November 2021 exposure draft were not finalised:

- the requirement that an entity has to present non-current liabilities with covenants separately in the statement of financial position;
- the requirement that an entity has to disclose whether and, if so, how it expected to comply with covenants after the reporting date; and
- the clarifications of some situations in which an entity would not have a right to defer settlement of a liability.

Feedback on the exposure draft in these cases led the IASB to conclude that the proposed amendments were not needed, too costly, or would fail to achieve their objective.

Effective date and transition

The amendments are effective for reporting periods beginning on or after 1 January 2024. The amendments are applied retrospectively in accordance with IAS 8 and earlier application is permitted.

The Bank is yet to assess the effect of the standard on its financial statements.

Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

Key changes

The amendments in Supplier Finance Arrangements (Proposed amendments to IAS 7 and IFRS 7):

Do not define supplier finance arrangements. Instead, the amendments describe the characteristics of an arrangement for which an entity is required to provide the information. The amendments note that arrangements that are solely credit enhancements for the entity or instruments used by the entity to settle directly with a supplier the amounts owed are not supplier finance arrangements.

Add two disclosure objectives. Entities will have to disclose in the notes information that enables users of financial statements to assess how supplier finance arrangements affect an entity's liabilities and cash flows and to understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

Complement current requirements in IFRSs by adding to IAS 7 additional disclosure requirements about: the terms and conditions of the supplier finance arrangements; for the arrangements, as at the beginning and end of the reporting period:

a) the carrying amounts of financial liabilities that are part of the arrangement and the associated line item presented;

b) the carrying amount of financial liabilities disclosed under a) for which suppliers have already received payment from the finance providers;

c) the range of payment due dates (for example, 30 to 40 days after the invoice date) of financial liabilities disclosed under a) and comparable trade payables that are not part of a supplier finance arrangement; and the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of the arrangement.

Notes to the Financial Statements *(continued)*
New Standards and Interpretations issued not yet adopted *(continued)*

The IASB decided that, in most cases, aggregated information about an entity's supplier finance arrangements will satisfy the information needs of users of financial statements.
Add supplier finance arrangements as an example within the liquidity risk disclosure requirements in IFRS 7.

Effective date and transition

An entity applies the amendments to IAS 7 for annual reporting periods beginning on or after 1 January 2024 (with earlier application permitted) and the amendments to IFRS 7 when it applies the amendments to IAS 7. There is a certain amount of transition relief provided, including relief regarding comparative information and interim period information.

The Bank is yet to assess the effect of the standard on its financial statements.

The Effects of Changes in Foreign Exchange Rates (Amendments to IAS 21)

Key changes

The amendments in Lack of Exchangeability (Amendments to IAS 21) amend IAS 21 to:
Specify when a currency is exchangeable into another currency and when it is not — a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency.

Specify how an entity determines the exchange rate to apply when a currency is not exchangeable — when a currency is not exchangeable at the measurement date, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing.

Require the disclosure of additional information when a currency is not exchangeable — when a currency is not exchangeable an entity discloses information that would enable users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

The pronouncement also includes a new appendix with application guidance on exchangeability and a new illustrative example.

The amendments also extend to conforming amendments to IFRS 1 which previously referred to, but did not define, exchangeability.

Effective date and transition

An entity applies the amendments for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

The Bank is yet to assess the effect of the standard on its financial statements.

4 (a) Interest revenue using the effective interest method

(All amounts are in thousands of Liberian Dollars)

Interest revenue using the effective interest method	**2023**	2022
Interest income from loans and advances to customers	**1,504,901**	1,341,700
Interest income from cash and cash equivalents	**30,881**	27,271
Interest income from investment securities	**55,463**	50,049
Total interest income	**1,591,245**	1,419,020

5. Interest expense

(All amounts are in thousands of Liberian Dollars)	**2023**	2022
Interest expense on financial instruments not measured at fair value		
Interest expense on loans from banks and other financial institutions	**77,842**	74,584
Interest expense on term deposits	**21,521**	21,432
Interest expense on savings accounts	**23,376**	25,637
Interest expense on current account	**11,685**	16,100
Interest expense on lease liability	**24,667**	19,585
Total interest expense	**159,091**	157,338
Interest expense on financial instruments measured at fair value		
Interest expense on currency swaps	**-**	2,199
Net interest income	**159,091**	159,537

6. Impairment charge on financial assets

(All amounts are in thousands of Liberian Dollars)

	2023	2022
Net measurement of loss allowance	**2,968**	9,004
New financial assets originated or purchased	**120,007**	118,805
Gross impairment for loan losses	**122,975**	127,809
Income from recovery of previously written-off loans	**(40,076)**	(48,846)
Net impairment for loan losses	**82,899**	78,963

Notes to the Financial Statements *(continued)*

7(a) Fees and commission income

(All amounts are in thousands of Liberian Dollars)	**2023**	2022
Fee and commission income from account maintenance	**33,822**	35,372
Fees from national money transfer	**400**	148
Fee and commission income from international money transfers	**-**	46
Fee and commission income on cheques	**1,869**	1,920
Fee and commission income from e- and m-banking	**46,218**	47,733
Other account service fees	**4,877**	5,831
Fees from dormant accounts	**2,142**	20,399
Fees from trade finance and national guarantees	**84**	528
Other fee and commission income from customers	**8,847**	20,747
Total fee and commission income	**98,259**	132,724

All feed and commission income arise from financial assets measured at amortized cost.

7(b) Fees and commission expense

(All amounts are in thousands of Liberian Dollars)	**2023**	2022
Fee and commission expense on nostro accounts	**3,907**	7,018
Other fees	**908**	668
Net fees and commission income	**4,815**	7,686

8. Net result from foreign exchange operations

	2023	2022
(Loss)/gain from foreign exchange operations with customers	**5,221**	(588)
Gain/(loss) from currency revaluations	**(22,252)**	7,746
Total	**(17,031)**	7,158

The foreign exchange net trading income includes gains and losses from spot transactions and translated foreign currency assets and liabilities.

9. Loss on financial instruments at fair value through profit or loss

(All amounts are in thousands of Liberian Dollars)

	2023	2022
Fair value loss on derivatives	**-**	528
Total	**-**	528

The net gain or losses from financial instruments at fair value through profit or loss is attributable to derivatives which were purchased for currency hedging purposes but did not qualify for hedge accounting.

Notes to the Financial Statements *(continued)*

10. Other operating income

(All amounts are in thousands of Liberian Dollars)

	2023	2022
Profit on disposal of property and equipment	**299**	1,244
Other income	**411**	9,267
Income from grant	**65,655**	43,388
Total other operating income	**66,365**	53,899

11. Personnel expenses

(All amounts are in thousands of Liberian Dollars)

	2023	2022
Salary expenses	**643,386**	621,201
Social security expenses	**38,028**	36,974
Other personnel expenses:	**48,127**	18,878
Total personnel expenses	**729,541**	677,053

Wages, salaries, contributions to state funds and bonuses are accrued in the period in which the associated services are rendered by the employees of the Bank.

12. Other administrative expenses

(All amounts are in thousands of Liberian Dollars)

	2023	2022
Communication expenses	**29,556**	27,988
Transport expenses	**13,721**	11,487
Travel expenses	**14,714**	14,835
IT expenses	**49,111**	25,696
Utilities and electricity expenses	**36,237**	51,370
Royalties and maintenance fees	**66,395**	50,624
Printing and office supplies	**24,493**	24,567
Security service expenses	**45,733**	41,629
Marketing, advertising and entertainment	**16,456**	12,593
Repair and maintenance	**19,507**	16,645
Audit fees	**7,464**	7,508
Legal and advisory expenses	**26,852**	17,002
Insurance expenses	**11,315**	10,471
Property tax	**7,199**	7,147
Training expenses	**6,842**	2,566
Other service expenses	**3,860**	4,125
Board expenses	**4,974**	3,555
Expenses for central services from Access Microfinance Holding AG	**69,420**	57,638
Others	**24,887**	11,550
Recruitment expenses	**58**	-
Total other administrative expenses	**478,794**	398,996

13. Other operating expenses

(All amounts are in thousands of Liberian Dollars)

	2023	2022
Donations	**-**	8,346
Expenses on litigation	**(2,930)**	15,365
Others	**6,133**	7,150
Total other operating expenses	**3,203**	30,861

Notes to the Financial Statements *(continued)*

14. Taxation

(a) Tax expenses

The tax charge for the year has been computed after adjusting for certain items of expenditure and income, which are not deductible or chargeable for tax purposes, and comprises:

Current tax	**2023**	2022
Corporate tax	**22,794**	33,812
Changes in estimates related to prior years	**1,041**	17,578
Deferred tax	**23,835**	51,390
Origination deductible temporary differences	**(30,923)**	15,334
Recognition of previously unrecognized deductible temporary differences	**61,396**	(30,668)
Movement in deferred tax	**30,473**	(15,334)
Total	**54,308**	36,056

(b) Reconciliation of effective tax rate

The following table shows the reconciliation between tax on accounting profit and income tax expense:

	2023	2022
Profit/ (loss) before income tax	**112,808**	125,205
Tax computed at the statutory income tax rate of 25%	**28,202**	31,301
Effect of non-tax allowable expenses	**(139,973)**	(104,860)
Tax incentive	**(31,718)**	(17,705)
Changes in estimate relating to prior year	**197,797**	127,320
Income tax expense	**54,308**	36,056
	48%	29%

(c)

Current tax	**At Jan 1**	**Charged to P&L**	**Charged to equity**	**Payments**	**At Dec 31**
31 December 2023					
Current tax					
Year of assessment					
2023	**(4,934)**	**7,460**	**-**	**18,354**	**20,880**
2022	**-**	**(22,794)**	**-**	**27,777**	**4,983**
Balance at 31 December	**(4,934)**	**(15,334)**	**-**	**46,131**	**25,863**
Current tax					
Year of assessment					
Up to 2021					
31 December					
2022	(12,556)	10,010	-	9,557	7,011
2021	-	(33,812)	-	28,877	(4,935)
Balance at 31 December	(12,556)	(23,802)	-	38,434	2,076

14. Taxation *(continued)*

During the year, the Liberia Revenue Authority (LRA) performed a tax audit for the years of assessment 2015 to 2019. This resulted in a tax liability position of L$ 11million as at 2019 year of assessment. The tax authorities require the entity to settle the tax liability arising from the tax audit separately and not to offset the liability against current tax assets held.

