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COPORATE INFORMATION

BOARD OF GOVERNORS:	J. Mills Jones-Executive Governor David K. Vinton John G. Bestman Betty J. Saway (retired October 3, 2013) Mildred B. Reeves David Farhart(appointed October 2013)
AUDITOR	PricewaterhouseCoopers No. 12, Airport city Una Home, 3rd Floor PMB CT 42 Cantonments-Accra
SOLICITOR	Counselor Central Bank of Liberia Post Office Box 2048 Monrovia, Liberia
REGISTERED OFFICE:	Central Bank of Liberia Post Office Box 2048 Monrovia, Liberia

CORPORATE GOVERNANCE

Introduction

The Central Bank of Liberia (CBL) is committed to the principles and implementation of good corporate governance. The Bank recognizes the valuable contribution that it makes to long-term business prosperity and to ensuring accountability to the Government of Liberia. The CBL believes that full disclosure and transparency in its operations are in the interests of good governance. As indicated in the statement of responsibilities of Governors and notes to the financial statements, the Bank has adapted internationally recognized standard accounting practices and has implemented rigorous internal controls to facilitate the reliability of the financial statements.

The Board of Governors

The Board is responsible for the formulation and implementation of policies and controlling and monitoring activities of the Bank's executive management. The Board consists of five (5) Governors, including, the Executive Governor who serves as Chairman of the Board and four (4) Non-Executive Governors. Members of the Board are appointed by the President of Liberia and confirmed by the Liberian senate. The Non-Executive Governors are independent of management and free from any constraints, which could materially interfere with the exercise of their independent judgment. They have the experience and knowledge of the industry, markets, financial and/or other business information to make valuable contributions to the Bank's progress. The Board is required to meet as often as is required, but not less frequently than once every three months.

The Audit Committee

The Audit Committee is made up of four (4) Governors, one of which is a non-voting member. Committee members are independent of management and free of any relationships that could interfere with their independent judgments. The committee meets on a quarterly basis. Members of the audit committee elect the Chairman of the Audit Committee. The terms of reference of the Audit Committee is made available to members of management. The duties of the Audit Committee includes; keeping under review the scope and results of the audit, as well as the independence and objectivity of the external auditor. The Audit Committee also keeps under review internal financial controls, risk management, and compliance with laws and regulations. The Audit Committee also reviews the adequacy of the audit program of the Internal Audit Section on an annual basis. Additionally, the Audit Committee reviews reports prepared by the Internal Audit Section in addition to the financial statements of the Central Bank.

Financial Stability Committee

The Financial Stability Committee formerly Banking Reform Committee is made up of the Deputy Governor of Operations, who is the Chairman, four (4) Directors and the Legal Counsellor. The committee meets on a quarterly basis. The terms of reference of the committee are determined by the main Board. The Financial Stability Committee is responsible for the stability of the banking system and promoting its contribution to economic growth and increased participation of Liberian entrepreneurs in the national economy. A reform agenda was drafted geared towards ensuring that banks are adequately capitalized with appropriate management procedures and internal controls and the Central Bank has the capacity to effectively supervise and regulate the activities of the commercial banks.

CORPORATE GOVERNANCE (continued)

Compliance Committee

The Compliance Committee is a subcommittee of the Financial StabilityCommittee, set up to strengthen the supervisory function of the Bank and ensure that commercial banks are in compliance with the banking laws, regulations and directives of the Central Bank.

Money management and Policy Review Committee

The Money Management and Policy Review Committee is an advisory body to the Executive Governor. The committee is made up of the Executive Governor who is an ex-officio, (2) Deputy Governors and three (3) Directors. Its responsibilities include discussions of a wide range of monetary, financial and economic issues, reviewing policies and making appropriate recommendations to the Governor for smooth operation of the Bank and the strengthening of the banking system.

Appointment of Deputy Governor for Economic Policy

The Act of the Central Bank of Liberia was amended in 2012 to make provision for an additional Deputy Governor. In keeping with the amendment, the President appointed Theophilus T. Bettie as the Deputy Governor for Economic Policy who later died in Nigeria while on assignment on November 8, 2013.

External Auditors

In November 11, 2013, the Board of Governors appointed PricewaterhouseCoopers Ghana, to be its external auditor for the audit of the Central Bank of Liberia financial statements from 2013 to 2015.