The tax position for the 2020 and 2021 years of assessment is subject to agreement by the Domestic Tax Revenue Division of LRA.

(d) Deferred tax (assets)/liabilities

The deferred tax (assets)/liabilities are attributed to the following:

	2023	2022
Property and equipment	**(57,292)**	(34,299)
Tax losses carried forward		-
Intangible assets	**42,548**	48,756
Loan loss provision	**84,119**	84,119
Deferred disbursement fees	**16,572**	18,294
Balance at 31 December	**85,947**	116,870

The deferred tax assets were recognized on the basis that the bank will make sufficient taxable profits for the deductible temporary differences to be utilized. The profit projection was based on the Bank's five-year business plan.

Movement in deferred tax (assets)/liabilities:

	At Jan 1	**Charged to P&L**	**At Dec 31**
Property and equipment	**(34,299)**	**(22,993)**	**(57,292)**
Tax losses carried forward	**-**	**-**	**-**
Intangible assets	**48,756**	**(6,208)**	**42,548**
Loan loss provision	**84,119**	**-**	**84,119**
Deferred disbursement fees	**18,294**	**(1,722)**	**16,572**
	116,870	**(30,923)**	**85,947**
Property and equipment	(29,461)	(4,838)	(34,299)
Tax losses carried forward	-	-	-
Intangible assets	48,665	91	48,756
Loan loss provision	66,993	17,126	84,119
Deferred disbursement fees	15,339	2,955	18,294
	101,536	15,334	116,870

Notes to the Financial Statements *(continued)*

15. Cash and cash equivalents

(All amounts are in thousands of Liberian Dollars)

	2023	2022
Cash in hand	**385,715**	528,892
Mandatory reserve deposit with Central Bank of Liberia	**489,279**	504,531
Balances with Central Bank of Liberia	**429,132**	494,885
Bank accounts with other banks	**12**	-
Investment with original maturity days less than 90 days	**60,000**	100,000
Balance at 31 December	**1,364,138**	1,628,308

At the reporting date, the Bank recorded a bank ledger balance of L$ 918 million (2022: L$ 999million) in its statement of financial position as compared to the bank statement balance of L$ 923million (2022: L$ 999million). The transactions making up the difference between the bank ledger balance and the bank statement balance amounting to L$ 5 million (2022: Nil) comprise unpresented cheques.

16. Investment securities

	2023	2022
Government bonds	**92,941**	93,464
Balance at 31 December	**92,941**	93,464

The balance as at year end and 31 December 2023 are current as the duration is less than 12 months.

17. Loans and advances to banks

	2023	2022
Principal amount	**1,882,538**	1,172,184
Accrued interest	**22,275**	14,529
Balance at 31 December	**1,904,813**	1,186,713

This represents placements with banks with duration of one year. The balance as at year end and 31 December 2023 are current.

18. Loans and advances to customers

a. Reconciliation

	2023	2022
Loans and advances to customers	**2,938,749**	2,608,749
Accrued interest on loans and advances to customers	**89,069**	77,905
Deferred disbursement fees	**(66,285)**	(73,175)
Gross loans and advances	**2,961,533**	2,613,479
Allowance for impairment losses	**(362,674)**	(348,906)
Balance at 31 December	**2,598,859**	2,264,573

	2023	2022
Current	**2,556,753**	2,241,682
Non- current	**42,106**	22,891
Balance at 31 December	**2,598,859**	2,264,573

18. Loans and advances to customers *(continued)*

(All amounts are in thousands of Liberian Dollars)

b. **Concentration of loans**	**2023**	2022
Trade	**2,254,400**	1,938,130
Services	**429,485**	393,308
Agriculture	**1,951**	310
Manufacturing	**115,421**	156,054
Transportation	**25,946**	19,332
Staff	**111,546**	101,615
Balance at 31 December	**2,938,749**	2,608,749

c. **Impairment allowance**	**2023**	2022
The allowance for impairment losses comprised of:		
Stage 1 (12-month ECL)	**94,819**	85,974
Stage 2 (lifetime ECL not credit impaired)	**26,312**	33,166
Stage 3 (lifetime ECL credit impaired)	**241,543**	229,766
Balance at 31 December	**362,674**	348,906

Reconciliation of the opening and closing balances of impairment allowance

At January 1	**348,906**	315,969
Charge for the year	**122,975**	127,809
Write-offs	**(124,485)**	(100,038)
Currency translation	**15,278**	5,166
Balance at 31 December	**362,674**	348,906

19. Other financial assets

	2023	2022
Sundry receivables	**231,913**	201,712
Clearing and miscellaneous accounts	**4,947**	9,245
Receivables against employees	**98**	88
Related party receivable (Note 34)	**129,099**	44,303
Receivables from money transfer services	**2,530**	13,028
Balance at 31 December	**368,587**	268,376
Current	**368,587**	268,376
Non-current	**-**	-
Balance at 31 December	**368,587**	268,376

Other non-financial assets

	2023	2022
Prepayments	**42,373**	36,416
Office supplies	**24,718**	11,934
Balance at 31 December	**67,091**	48,350

The balance as at year end and 31 December 2023 are current as the duration is less than 12 months.

Notes to the Financial Statements *(continued)*

21. Property, plant and equipment

a. Reconciliation

(All amounts are in thousands of Liberian Dollars)	**Land and buildings**	**Furniture, fixtures equipment**	**Motor vehicles**	**Computer equipment**	**Right of use of asset**	**Total**
Cost						
Balance at 1 January 2022	550,635	323,766	64,351	147,207	175,220	1,261,179
Additions	4,486	22,956	10,126	55,440	16,729	109,737
Disposals	-	(3,743)	(4,395)	(26)	-	(8,164)
Modifications	-	-	-	-	-	-
Translation difference	36,048	21,148	4,330	9,908	(28,277)	43,157
Balance at 31 December 2022	591,169	364,127	74,412	212,529	163,672	1,405,909
Balance at 1 January 2023	**591,169**	**364,127**	**74,412**	**212,529**	**163,672**	**1,405,909**
Additions	**53,935**	**35,514**	**27,927**	**96,495**	**-**	**213,871**
Disposal	**-**	**(24,844)**	**(15,587)**	**(65)**	**-**	**(40,496)**
Translation	**131,406**	**79,093**	**16,163**	**50,526**	**75,775**	**352,963**
Balance at 31 December 2023	**776,510**	**453,890**	**102,915**	**359,485**	**239,447**	**1,932,247**
Accumulated Depreciation						
Balance at 1 January 2022	340,881	267,277	56,421	120,369	37,266	822,214
Charge for the year	38,698	27,919	8,371	10,360	13,181	98,529
Released on disposals	-	(3,743)	(4,395)	(3)	-	(8,141)
Translation difference	23,695	17,674	3,819	7,869	(36,050)	17,007
Balance at 31 December 2022	403,274	309,127	64,216	138,595	14,397	929,609
Balance at 1 January 2023	**403,274**	**309,127**	**64,216**	**138,595**	**14,397**	**929,609**
Charges for the year	**44,549**	**34,654**	**9,674**	**27,405**	**12,540**	**128,822**
Release on disposals	**-**	**(24,844)**	**(15,587)**	**(35)**	**-**	**(40,466)**
Translation difference	**91,842**	**67,719**	**12,627**	**32,151**	**46,765**	**251,104**
Balance at 31 December 2023	**539,665**	**386,656**	**70,930**	**198,116**	**73,702**	**1,269,069**
Carrying amounts						
Balance at 31 December 2022	187,895	55,000	10,196	73,934	149,275	476,300
Balance at 31 December 2023	**236,845**	**67,234**	**31,985**	**161,369**	**165,745**	**663,178**

Notes to the Financial Statements *(continued)*

21. Property, plant and equipment *(continued)*

There was no indication of impairment of property and equipment held by the Bank at 31 December 2023 (2022: Nil). None of the property and equipment of the Bank had been pledged as security for liabilities and there were no restrictions on the title of any of the Bank's property and equipment at the reporting date and at the end of the previous year.