REPORT OF THE BOARD OF GOVERNORS ON THE CENTRAL BANK OF LIBERIA (CBL)

The Governors take pleasure in presenting their report with the audited financial statements of the Central Bank of Liberia for the year ended December31, 2013.

STATEMENT OF RESPONSIBILITY OF THE BOARD OF GOVERNORS

The Acts of Legislature establishing the Central Bank of Liberia (approved into law on March 18, 1999) and By- laws adopted on December 16, 1999 require the Board of Governors to ensure that financial statements prepared for each financial year give a true and fair view of the state of affairs of the Bank and the result of its operations for the year then ended. In preparing the financial statement, the Board of Governors is required to:

- Select and consistently apply suitable accounting policies consistent with International Financial Reporting Standards (IFRS);
- Make judgments and estimates that are reasonable and prudent;
- State whether the applicable accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements;
- Ensure that the financial statements are prepared on a going-concern basis, unless it is inappropriate to presume that the Bank will continue to be in business;
- Ensure that proper accounting records are maintained which disclose with reasonable accuracy at any time the financial position of the Central Bank of Liberia;
- Ensure that the financial statements comply with the reporting requirements of the Act of Legislature establishing the Bank, as well as the By-laws pertaining to its operation; and
- Put in place relevant mechanisms for safeguarding the assets of the Bank, accordingly, take reasonable steps for the prevention and detection of fraud and other irregularities, if any, in the normal course of business.

The statement above is made with the view of distinguishing for the benefit of all interested parties, the responsibilities of the Board of Governors and those of the External Auditor in relation to the financial statements of the Central Bank of Liberia.

NATURE OF BUSINESS/FUNCTIONS

The Central Bank shall have functional independence, power and authority to:

1. Issue legal tender banknotes and coins;
2. Administer the currency laws and regulate the supply of money
3. Provide credit to bank-financial institutions on a discretionary basis;
4. Act as fiscal agent for the Government;
5. Administer the New Financial Institutions Act of 1999 and regulate banking activities;
6. Regulate bank and non-bank financial institution as well as non-bank financial services institutions;
7. Hold and manage the foreign exchange reserves of Liberia, including gold;
8. Advise the Government on financial and economic matter;
9. Conduct foreign exchange operations; and
10. Play an active role in collaboration with bank-financial institutions in the creation and maintenance of efficient and safe mechanisms for payments, clearing and settlements to meet the needs of the financial markets, commerce, government agencies and the public. The Central Bank shall execute this responsibility through implementation of the proper regulations and standards, as needed.

REPORT OF THE BOARD OF GOVERNORS ON THE CENTRAL BANK OF LIBERIA (CBL) (CONTINUED)

The Loan Extension and Availability Facility (LEAF) program

The Central Bank of Liberia (CBL) has been championing the Government of Liberia's fight against poverty through an agenda that provides access to finance and creates an inclusive financial environment for all in Liberia. A number of economic interventions schemes have been developed and are being implemented through participating commercial banks. These schemes have provided access to finance capital to Liberian-owned SMEs, for agriculture projects, mortgage etc. CBL recognized, that despite these interventions, a large number of Liberians were still being excluded with lack of access, primarily because this huge segment of the Liberian population operated in the microfinance sector and did not have collateral requirements required to access finance. It was against this backdrop that The Loan Extension and Availability Facility (LEAF) program was conceived and launched in January, 2012. LEAF is being administered by the CBL Microfinance and Financial Inclusion Unit as a collateral-free economic intervention.

The core focus of implementation is achieving the objectives as approved by the Board of Governors; which include:

- Provide access to finance to microfinance sector;
- Ensuring that beneficiaries under the program derive and retain economic benefits;
- Promoting the integration of beneficiaries into formal sector of the economy;
- Creating and enhancing economic activities in rural Liberia; and
- Managing risks under the program to ensure a high repayment rate.

GOVERNORS AND GOVERNMENT INTEREST

The statement of responsibility of the Board of Governors of the Bank is set out on page 5. The Board of Governors of the Bank does not have any interest in contracts entered into by the Bank.

Financial results

The financial results for the year are set out below:

	31-Dec-13 L$'000'	31-Dec-12 L$'000'
Operating losses attributed to shareholder	(1,144,072)	(870,696)
to which is added balance on general reserves account brought forward of	2,245,742	3,275,272
	1,101,670	2,404,576
Other comprehensive income	3,010,752	(158,834)
leaving a balance on general reserve account to be carried forward of	4,112,422	2,245,742

Signed on behalf of the Board by:

J. Mills Jones pp

Executive Governor and Chairman of the Board

Date: April 25, 2014

John G. Bestman

Governor

Date: April 25, 2014

REPORT OF THE INDEPENDENT AUDITOR
TO THE BOARD OF GOVERNORS OF THE CENTRAL BANK OF LIBERIA

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Central Bank of Liberia set out on pages 8 to 55. These financial statements comprise the statement of financial position as at 31 December 2013, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Governors' responsibility for the financial statements

The Board of Governors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and for such internal control, as Board of Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Central Bank of Liberia as at 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

Chartered Accountants

Accra, Ghana

29 April 2014

pwc

Statements of comprehensive income
(All amounts are expressed in thousands of Liberian Dollars unless otherwise stated)

		For the year ended	
	Note	**Dec 31 2013**	Dec 31 2012
Interest income	5(i)	**675,230**	599,058
Interest expenses	5(ii)	**(113,987)**	(199,118)
Net interest income		**561,243**	399,940
Fees and commissions	6	**204,176**	194,906
Other income	7	**42,285**	33,546
Operating income		**807,704**	628,392
Administrative expenses	8	**(1,742,179)**	(1,141,557)
Other operating expenses	9	**(209,597)**	(357,531)
Net operating loss attributable to shareholder transferred to general reserve account		**(1,144,072)**	(870,696)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurment of pension plan	31	**15,766**	10,666
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation to presentation currency		**2,994,986**	(169,500)
Total Other comprehensive income for the year		**3,010,752**	(158,834)
Total comprehensive income transferred to general reserve account		**1,866,680**	(1,029,530)

The notes on pages 12 to 55 are an integral part of these financial statements

Statements of financial position
(All amounts are expressed in thousands of Liberian Dollars unless otherwise stated)

	Note	As at December 31 2013	December 31 2012
Assets			
Cash and balances with Central Banks	10	12,200,536	12,207,647
Cash and balances with commercial banks	11	7,762,404	6,639,180
Loans and advances to operating banks	12	2,531,130	1,573,525
Loan and advances to non-banking financial institutions	13	276,092	92,087
Loans and advances to Government of Liberia	14	19,085,927	17,363,251
Investment securities: Held-to-maturity	15	570,178	501,511
Deposits with International Monetary Fund	16	34,684,168	-
Staff loans	17	132,575	79,528
Other assets	18	460,367	495,251
Intangible assets	20	10,859	17,064
Property, machinery and equipment	21	2,570,159	1,705,809
Total assets		80,284,395	40,674,853
Liabilities			
Currency in circulation	22	9,467,970	8,614,152
Deposits from commercial banks	23	13,696,665	12,677,654
Other deposits	24	224	471
Deposits of GOL and agencies	25	4,454,715	5,628,891
Investment securities-Treasury bills	26	1,116,467	-
Amount due to International Monetary Fund	27	36,408,207	-
Commercial bank loan	28	1,129,676	986,462
Other liabilities	29	1,345,104	2,236,714
Provident fund	30	143,030	100,820
Retirement benefit obligations	31	811,328	585,360
Total liabilities		68,573,386	30,830,524
Equity			
Share capital	32	7,598,587	7,598,587
General reserve	33	4,112,422	2,245,742
Total equity		11,711,009	9,844,329
Total equity and liabilities		80,284,395	40,674,853

The financial statements on pages 8 to 55 were approved by the Board of Governors on April 25, 2014 and signed on its behalf by:

Executive Governor and Chairman of the Board .... PP

Governor ....