Notes to the Financial Statements *(continued)*
(All amounts are in thousands of Liberian Dollars)

(b) Gain on disposal of property and equipment

	2023	2022
Cost	**40,496**	8,164
Accumulated depreciation	**(40,466)**	(8,141)
Carrying amount	**30**	23
Proceeds from disposal	**(329)**	(1,267)
Gain on disposal	**(299)**	(1,244)

22. Intangible assets

	2023	2022
Cost		
At January 1	**641,364**	612,697
Additions	**2,653**	4,127
Currency translation differences	**122,182**	24,540
Balance at 31 December	**766,199**	641,364
Accumulated amortization		
At January 1	**512,251**	461,721
Charge for the year	**38,865**	35,443
Currency translation differences	**96,196**	15,087
At 31 December	**647,312**	512,251
Balance at 31 December	**118,887**	129,113

There was no indication of impairment of intangible assets held by the Bank at 31 December 2023 (2022: Nil). There were no restrictions on the title of any of the Bank's intangible assets at the reporting date and at the end of the previous year.

23. Loans from banks and other financial institutions

	2023	2022
Principal amount	**1,310,725**	1,045,925
Interest payable	**50,982**	42,304
	1,361,707	1,088,229
Current	**1,361,707**	1,088,229
Non-current	**-**	-
Balance at 31 December	**1,361,707**	1,088,229

Notes to the Financial Statements *(continued)*
(All amounts are in thousands of Liberian Dollars)

24. Deposits from customers

	2023	2022
Term deposit accounts	**323,938**	260,496
Savings accounts	**1,845,793**	1,595,831
Current accounts	**958,233**	996,463
Accrued interest on customer accounts	**9,273**	12,417
Pending client transfer	**42,748**	36,834
Balance at 31 December	**3,179,985**	2,902,041
Current	**3,179,985**	2,902,041
Non-current	**-**	-
Balance at 31 December	**3,179,985**	2,902,041

25. Other financial liabilities

	2023	2022
Accrued expenses	**16,454**	38,717
Related party payable	**251,980**	207,461
Accrued short term employee benefits	**18,059**	19,094
Social security contributions payable	**5,469**	4,656
Other	**154,049**	110,899
Balance at 31 December	**446,011**	380,827

All liabilities are due within 12 months and equal their carrying amount as the impact of discounting is not significant.

26. Other non - financial liabilities

	2023	2022
Withholding tax payable	**28,077**	3,260
Grant liability - Mastercard	**16,342**	21,304
	44,419	24,564
Current	**44,419**	24,564
Non-current	**-**	9,640
Balance at 31 December	**44,419**	34,204

Grant Liability – Mastercard

The Mastercard Foundation has an agreement with Access Microfinance Holding AG. to perform certain services in order to assist the Foundation in achieving its charitable purposes. Based on this, Access Microfinance Holding AG. has an agreement with Access Bank Liberia Limited which involves them reimbursing Access Bank Liberia for the salary expense they incur in relation to some employees and also assets purchased in directly related to the achievement of the objectives of the Mastercard Foundation.

Grant liability relates to the unamortized portion of deferred income on grants relating to assets. The amount is amortized to profit or loss based on the useful lives of the asset acquired under the grant.

Notes to the Financial Statements *(continued)*
(All amounts are in thousands of Liberian Dollars)

27. Provisions

	31 December 2023	31 December 2022
Provision for legal claims *(27b)*	**25,101**	26,459
Provision for untaken vacation	**1,297**	6,454
Balance at 31 December	**26,398**	32,913

27a. Provision for legal claims

The Bank is defending legal actions brought against it by employees and customers. Provision of US$ 133,799 (2022: 172,207) in relation to these claims has been recognized in the financial statements. The possible settlement is subject to the assessment of the Bank's external lawyer, which is based on similar lawsuits in the past and the current practice of the courts of Liberia and as such is subject to uncertainty.

The breakdown of the balance as at year end is presented below:	31 December 2023	31 December 2022
At January 1	**26,459**	10,421
Amounts used	**(9,454)**	-
Addition	**4,190**	15,365
Translation difference	**3,906**	673
Balance at 31 December	**25,101**	26,459

28. Leases

The Bank leased a number of branch and office premises. The leases typically run for a period between 10 to 30 years, with an option to renew the lease after the date. For some leases, payments are renegotiated every five years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices Information about leases for which the Bank is a lessee is presented below.

(a) Right of use assets

Right of use of assets relates to leased branches that are presented within property plant and equipment.

	31 December 2023	31 December 2022
Balance at January 1	**149,275**	137,954
Additions	**-**	16,729
Depreciation charge for the year	**(12,540)**	(13,181)
Translation difference	**29,010**	7,773
Balance at 31 December	**165,745**	149,275

(b) Amount recognized in profit or loss

	31 December 2023	31 December 2022
Depreciation of right-of-use assets	**12,540**	13,181
Interest expense on lease liabilities	**26,424**	19,585

Notes to the Financial Statements *(continued)*
(All amounts are in thousands of Liberian Dollars)

28. Leases *(continued)*

(c) Amounts recognized in cashflow

	31 December 2023	31 December 2022
Lease payments (Interest)	**5,529**	26,334
Lease payments (Principal)	**28,266**	13,292

(d) Extension options

Some leases of branch premises contain extension options exercisable by the bank between 5 to 10 years before the end of the non-cancellable contract period. Where practicable, the bank seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the bank and not by the lessors. The Bank assesses at lease commencement due date whether it is reasonably certain to exercise the extension options. The Bank reassesses whether it is reasonably certain to exercise the options if there is significant event or significant changes in circumstances within its control.

The bank has assessed that all contractual extension options will be exercised and have therefore included all potential future lease payments of US$ 180,115 in the calculation of the lease liability.

	31 December 2023	31 December 2022
Balance at 1 January	**137,170**	128,172
Modification	**-**	-
Interest expense	**28,688**	19,585
Lease payments (Interest)	**(5,529)**	(26,334)
Lease payments (Principal)	**(28,266)**	(13,292)
Translation difference	**38,974**	29,039
Balance at December 31	**171,037**	137,170
Current	**17,138**	18,874
Non-current	**153,899**	118,296
Balance at December 31	**171,037**	137,170

Maturity analysis – Contractual undiscounted cashflows

At 31 December 2023, the future minimum lease payments under non-cancellable leases were payable as follows:

	31 December 2023	31 December 2022
No later than one year	**17,138**	18,879
Later than one year and no later than five years	**45,841**	137,215
Later than five years	**108,058**	227,407
	171,037	383,501

Notes to the Financial Statements *(continued)*
(All amounts are in thousands of Liberian Dollars)

29. Share capital At December 31, 2023, the authorized and subscribed capital is L$ 804,641 thousand which has been fully paid in by the shareholders of the Bank and is constituted by 11,992 shares with a value of L$ 67.10. The shareholder structure is as follows:

	2023 Number of Shares	2023 Amount	2023 %	2022 Number of Shares	2022 Amount	2022 %
Access Microfinance Holding AG	**8,783**	**589,208**	**74**	8,783	589,208	74
European Investment Bank	**1,500**	**99,225**	**12**	1,500	99,225	12
African Development Bank	**1,709**	**116,208**	**14**	1,709	116,208	14
	11,992	**804,641**	**100**	11,992	804,641	100

The shares are not grouped into classes, and there are no different rights, preferences and restrictions, including restrictions on the distribution of dividends and the repayment of capital. The shareholders are entitled to receive dividends as declared and are entitled to one vote per share at shareholder meetings of the Bank.

30. Statutory reserves

Section 15(1a) of the Financial Institution Act of 1999 require the Bank to make an annual appropriation from profit for the year to statutory reserves. Movements in the statutory reserves are shown in the statement of changes in equity on page 14.

	2023	2022
Balance at 1 January	**121,846**	99,559
Transfer from net profit	**14,625**	22,287
Balance at 31 December	**136,471**	121,846

31. Translation reserve

This represents differences arising from translating the financial statement from the functional currency (USD) to Liberian dollar (presentation currency). This reserve is presented as a separate component of equity. Movements in the translation reserves are shown in the statement of changes in equity on page 10.

	2023	2022
Balance at 1 January	**929,173**	835,062
Exchange difference on translation	**362,447**	94,111
Balance at 31 December	**1,291,620**	929,173

Notes to the Financial Statements *(continued)*
(All amounts are in thousands of Liberian Dollars)

32. Retained earnings

The retained earnings balance represents the amount available for dividend distribution to the members of the Bank. Movements in the retained earnings account are shown in the statement of changes in equity on page 14.

Movement in retain earnings were as follows;

	2023	2022
Balance at 1 January	**(216,901)**	(283,763)
Net profit for the year	**58,500**	89,149
	(158,401)	(194,614)
Transfer to statutory reserve	**(14,625)**	(22,287)
Waiver of liability from parent company	**-**	-
Tax effect	**-**	-
Balance at 31 December	**(173,026)**	(216,901)

33. Related parties

The parent and ultimate parent company of Access Bank Liberia Limited is Access Microfinance Holding AG, a company incorporated in Germany. The Bank is related to AB Microfinance Bank Nigeria through common ownership.

Directors, their close family members and any employee who is able to exert a significant influence on the operating policies of the Company are considered as related parties. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

The Bank has transactions with its parent, and other related parties who are related to the Bank. The total amounts due to related parties by the nature of the transaction are shown below:

(b) Transactions with key management personnel

The following table shows the total remuneration of the members of the Management Board. The expense was recognised on an accrual basis.

(All amounts are in thousands of Liberian Dollars)	**2023**	2022
Salaries and other benefits	**98,334**	52,232
Employer's pension contribution	**160**	4,656
Total	**98,494**	56,888

Total loans held by Key management personnel at 31 December 2023 was L$ 622,813 (2022: L$ 989,016). The repayment terms for the loan is monthly. The impairment allowance and impairment expense recognized on the loans during the year was L$ (2022: L$). Interest income recognized on the loans was L$21,492 (2022: L$1,951).

Notes to the Financial Statements *(continued)*

33. Related party *(continued)*

(All amounts are in thousands of Liberian Dollars)

(c) Other related party transactions

Access Microfinance Holding AG

MasterCard Foundation is subsidiary of Access Microfinance Holding AG, Berlin.

AccessBank Liberia has a contractual obligation for software services with Access Microfinance Holding GmbH (shareholdings 73% in ABL), a company organized and existing under the laws of Germany. Access Microfinance Holding GmbH designs, develops, maintains, and licenses software products for microfinance banks and institutions to provide the core banking software services for banks.

AB Microfinance Bank Nigeria

AB Microfinance Bank Nigeria is a subsidiary of Access Microfinance Holding AG, Berlin, Germany. Access Bank Nigeria performs IT Audit for Access Bank Liberia as prescribed by Access Microfinance Holding AG.

Rendering of services	**2023**	2022
Access Microfinance Holding AG	**251,635**	44,304
AB Microfinance Bank Nigeria	**344**	454

Amounts due to and due from related parties are not subject to any terms and conditions. All outstanding balances are to be settled in cash and no balance is secured. No guarantees have been given or received. There were no impairments on the balances

(a) Accounting classifications and fair values

The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Notes to the Financial Statements *(continued)*

34. Financial Instruments

(All amounts are in thousands of Liberian Dollars)

31 December 2023	**Amortized cost**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets not measured at fair value					
Cash and cash equivalents	**1,364,138**	-	**1,364,138**	-	**1,364,138**
Investment securities	**92,941**	-	**-**	**92,941**	**92,941**
Loans and advances to banks	**1,904,813**	-	**-**	**1,904,813**	**1,904,813**
Loans and advances to customers	**2,598,859**	-	**-**	**2,598,859**	**2,598,859**
Other financial assets	**368,587**	-	**-**	**368,587**	**368,587**
	6,329,338	-	**1,364,138**	**4,965,200**	**6,329,338**
Financial liabilities not measured at fair value					
Loan from banks and other financial institutions	**1,361,707**	-	-	-	**1,361,707**
Deposit from customers	**3,179,985**	-	-	-	**3,179,985**
Other financial liabilities	**446,011**	-	-	-	**446,011**
	4,987,703	-	-	-	**4,987,703**
Financial liabilities measured at fair value					
Derivative liabilities					

31December 2022	Amortized cost	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value					
Cash and cash equivalents	1,628,308	-	1,628,308	-	1,628,308
Investment securities	93,464	-	-	93,464	93,464
Loans and advances to banks	1,186,713	-	-	1,186,713	1,186,713
Loans and advances to customers	2,264,573	-	-	2,264,573	2,264,573
Other financial assets	268,376	-	-	268,376	268,376
	5,441,434	-	1,628,308	3,813,198	5,441,434
Financial liabilities not measured at fair value					
Loan from banks and other financial institutions	1,088,229	-	-	-	1,088,229
Deposit from customers	2,902,041	-	-	-	2,902,041
Other financial liabilities	380,827	-	-	-	380,827
	4,371,097	-	-	-	4,371,097

Financial liabilities measured at fair value		FVTPL	Level 2	Level 3	Total
Derivative liabilities	-	115,557	115,557	-	115,557
	-	115,557	115,557	-	115,557

Notes to the Financial Statements *(continued)*

34. Financial Instruments *(continued)*

i. Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. Valuation techniques used include discounted cash flow analysis and pricing models and where appropriate, comparison with instruments that have characteristics similar to those of instruments held by the Bank.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained below.

The Valuation Control function is responsible for independent price verification, oversight of fair value and appropriate value adjustments and escalation of valuation issues. Independent price verification is the process of determining that the valuations incorporated into the financial statements are validated independent of the business area responsible for the product.

The Valuation Control function has oversight of the fair value adjustments to ensure that the financial instruments are priced to exit. These are key controls in ensuring the material accuracy of the valuations incorporated in the financial statements. The market data used for price verification may include data sourced from recent trade data involving external counterparties or third parties such as Bloomberg, Reuters, brokers and consensus pricing providers.

Valuation Control performs a semi-annual review of the suitability of the market data used for price testing. Price verification uses independently sourced data that is deemed most representative of the market the instruments trade in. To determine the quality of the market data inputs, factors such as independence, relevance, reliability, availability of multiple data sources and methodology employed by the pricing provider are taken into consideration.

ii. Valuation governance

The Bank's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. All new product initiatives (including their valuation methodologies) are subject to approvals by various functions of the Bank including the risk and finance functions. The responsibility of ongoing measurement resides with the business and product line divisions.

Once submitted, fair value estimates are also reviewed and challenged by the Risk and Finance functions. The independent price verification process for financial reporting is ultimately the responsibility of the independent price verification team within Finance which reports to the Chief Financial Officer.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Notes to the Financial Statements *(continued)*

34. Financial Instruments *(continued)*

The fair values for loans and advances to customers have been determined according to level 3 of the fair value hierarchy. The fair values for all other financial instruments have been determined using level 2 of the fair value hierarchy.

To determine the fair value for any financial assets or liabilities the following guidelines are applied within the Bank. There are different key indicators to determine the fair value. One is the remaining maturity, if it is less than six months the fair value equals the balance sheet amount.

The fair value remains the balance sheet amount too, if the remaining maturity is more than six month and has still the same effective interest rate for newly disbursed loans at measurement date, as it can be assumed to be a market rate. The interest rate is another indicator and if the interest rate is variable the fair value is equal to the balance sheet amount. A different effective interest rate at measurement date would lead to application of discounted cash flow method in order to determine the fair value.

The fair value calculations have been determined using a discounted cash flow method. The valuation techniques use observable current market transactions and market rates for similar market transactions (e.g., yield rates, interest rates).

The Bank considers that the carrying amounts of all classes of financial assets and financial liabilities carried at amortized cost approximate their fair values, while financial assets at fair value through profit or loss are carried at fair value in the financial statements.

There were no transfers between the different levels in 2023 and 2022.

(i) Loans and advances to customers

Loans and advances to customers are net of charges for impairment. The estimated fair value of loans and advances to customers represents the discounted amount of estimated future cash flows expected to be received. The significant unobservable input is the risk adjusted discount rates.

(ii) Deposits from customers

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

(iii) Currency swaps

Foreign exchange contracts include open spot contracts, foreign exchange forward and swap contracts and over the- counter foreign exchange options. These instruments are valued by either observable foreign exchange rates, observable or calculated forward points and option valuation models. The Bank classifies foreign exchange contracts as Level 2 financial instruments when no unobservable inputs are used for their valuation or the unobservable inputs used are not significant to the measurement (as a whole).

35. Capital Management

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- To comply with the capital requirements set by the Central Bank of Liberia; and
- To maintain a strong capital base to support the development of its business.

Notes to the Financial Statements *(continued)*

35. Capital management *(continued)*

Minimum capital requirement

Section 15 and 39 (1) of the New Financial Institutions Act (FIA) of 1999 requires a Bank-Financial Institutions to maintain a minimum capital of U$ 10,000,000. The Bank' capital as at 31 December 2023 U$ 11.2million (2022: U$ 10.7million).

Capital adequacy

Section 15 and 39 (1) of the New Financial Institutions Act (FIA) of 1999 requires a Bank-Financial Institutions to maintain a minimum a Capital Adequacy Ratio (CAR) of 10%. The CAR is the quotient of the capital base of the Bank and the Bank's risk weighted asset base. The capital base is equal to the Tier 1 capital which comprises of share capital, statutory reserve, retained earnings and reserves created by appropriations of retained earnings.

CAR of the Bank is monitored on a minimum monthly basis and it is the Bank's aim to meet the minimum of 10% at all times.

The Bank's Capital adequacy ratio as at December 31, 2023 was 55% as compared to 61% reported as at December 31, 2022. Capital adequacy is determined as below:

			2023		2022
Assets	**Weights**	**Amount**	**Value**	Amount	Value
Cash in hand	0%	**385,715**	**-**	528,892	-
Central bank accounts	0%	**918,411**	**-**	999,416	-
Short term treasury bills	0%	**60,000**	**-**	100,000	-
Government bond	0%	**92,941**	**-**	93,464	-
Loans and advances to banks	20%	**1,904,813**	**380,963**	1,186,713	237,343
Loans and advances to customers (Retail exposures micro loans)	75%	**1,938,668**	**1,454,001**	2,046,607	1,534,955
Loans and advances to customers (Retail exposures commercial loans)	100%	**726,483**	**726,483**	-	-
Loans and advances to Customers (Past due exposures)	100%	**40,076**	**40,076**	48,945	48,945
Property and equipment	100%	**497,433**	**497,433**	327,025	327,025
Other financial assets	100%	**368,587**	**368,587**	268,376	268,376
Other non-financial assets	100%	**67,091**	**67,091**	48,350	48,350
Total risk weighted assets gross		**7,000,218**	**3,534,634**	5,647,788	2,464,994
1st Tier Capital					
Share capital	-	-	**804,641**	-	804,641
Statutory reserves	-	-	**136,471**	-	121,846
Translation reserves	-	-	**1,291,620**	-	929,173
Retained earnings	-	-	**(173,026)**	-	(216,901)
Intangibles assets	-	-	**(118,887)**	-	(129,113)
Total qualifying capital	-	-	**1,940,819**	-	1,509,646
Capital adequacy ratio	-	-	**55%**	-	61%

Notes to the Financial Statements *(continued)*

36. Financial Risk Management

The risk arising from financial instruments to which the Bank is exposed are credit risk, liquidity risk and market risk. The Bank's Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board of Directors has established the Financial Risk Management Committee, which is responsible for approving and monitoring Bank's risk management policies.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Bank's activities. 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 Bank Audit Committee oversees how management monitors compliance with the Bank's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Bank. The Bank Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management.