The notes on pages 12 to 55 are an integral part of these financial statements

Statement of changes in equity

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

	Share Capital	General Reserve	Total Equity
Balance at January 1, 2013	**7,598,587**	**2,245,742**	**9,844,329**
Loss for the year	**-**	**(1,144,072)**	**(1,144,072)**
Remeasurement on pension plan		**15,766**	**15,766**
Exchange difference on translation to presentation currency	**-**	**2,994,986**	**2,994,986**
Total comprehensive income	**-**	**1,866,680**	**1,866,680**
Balance at December 31, 2013	**7,598,587**	**4,112,422**	**11,711,009**
Balance at December 1, 2012	7,598,587	3,275,272	10,873,859
Loss for the year	-	(870,696)	(870,696)
Remeasurement on pension plan	-	10,666	10,666
Exchange difference on translation to presentation currency		(169,500)	(169,500)
Total comprehensive income	-	(1,029,530)	(1,029,530)
Balance at December 31, 2012	7,598,587	2,245,742	9,844,329

The notes on pages 12 to 55 are an integral part of these financial statements

Statement of Cash Flows

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

	Note	As at December 2013	2012
Cash flows from operating activities			
Interest received	5(i)	**340,803**	302,694
Fees and commission receipts	6	**204,176**	194,906
Other income received	7	**42,285**	33,546
Payments to employees and suppliers		**(1,780,704)**	(1,306,846)
Cash generated from operations before changes in operating assets and liabilities:		**(1,193,440)**	(775,700)
Change in:			
Loans and advances to operating banks	12	**(177,826)**	(1,185,751)
Loan and advances to non-banking financial institutions	13	**(184,005)**	(92,087)
Amount due from GOL	14	**(1,724,038)**	-
Staff loans	17	**(53,047)**	(21,583)
Other assets	18	**34,884**	615,484
Currency in circulation	22	**853,818**	1,362,600
Deposits from banks and others	23&24	**1,018,764**	783,465
Deposits of GOL and agencies	25	**(1,174,176)**	1,129,975
Other liabilities	29	**(891,610)**	(680,808)
Net cash from operating activities		**(3,490,676)**	1,135,595
Cash flows from investing activities			
Purchase of machinery and equipment	21	**(916,773)**	(664,959)
Purchase of intangible assets	20	**-**	(18,615)
Redeemed Treasury bills	15	**-**	3,571,521
Sale of treasury bills	26	**2,307,740**	-
Repayment of treasury bills	26	**(1,191,273)**	-
Loans and advances to GOL - long term	14	**2,340,663**	(2,606,913)
Net cash used in investing activities		**2,540,357**	281,034
Exchange difference on translation to presentation currency		**2,989,074**	(145,168)
Net decrease in cash and cash equivalents		**2,038,755**	1,271,461
Cash and cash equivalents at January 1		**18,846,827**	17,575,366
Cash and cash equivalents at December 31	34	**20,885,582**	18,846,827

The notes on pages 12 to 55 are an integral part of these financial statements

Notes to the financial statements

1. General information

The Central Bank of Liberia (CBL) is the Central Bank of the Republic of Liberia and is incorporated under an Act of Legislature of March 18, 1999. The Board of Governors and other officers of the Central Bank officially took office on October 20, 1999. The Central Bank of Liberia is the successor in business to the erstwhile National Bank of Liberia (NBL) and took over its functions, assets and liabilities. The address of its registered office is Central Bank of Liberia, P.O. Box 2048, Monrovia, Liberia. The principal activities of the Central Bank are stated under note 1.5 below.

1.1 Share capital

The minimum authorized capital of the Central Bank is L$400 million. That amount may be increased by legislative amendment to the Act, when proposed to the National Legislature by the Board of Governors of the Central Bank. According to the provisions of the Act, the Central Bank is required to have a minimum paid-up capital of L$100 million.

1.2 Subscribed capital

The Government of Liberia (GOL) in October 1999 contributed to the share capital of CBL through the issuance of promissory notes of L$200 million (equivalent of US$ 5 million at the exchange rate ruling at the date of issue).

1.3 Paid-up capital

The consideration for the paid-up capital was the net book value of assets and liabilities taken over from the National Bank of Liberia (NBL) on the establishment of CBL. The net worth of the erstwhile National Bank of Liberia (NBL) was L$7.3 billion (Note 32). The principal assets which underline the capital transfer of L$7.3 billion are two long-term loans denominated in Liberia and United States dollars due from the Government of Liberia. The amounts are a result of transactions between the Government and the former National Bank of Liberia prior to the formation of the Central Bank of Liberia.

1.4 Ownership

In keeping with the relevant provisions of the Act, all paid-up capital shall be subscribed to and held exclusively by the Government of Liberia (GOL). No reduction of capital shall be effected except by amendment of the legislative Act which created CBL.