(a) Credit risk

Credit risk is the risk that the party to a credit transaction will be unable to meet its contractually agreed obligations towards the Bank. For the Bank, credit risk arises mainly from customer credit exposures and to a lesser extent from interbank or other short-term placements.

As more than 96.4% of our lending is to micro, small and medium-sized businesses this section concentrates on business lending.

The economy where the Bank operates in is characterised by a relatively high degree of informal transactions. Moreover, our typical borrowers (especially in the micro loan segment) often do not possess significant assets that could be pledged as collateral. In its experience, the Bank has developed an approach to lending that allows us to preserve a good portfolio quality over many years.

The core principle of this approach is that credit decisions are primarily based on a thorough analysis of the borrowers' credit worthiness, i.e., the capacity and willingness of the credit applicant to pay. The debt capacity is reflected in a cash flow projection, forming the basis for the decision on the loan conditions and the payment plan, which in almost all cases is an instalment loan with monthly payments of interest and principal. By conducting an in-depth analysis of the borrower's financial status, we avoid overburdening our customers and thus control the danger of over indebtedness. In addition to the financial analysis other indicators for his/her willingness to pay are assessed, including credit history, credit reference checks, statements of guarantors, suppliers, neighbours or employers. In order to mitigate this risk, our loan officers' collect and cross-check relevant primary data, in particular through visits in the applicant's enterprise(s) and household. The economic situation of the applicants' household and other related parties is included in the credit analysis.

As loans are primarily backed by information instead of collateral, credit risk (as well as operational cost) crucially depends on the efficiency of gathering and processing information. To prevent any loss of information, a high degree of responsibility is assigned to the loan officer as opposed to the delegating of work commonly seen in the traditional bank business.

In microfinance, this includes all aspects from screening to contract enforcement. Loan officers receive a performance-based salary that includes rewards for productivity and portfolio quality.

All loans have to be approved by a committee comprised of at least two responsible managers (four-eye principle). Various competency levels are established depending on the loan size and the individual experience of the manager.

Notes to the Financial Statements *(continued)*

36. Financial risk management *(continued)*

(a) Credit risk *(continued)*

The Bank and the loan officer build up a long-term client relationship with the borrower, which is based on mutual respect and trust, and implies the promise of access to follow-up loans and other financial services, if the client repays the loan without delay. The long-run client relationship creates incentives for repayment and full disclosure of relevant information.

At the same time, the Bank continuously increases its knowledge on the borrower, which reduces the Bank's operational costs over time. In consequence loan conditions and access to loans is differentiated according to the customers' records which reflect their individual risk profile (graduation principle).

The use of the loan and its repayment are closely monitored by regular visits to the customer and immediate action if the customer falls into arrears. This is supported by a strong management information system (MIS) and a culture of strict adherence to procedures and rules. While the principles outlined above are relevant to all the business lending, the Bank applies them in a differentiated way for the segments of micro and SME business lending. While in micro lending we put a strong focus on standardisation and efficiency, in the Small and Medium Enterprise (SME) segment loan analysis goes deeper and contains more elements of prospective analysis. Furthermore, traditional collateral plays a much larger role in our SME lending. Loan officers, middle managers and head offices have access to online information about any loans in arrears and are prepared to take immediate action. If a loan officer or individual branch is not able to cope with specific cases, or a general deterioration of the loan portfolio, they are supported by specialised recovery units, credit management and the Bank 's legal department.

Based on the Bank's experience, they measure the level of credit risk mainly in the Portfolio at Risk (meaning the total outstanding exposure to parties that are in arrears with any part of their obligations i.e. above 30 days). Overall PAR>30 for the Bank was 10.2% as of 31 December 2023 (5.9% in 2022). When a borrower is not or will not be able to repay an exposure in accordance with the original payment schedule but is willing and in principle able to return the loan, the Bank may renegotiate the repayment terms. In most cases this is done in the event of force majeure (e.g. fire, natural disaster, etc.). The overall volume of outstanding renegotiated exposures amounted to L$ 221 million (7%) at the end of 2023 (L$ 308 million 11.8% in 2022).

(i) Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Bank.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- Financial instruments in Stage 1 have their Expected Credit Loss (ECL) measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.
  The key judgements and assumptions adopted by the Bank in addressing the requirements of the standard are disclosed below.

Notes to the Financial Statements *(continued)*

36. Financial risk management *(continued)*

(a) Credit risk *(continued)*

(i) Expected credit loss measurement *(continued)*

Significant Increase in Credit Risk (SICR)

The Bank uses quantitative, qualitative or backstop criteria as the basis to consider whether financial instruments have experienced a significant increase in credit risk since initial recognition.

Quantitative criteria

The Bank uses the probability of default (PDs) of financial instruments as the quantitative measure in assessing for impairment. A financial instrument or group of financial instruments will be determined to have experienced a SICR if the remaining lifetime PDs at the reporting date has increased, compared to the residual lifetime PDs expected at the reporting date when the exposure was first recognized and it exceeds the relevant set threshold. The PDs are determined using multiple forward economic scenarios.

Qualitative criteria:

The Bank performs an assessment of the financial asset groupings in order to identify financial assets with similar characteristics based on entity and portfolio level factors. Qualitative criteria (current and forward-looking) are then determined for the unique portfolio and sub-portfolio groupings to be applied in determining whether there has been a significant increase in credit risk for a financial asset or group of financial assets. The criteria will include factors such as:

For Loan portfolios, if the borrower meets one or more of the following criteria:

- In short-term forbearance
- Direct debit cancellation
- Extension to the terms granted
- Previous arrears within the last twelve [12] months
- If the borrower is on the watchlist and/or the instrument meets one or more of the following criteria:
- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the borrower
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early signs of cashflow/liquidity problems such as delay in servicing of trade creditors/loans. The assessment of SICR incorporates forward-looking information and is performed on a quarterly basis at a portfolio level. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness.

Backstop

A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

Definition of default and credit-impaired assets

The Bank defines a financial instrument as in default, which is fully aligned with the definition of credit- impaired, when it meets one or more of the following criteria:

Quantitative criteria

The borrower is more than 90 days past due on its contractual payments.

36. Financial risk management *(continued)*

(a) Credit risk *(continued)*

(i) Expected credit loss measurement *(continued)*

Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is in long-term forbearance
- The borrower is deceased
- The borrower is insolvent
- The borrower is in breach of financial covenant(s)
- An active market for that financial asset has disappeared because of financial difficulties
- Concessions have been made by the lender relating to the borrower's financial difficulty
- It is becoming probable that the borrower will enter bankruptcy
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the Bank and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Bank's expected loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months.

The 12month ECL is the portion of lifetime-ECLs (LTECLs) that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Stage 1:	A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1'. Financial instruments in this Stage have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Stage 1 includes all financial instruments, which did not exhibit a "significant increase in credit risk" and for which no signs of impairment have been observed. The reference date is the date of initial recognition. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
Stage 2:	Consists of financial instruments that appear to have a significant increase in credit risk, but is not yet deemed to be credit-impaired. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
Stage 3:	Includes financial instruments with objective evidence of impairment and consists of defaulted instruments.

36. **Financial risk management** *(continued)*

(a) Credit risk *(continued)*

(i) Expected credit loss measurement *(continued)*

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Bank's internal credit grading model, which assigns PDs to the individual grades
- The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as staff turnover and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios to derive the economic inputs into the ECL models. It has been the Bank's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

The calculation of ECL

The Bank calculates ECLs to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.

- EAD: The Exposure at Default 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, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

- LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

(a) Credit risk

(i) Expected credit loss measurement

Notes to the Financial Statements *(continued)*

36. Financial risk management *(continued)*

The mechanics of the ECL method are summarised below:

Stage 1:	The 12m ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.
Stage 2:	When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original Effective Interest Rate (EIR).
Stage 3:	For loans considered credit-impaired, the Bank recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Forward looking information

In its ECL models, the Bank relies on a broad range of forward-looking information as economic inputs, such as:

- GDP growth, foreign exchange rates (USD/L$), inflation and iron ore prices.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The most significant variables affecting the ECL model are as follows:

- Staff turnover – staff turnover is used as it is critical to the quality and experience of credit staff and the quality of the Bank's underwriting.

- GDP Growth – GDP growth is used to assess the relative health of the economy. Forward looking information is incorporated by using the projected GDP growth for the current year.

- USD/L$ – The CBL USD sell rate on the date of the assessment is used in the tool. This is because of the sensitivity of the economy to exchange rate fluctuations.

- Iron Ore Price – Iron ore is one of the Liberia's exports and a main source of foreign exchange. The use of iron ore is mainly as a proxy in the determination of exchange rate stability.

- Government intervention – Government is expected to implement sound policies that will improve the Liberian economy.

- COVID recovery – The economic condition is expected to improve gradually from the impact of the COVID 19 pandemic.

Notes to the Financial Statements *(continued)*

36. Financial risk management *(continued)*

(a) Credit risk

(i) Expected credit loss measurement

Sensitivity of ECL to future economic conditions

The ECL are sensitive to judgements and assumptions made regarding formulation of forward-looking scenarios and how such scenarios are incorporated into the calculations. Management performs a sensitivity analysis on the ECL recognised on material classes of its assets.

The table below shows the loss allowance on loans and advances assuming each forward-looking scenario (base case, upside and downside) were weighted 100% instead of applying scenario probability weights across the three scenarios:

	Upside	Base case	Downside	Probability weighted
31 December 2023				
Less allowance	**195,844**	**65,281**	**101,549**	**362,674**
31 December 2022				
Less allowance	160,497	177,942	10,467	348,906

Grouping of instruments for losses measured on a collective basis

Future cash flows in a group of financial assets are collectively evaluated for impairment to be estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

i. In performing this grouping, there must be sufficient information for the group to be statistically credible. Where sufficient information is not available internally, the Bank has considered benchmarking internal or external supplementary data to use for modelling purposes. The following table shows the current quality of the loan portfolio. The risk coverage ratio puts loan loss provisions in relation to the PAR 30 portfolio.

As of December 31, 2023, the quality of the loan portfolio is as follows:

Outstanding Portfolio (Principal) L$ '000	**PAR>30 L$'000**	**PAR>30 L$'000**	**PAR>90 L$'000**	**PAR>90 L$'000**	**Risk Coverage Ratio**
		%		%	%
2,938,749	**299,197**	**10.2%**	**258,928**	**8.8%**	**100%**

As of December 31, 2022, the quality of the loan portfolio is as follows:

Outstanding Portfolio (Principal) L$ '000	**PAR>30 L$'000**	**PAR>30 L$'000**	**PAR>90 L$'000**	**PAR>90 L$'000**	**Risk Coverage Ratio**
	L$'000	%	L$'000	%	%
2,608,749	313,635	12%	251,940	9.7%	103%

Notes to the Financial Statements *(continued)*

36. Financial risk management *(continued)*

(a) Credit risk *(continued)*

(i) Expected credit loss measurement *(continued)*

The Bank sets up allowance accounts for all loans, including loans which are not past due.

(ii) Credit quality by class of financial assets

The following table sets out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

Loans and advances to customers 31 December 2023

	Stage 1	**Stage 2**	**Stage 3**	**Total**
Current: Low risk	**2,673,013**	**-**	**-**	**2,673,013**
Satisfactory: Fair risk	**55,594**	**-**	**-**	**55,594**
Substandard: Fair risk	**-**	**40,276**	**-**	**40,276**
Doubtful: Impaired	**-**	**-**	**26,907**	**26,907**
Loss: impaired	**-**	**-**	**232,028**	**232,028**
Gross carrying amount	**2,728,607**	**40,276**	**258,935**	**3,027,818**
Deferred disbursement fees	**-**	**-**	**-**	**(66,285)**
Loss allowance	**(94,819)**	**(26,312)**	**(241,543)**	**(362,674)**
Carrying amount	**2,633,788**	**13,964**	**17,392**	**2,598,859**

Loans and advances to customers 31 December 2022

	Stage 1	Stage 2	Stage 3	Total
Current: Low risk	2,333,057	-	-	2,333,057
Satisfactory: Fair risk	39,910	-	-	39,910
Substandard: Fair risk	-	61,689	-	61,689
Doubtful: Impaired	-	-	36,848	36,848
Loss: impaired	-	-	215,150	215,150
Gross carrying amount	2,372,967	61,689	251,998	2,686,654
Deferred disbursement fees	-	-	-	(73,175)
Loss allowance	(85,974)	(33,166)	(229,766)	(348,906)
Carrying amount	2,286,993	28,523	22,232	2,264,573

The balances of cash and cash equivalent, loans and advances to banks, investment securities and other financial assets were neither passed due nor impaired as at 31 December 2023 (2022: Nil).

(iii) Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument. The basis of determining transfers due to changes in credit risk is set out in our accounting policy.

Notes to the Financial Statements *(continued)*
36. Financial risk management *(continued)*

(a) Credit risk *(continued)*
(iii) Loss allowance *(continued)*

Loans and advances to customers

31 December 2023	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January	**85,974**	**33,166**	**229,766**	**348,906**
New assets originated or purchased	**97,389**	**-**	**-**	**97,389**
Assets repaid (excluding write offs)	**(97,205)**	**(10,997)**	**(35,427)**	**(143,629)**
Transfer to stage 1	**-**	**-**	**-**	**-**
Transfer to stage 2	**(1,802)**	**1,802**	**-**	**-**
Transfer to stage 3	**(4,311)**	**(26,787)**	**31,098**	**-**
Impact on Year end ECL of exposures transferred	**-**	**-**	**-**	**-**
Changes to models and inputs used for ECL calculations	**8,778**	**2,999**	**19,611**	**31,388**
Write offs	**-**	**-**	**(124,485)**	**(124,485)**
Translation difference	**5,996**	**26,129**	**120,980**	**153,105**
Balance at 31 December	**94,819**	**26,312**	**241,543**	**362,674**

31 December 2022	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	94,354	13,482	208,133	315,969
New assets originated or purchased	104,351	-	-	104,351
Assets repaid (excluding write offs)	(84,765)	(10,547)	(25,414)	(120,726)
Transfer to stage 1	-	-	-	-
Transfer to stage 2	(4,001)	4,001	-	-
Transfer to stage 3	(5,998)	(14,386)	20,384	-
Impact on Year end ECL of exposures transferred	-	42,474	126,865	169,339
Changes to models and inputs used for ECL calculations	(20,186)	(1,880)	(1,652)	(23,718)
Write offs	-	-	(100,038)	(100,038)
Translation difference	2,219	22	1,488	3,729
Balance at 31 December	85,974	33,166	229,766	348,906

The table below provides an explanation of how significant changes in the gross carrying amount of financial instruments during the year contributed to changes in loss allowance.

Loans and advances to customers at amortised cost

31 December 2023	Impact: increase/ (decrease)		
	Stage 1	**Stage 2**	**Stage 3**
Increase in loans and advances as part of the Bank's strategic growth initiative	**97,389**	**-**	**-**
Delayed loan repayment resulting in a downgrade to non-performing loans	**-**	**(26,787)**	
Impairment attributable to write-off	**-**	**-**	**(124,485)**

Notes to the Financial Statements *(continued)*

36. Financial risk management *(continued)*

(a) Credit risk *(continued)*

(iii) Loss allowance *(continued)*

31 December 2022			Impact: increase/ (decrease)
	Stage1	Stage 2	Stage3
Increase in loans and advances as part o f the Bank's strategic growth initiative	104,349	-	-
Delayed loan repayment resulting in a downgrade to non-performing loans	-	(14,386)	-
Impairment attributable to write -off	-	-	(100,038)

iv. ***Credit impaired financial assets***

(All amounts are in thousands of Liberian Dollars)	**2023**	2022
Credit- impaired loans and advances to customer at 1 January	**22,232**	12,424
Classified as credit-impaired during the year	**6,481**	31,441
Net repayments	**26,522**	30,228
Change in allowance for impairment	**(127,690)**	(118,805)
Translation difference	**89,391**	66,944
Credit impaired loans and advance to customer at 31 December	**16,936**	22,232

The carrying amount of loans and advances written off that are still subject to enforcement activity is L$ 124 million (2022: L$ 215million).

Financial assets are written-off if the Bank has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The indicators that there is no reasonable expectation of recovery includes the borrower's financial ability and the availability of collateral and its likelihood of repossession and realization. Regulatory disclosure – Non-performing loans.

The percentage of gross non-performing loans to total advances portfolio (gross) was 10.2% (2022: 9.4%).

v. **Portfolio concentration**

Portfolio concentration arises when the Bank has significant credit exposures focused in limited number of counterparties. The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and by monitoring exposures in relation to such limits. The following table shows the amount of the loan portfolio concentrated on the 10 largest client exposures.

	2023				2022
Outstanding Portfolio (Principal)	Amount	%	Outstanding Portfolio	Amount	%
2,938749	**120,241**	**4.09%**	2,608,797	104,848	4.01%

Notes to the Financial Statements *(continued)*

36. Financial risk management *(continued)*

(a) Credit risk *(continued)*

vi. **Maximum exposure to credit risk before collateral held**

The maximum exposure to credit risk to financial assets are as follows:

In thousands of Liberian Dollars	**2023**	2022
Cash and cash equivalents	**978,423**	1,099,416
Investment securities held at amortized cost	**92,941**	93,464
Loans and advances to banks	**1,904,813**	1,186,713
Loans and Advances to customers	**2,598,859**	2,264,573
Other financial assets	**368,587**	268,376
At 31 December	**5,943,623**	4,912,542

*Cash and cash equivalents exclude cash in hand.

The above represents the maximum exposure to credit risk at 31 December 2023 and 2022, without taking account of any collateral held or other credit enhancements attached. For off-balance-sheet assets, the exposures set out above are based on the amount committed or guaranteed at the reporting date.

vii. Collateral held and other credit enhancements, and their financial effect

The Bank holds collateral and other credit enhancements against certain types of its credit exposures. The table below sets out the principal types of collateral held against different types of financial assets.

	2023	2022	2022
Type of Exposure	**Percentage of exposure that is subject to collateral Requirement**		Principal type of collateral held
SME Loans	**100%**	100%	Mortgage over commercial and residential properties, cash deposits, charges over business assets
Micro Loans (below L$200,000)	**0%**	0%	Legal mortgages over land
Micro Loans (aboveL$200,000)	**100%**	100%	and charges over vehicle
Personal loans (below US$ 2,000)	**100%**	100%	
Personal loans (above US$ 2,000)	**100%**	100%	
Staff loans (below US$,2000)	**0%**	0%	Legal mortgages over land
Staff loans (above US$, 2,000)	**50%**	50%	and charges over vehicle
Staff loans (above US$5,000)	**100%**	100%	
Balances with Other Banks	**0%**	0%	

Notes to the Financial Statements *(continued)*

36. Financial risk management *(continued)*

(a) Credit risk *(continued)*

viii. Collateral on impaired exposures

The general creditworthiness of a corporate customer tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional security, and the Bank generally requests that corporate borrowers provide it. The Bank may take collateral in the form of a first charge over real estate, floating overall corporate assets and other liens and guarantees. Because of the Bank's focus on corporate customers' creditworthiness, the Bank does not routinely update the valuation of collateral held against all loans to corporate customers. Valuation of collateral is performed at the time of borrowing and generally are not updated except when a loan is individually assessed as impaired.

The Bank holds substantive amounts of inventory, real estate, vehicles, guarantees and equipment as collateral. The fair values of these items cannot be reliably measured and therefore has not been used in the Bank's ECL model.

The Bank's policy is to sell the confiscated collateral via auctions and sales to third parties. The Bank does not sell any of its customer's collateral to employees of the Bank or uses them for its own operations. The Bank did not take possession of any collateral during the year (2022: Nil).

The bank has not recognized impairment allowance on loan amount of L$ (2022: L$ 23million) because of the collateral held.

Collateral is not normally held for loans and advances to banks.

For impaired loans, the Bank obtains appraisals of collaterals because the current values of the collaterals are an input to the impairment measurement.

b. Liquidity Risk

Liquidity risk is the danger that the Bank will no longer be able to meet its payment obligations in full, or in a timely manner. It is also the danger that additional funding can no longer be obtained or can only be obtained at significantly increased costs.

The Bank concentrates on lending to micro, small sized enterprises as well as individuals – the portfolio of such loans makes up nearly 35.5% (2022: 36%) of total assets. The portfolio is highly diversified to a large number of customers, and almost exclusively consists of instalment loans with monthly annuity repayments of interest and principal.

The main sources of refinancing are borrowings from financial institutions 18.7% of total assets; (2022: 17.5%), customer deposits 43.6%; (2022: 46.7%) and a high share of equity 28.3%; (2022: 26.4%). Borrowings are predominantly medium-long term and from either development finance institutions (including shareholders) or specialized microfinance investment vehicles.

In the event of a liquidity shortage, the Bank could react by reducing the speed of growth of the loan portfolio, which would lead to opportunity costs but not immediately increase funding cost. In view of these factors, the Bank uses a relatively simple liquidity management system that is based on a rolling forecast of cash flows as well as regular maturity mismatch analysis. The Bank applies a number of externally and internally set liquidity indicators and is usually well within the established limits.

Liquidity management is under the responsibility of an Asset and Liability Committee (ALCO) that is composed of members of the management board and other key managers. Additional oversight and control are provided by the Bank's supervisory board as well as the Access Holding head office in Berlin. Throughout the reporting period, the Bank had adequate liquidity available at all times to meet all financial obligations in a timely manner.

Notes to the Financial Statements *(continued)*

36. Financial risk management *(continued)*

(b) Liquidity risk *(continued)*

The Bank maintains a high level of cash and cash equivalents that can be easily liquidated in the event of an unforeseen interruption in cash flow. The liquidity position is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Bank. Liquid assets consist of balances with central bank and loans and advances to banks with maturity below 90 days. The Bank believes it is important to use current accounts and savings accounts as sources of funds to finance lending to customers. They are monitored using the liquid assets to deposit ratio. The liquidity ratios as at year-end were, as follows:

Liquid Assets / Total Assets		**Liquid Assets / Deposits < 90 days**	
2022	2022	**2023**	2022
20%	28%	**46%**	59%

Additionally, the Bank monitors deposit concentration on single counterparties. The following table shows the amount of the deposit portfolio concentrated in the 10 largest client exposures.

		2023			2022
Total Deposit	**Top 10**	**%**	**Total Deposit**	**Top 10**	
3,179,985	**505,586**	**16%**	2,902,041	588,120	20%

Notes to the Financial Statements *(continued)*

36. Financial risk management *(continued)*

(b) Liquidity risk *(continued)*

Maturity analysis for financial assets and financial liabilities

The table that follows summarizes the maturity profile of the non-derivative financial assets and financial liabilities of the Bank based on remaining undiscounted contractual obligations, including interest payable and receivable. Repayments which are subject to notice are treated as if notice were to be given immediately.

31 December 2023

Maturity Analysis	**Carrying amount**	**Total**	**<1month**	**1- 3 months**	**3 - 12 months**	**12 months to 2 years**	**2 to 5 years**	**Over 5 years**
Assets								
Cash and cash equivalents	**1,364,138**	**1,364,138**	**1,364,138**	**-**	**-**	**-**	**-**	**-**
Investment securities	**92,941**	**92,941**	**-**	**-**	**92,941**	**-**	**-**	**-**
Loans and advances to banks	**1,904,813**	**1,904,813**	**808,813**	**191,818**	**904,182**	**-**	**-**	**-**
Loans and advances to customers	**2,598,859**	**2,598,859**	**38,575**	**152,709**	**1,974,152**	**374,140**	**59,283**	**-**
Other financial assets	**368,587**	**368,587**	**368,587**	**-**	**-**	**-**	**-**	**-**
Total financial assets	**6,329,338**	**6,329,338**	**2,580,113**	**344,527**	**2,971,275**	**374,140**	**59,283**	**-**
Liabilities								
Loans from banks & other financial institutions	**(1,361,707)**	**(1,361,707)**	**(342,392)**	**(178,530)**	**(840,785)**	**-**	**-**	**-**
Deposit from customers	**(3,179,985)**	**(3,179,985)**	**(2,883,878)**	**(105,762)**	**(138,648)**	**(51,697)**	**-**	**-**
Other financial liabilities	**(446,011)**	**(446,011)**	**(446,011)**	**-**	**-**	**-**	**-**	**-**
Derivative liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Lease liability	**(171,037)**	**(171,037)**	**-**	**-**	**(13,817)**	**(57,363)**	**(31,940)**	**(67,917)**
Total financial liabilities	**(5,158,740)**	**(5,158,740)**	**(3,672,281)**	**(284,178)**	**(993,250)**	**(109,060)**	**(31,940)**	**(67,251)**
Net liquidity gap	**1,170,598**	**1,170,598**	**(1,092,168)**	**68,432**	**1,978,025**	**265,080**	**27,343**	**(67,251)**

Notes to the Financial Statements *(continued)*

36. Financial risk management *(continued)*

(b) Liquidity risk *(continued)*

Maturity Analysis	**Carrying amount**	**Total**	**<1month**	**1- 3 months**	**3 - 12 months**	**12 months to 2 years**	**2 to 5 years**	**Over 5 years**
Assets								
Cash and cash equivalents	1,628,308	1,628,338	1,628,338	-	-	-	-	-
Investment securities	93,464	113,258	-	6,375	106,883	-	-	-
Loans and advances to banks	1,186,713	1,194,407	292,559	-	631,501	270,347	-	-
Loans and advances to customers	2,264,573	3,386,352	294,238	602,542	1,912,258	420,969	156,345	-
Other financial assets	268,376	224,079	224,079	-	-	-	-	-
Total financial assets	5,441,434	6,546,434	2,439,214	608,917	2,650,642	691,316	156,345	-
Liabilities								
Loans from banks & other financial institutions	(1,088,229)	(1,114,207)	-	(164,422)	(225,847)	(723,938)	-	-
Deposit from customers	(2,902,041)	(3,030,809)	(2,676,875)	(120,798)	(96,783)	(136,353)	-	-
Other financial liabilities	(380,827)	(214,071)	(214,071)	-	-	-	-	-
Derivative liabilities	-	-	-	-	-	-	-	-
Lease liability	(137,170)	(137,173)	-	-	(1,777)	(23,595)	(47,304)	(64,497)
Total financial liabilities	(4,508,267)	(4,496,260)	(2,890,946)	(285,220)	(324,407)	(883,886)	(47,304)	(64,497)
Net liquidity gap	933,167	2,050,174	(451,732)	323,697	2,326,235	(192,570)	109,041	(64,497)

Notes to the Financial Statements

36. Financial risk management *(continued)*

c. **Market Risk**

Market risk is the risk that changes in the market prices such as interest rate, foreign exchange rate will affect the Bank's income or the value of financial instrument.

COVID 19 considerations

The Bank monitored the development of market prices, i.e. interest rates and FX rates, very closely. However, the Bank did not encounter any situations which would have made it necessary to take particular market risk related measures during the COVID period.

Interest Rate Risk

Interest rate risk is the danger that the Bank's interest margin will be (negatively) influenced by a change in market interest rates because of a mismatch in the maturity (period of fixed interest rates) between assets and liabilities. The Board sets limits on the level of mismatch which is monitored daily by the Bank's Treasury department.

The Bank extends loans with fixed interest rates and their maturities are usually different from that of customer deposits (shorter maturities) and borrowings (longer maturities). Therefore, the Bank does incur an interest rate risk. However, given the imperfect nature of the financial markets in the country, it is uncertain to which extent changes in international or domestic interest rate levels will impact the interest rate level of our customer loans.

The Bank's ALCO monitors interest rate risk at least on a quarterly basis.

Profit or loss is sensitive to higher/lower interest income and expense from the following financial assets and liabilities as a result of changes in interest rates. At the reporting date the interest rate profile of the Bank's interest-bearing financial instruments was:
was:

Fixed instruments

Financial assets	**2023**	2022
Cash and cash equivalents	**60,000**	100,000
Investment securities held at amortized cost	**92,941**	93,464
Loans and advances to banks	**1,904,813**	1,186,713
Loans and Advances to customers	**2,598,859**	2,264,573
	4,656,613	3,644,750

Notes to the Financial Statements *(continued)*

36. Financial risk management *(continued)*

(c) Market risk *(continued)*

Variable instruments

An interest rate shock of +/-2% across all interest-bearing assets and liabilities would result in a post-tax profit /equity effect of L$ 21.4 million (2022: L$ 18.9 million).

(d) Currency risk

Currency risk arises when assets and liabilities of the Bank are denominated in more than one currency and the assets and liabilities in one currency do not match in amount and maturity (open foreign currency positions, OCP). In the Republic of Liberia foreign currencies (mainly USD and to a lesser extent EURO) play an important role in the economy. A significant share of customer deposits is held in USD, and international medium-long term refinancing is often available only in these currencies. Therefore, foreign currencies play an important role for the business of the Bank.

The Bank manages it's OCP on a daily basis and does not allow any violation of externally and internally set limits, which are in the range of 5-10% of the equity per currency. In some cases, loans to customers are extended in USD in addition to local currency, when we believe that the borrowers will be able to return their loans even in case of currency fluctuations.

The Bank uses currency swaps to hedge foreign currency 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 currency risk on financial assets and financial liabilities denominated in Liberian dollars and other currencies other than US dollar as at December 31, 2023 and the effect of a 22% change in the exchange rates.

Financial assets	L$'000 2023	L$'000 2022	EURO 2023	EURO 2022
Cash and cash equivalents	**744,074**	949,480	**1,209**	1,101
Investment securities	**92,941**	93,464	**-**	-
Loans and advances to banks	**152,099**	101,099	**-**	-
Loans and Advances to customers	**1,625,133**	1,437,717	**-**	-
Other financial assets	**261,713**	243,582	**-**	-
Total financial assets	**2,875,960**	2,825,342	**1,209**	1,101
Financial liabilities	**(1,361,707)**	(1,088,229)	**-**	
Loan from banks and other financial institutions				-
Deposit from customers	**(1,403,968)**	(1,476,083)	**-**	-
Other financial liabilities	**(182,677)**	(147,228)	**(1,222)**	(1,415)
Financial liabilities at fair value through profit or loss	**-**	-	**-**	-
Total financial liabilities	**(2,948,352)**	(2,711,540)	**(1,222)**	(1,415)
Net exposure	**(72,392)**	113,802	**(13)**	(314)

Notes to the Financial Statements

36. Financial risk management *(continued)*

Currency risk

		Average rate		Year -end rate
	2023	2022	**2023**	2022
US$/L$ 1	**175.23**	153.48	**187.63**	153.65
US$/EUR 1	**0.9248**	1.057	**1.104**	1.067

Sensitivity analysis

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 standard and non-standard interest rate scenarios.

Standard scenarios that are considered on a monthly basis include a 200bp (2%) parallel fall or rise in market interest rates.

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

Exposure to other market risk – non-trading portfolios

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 credit risk, but is not currently significant in relation to the overall results and financial position of the Bank.

Sensitivity of projected net interest income (Interest rate sensitivity analysis)

	200bp (2%) Increase	**200bp (2%) Decrease**
All amounts are in thousands of Liberian Dollars	**2023**	**2023**
Interest income impact	**31,825**	**(31,825)**
Interest expense impact	**(3,182)**	**3,182**
Net impact	**28,643**	**(28,643)**
All amounts are in thousands of Liberian Dollars	2022	2022
Interest income impact	28,380	(28,380)
Interest expense impact	(3,191)	3,191
Net impact	25,189	(25,189)

The expected impact on net interest income have been based on a +/- two percent swing in interest rates that may occur during the ensuing year. The computation considered interest income on cash and short-term funds, investment securities and loans and advances; and interest expense all of which are deemed susceptible to interest rate change.

Notes to the Financial Statements *(continued)*

Sensitivity of reported equity to interest rate movement

	200 bp (2%)	**200bp (2%)**
	Increase	**Decrease**
(All amounts are in thousands of Liberian Dollars)		
31 December 2023		
Net (after tax) interest impact on retained earnings	**21,482**	**(21,482)**

	200 bp (2%)	200bp (2%)
	Increase	Decrease
31 December 2022		
Net (after tax) interest impact on retained earnings	18,892	(18,892)

CENTRAL BANK OF LIBERIA (CBL) PRUDENTIAL REGULATION AND IFRS

The impairment loss rates on financial assets as per IFRS and the Prudential Guidelines of the Central Bank of Liberia are shown below. The IFRS impairment is higher than the CBL prudential regulation by L$55 million (2022: higher by L$71 million).

As at 31 December 2023		***USD Portfolio***		
Regulator classification	**Profit or loss**	**CBL L$'000**	**IFRS L$'000**	**Difference L$'000**
Current	2%	**19,593**	**16,373**	**3,220**
OLEM	5%	**1,111**	**7,098**	**(5,987)**
Substandard	20%	**2,004**	**3,798**	**(1,794)**
Doubtful	50%	**2,454**	**3,833**	**(1,379)**
Loss	100%	**50,708**	**69,521**	**(18,813)**
Total	-	**75,870**	**100,623**	**(24,753)**

Notes to the Financial Statements *(continued)*
(All amounts are in thousands of Liberian Dollars)

LRD Portfolio

Regulator classification	Profit or loss	CBL L$'000	IFRS L$'000	Difference L$'000
Current	2%	**32,113**	**47,139**	**(15,026)**
OLEM	5%	**1,531**	**10,456**	**(8,925)**
Substandard	20%	**6,050**	**16,709**	**(10,659)**
Doubtful	50%	**11,000**	**18,169**	**(7,169)**
Loss	100%	**180,863**	**169,577**	**11,286**
Total		**231,557**	**262,050**	**(30,493)**

As at 31 December 2022

Regulator classification	Profit or loss	CBL L$'000	IFRS L$'000	Difference L$'000
Current	2%	14,520	44,770	(30,249)
OLEM	5%	180	1,004	(824)
Substandard	20%	2,405	5,043	(2,637)
Doubtful	50%	1,762	2,576	(814)
Loss	100%	41,932	67,978	(26,047)
Total		60,799	121,371	(60,571)

Regulator classification	Profit or loss	CBL L$'000	IFRS L$'000	Difference L$'000
Current		**28,052**	**39,531**	(11,479)
OLEM	2%	**1,566**	**9,652**	(8,086)
Substandard	5%	**9,409**	**24,342**	(14,934)
Doubtful	20%	**15,497**	**24,282**	(8,785)
Loss	50%	**162,412**	**129,728**	32,684
Total		**216,936**	**227,535**	(10,600)

Notes to the Financial Statements *(continued)*

Management Board

Below are the details of the management board of the Bank The management board comprises of the following members:

Name	Position	Organization
Klaus Muller	Managing Director / CEO	Access Bank Liberia
Vezele Gbogie	Chief Business Officer	Access Bank Liberia
James Y.B. Howard	Chief Operating Officer	Access Bank Liberia
Eric Malm	Chief Information Officer	Access Bank Liberia

37. Contingent liabilities and commitments

i. Commitments

The Bank conducts business involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Other contingent liabilities and commitments comprise acceptances, guarantees and letters of credit.

The following summarize the nominal principal amount of contingent liabilities and commitments with off balance sheet risk:

	2023	2022
Undrawn overdrafts	-	2,688
Total	**-**	2,688

ii. Contingent liabilities

The bank is defending a number of pending legal actions brought against it at 31 December 2023. Some of these cases have been brought against the Bank by former employees, customers and others. Although liability is not admitted, if defense against the legal action is unsuccessful, then potential liabilities estimated at L$ Nil (2022: L$ 272million) would be payable. Based on legal advice, management believes that its defense of the legal action will be successful.

38. Subsequent events

Events subsequent to the reporting date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material. The Company had no material subsequent events that required adjustments to or disclosure in the financial statements.