Notes to the financial statements (continued)

1. General information (continued)

1.5 Functions of the Central Bank

The principal objectives of the Bank, as set out in the Act:

- to issue legal tender banknotes and coins;
- to administer the currency laws and regulate the supply of money;
- Provide credit to bank-financial institutions on a discretionary basis.
- Act as fiscal agent for the Government; to administer the New Financial Institution Act (FIA) of 1999 and regulate banking activities;
- Regulate bank and non-bank financial institutions, as well as non-bank financial services institutions; to hold and manage the foreign exchange reserves of Liberia, including gold.
- Advise the Government on financial and economic matters; to conduct foreign exchange operations; and
- and to play an active role in collaboration with bank-financial institutions in the creation and maintenance of efficient and safe mechanisms for payments, clearing and settlements to meet the needs of the financial markets, commerce, government agencies and the general public.

1.6 Powers of the Central Bank

The powers of the Central Bank of Liberia include but are not limited to supervision of banks/financial institutions, non-bank financial institutions and authorized non-bank financial services; formulation and implementation of monetary policies; handling of external banking affairs of the Government; determination of an appropriate foreign exchange regime, formulation and implementation of foreign exchange policy, holding and managing foreign exchange reserves; and management of aggregate credit in the economy by indirect means, by loan securitization, purchase and sale of securities, transactions in derivatives and foreign exchange, and through the establishment of required reserves of the commercial banks under its jurisdiction.

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

1.7 Approval of financial statements for December 31, 2013

The financial statements for the year ended December 31, 2013, have been approved for issue by the Board of Governors on April 25, 2014. Neither the Board of Governors nor senior management has the power to amend the financial statements after issue.

Notes to the financial statements (continued)

2. Summary of significant accounting policies

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

2.1 Basis of preparation

The Bank's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The financial statements have been prepared under the historical cost convention, except for investments which have been measured at fair value and financial assets and liabilities which are initially recognized at fair value.

The disclosures on risks from financial instruments are presented in the financial risk management report contained in Note 3.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires Board of Governors to exercise judgement in the process of applying the Bank's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The Board of Governors believes that the underlying assumptions are appropriate and that the Bank's financial statements therefore present the financial position and results fairly. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2.1.1Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Bank.

Amendment to IAS 1, 'Presentation of Financial Statements regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially re-classifiable to profit or loss subsequently (reclassification adjustments). The amendment only affects presentation on the face of the statement of comprehensive income.

Amendment to IFRS 7, 'Financial instruments: Disclosures', on asset and liability offsetting. This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP. The impact has been increased disclosure in the financial statements.

IAS 19, 'Employee benefits' was revised in June 2011. The changes on the Bank's accounting policies has been as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset).

There are no other new or revised standards or interpretations issued and effective that would be expected to have a material impact on the Bank.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

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

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Bank, except the following set out below:

Amendments to IAS 36 'Impairment of assets' on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of cash generating units which had been included in IAS 36 by the issue of IFRS 13.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch. The Governors are yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015. The Governors will also consider the impact of the remaining phases of IFRS 9 when completed by the IASB.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. The adoption of IFRS 13 will increased the extent of fair value disclosures in the financial statements.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Bank.

2.2 Foreign currency translation

(a) Functional and presentation currency

Both the Liberian Dollar (L$) and the United States Dollar (US$) are legal tender in Liberia and circulate freely in the country alongside each other. Although, transactions are carried out in both currencies, the majority of the Bank's transactions are currently denominated in United States Dollars (US$). Accordingly, the Central Bank considers the United States Dollars as its functional currency for the purpose of IFRS. The financial statements are presented in Liberian Dollars (L$), which is the Bank's presentation currency. This is in keeping with requirements of Part V Section 19 of the Central Bank of Liberia Act of 1999.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

2.2 Foreign currency translation (continued)

b) Transactions and balances

Foreign currency and Liberia dollar transactions are converted into the functional currency (US$) using the exchange rates prevailing at the dates of the transactions. At the reporting date monetary assets and liabilities denominated in currencies other than the functional currency, are translated into the functional currency at period end rates. Non-monetary assets and liabilities are translated at historic rates. Exchange differences resulting from such conversions and translations are recognized in profit or loss. For reporting purposes all assets and liabilities are translated from the functional currency into the presentation currency at their respective year-end exchange rates, and income and expenses items are translated at their average rates. Exchange differences resulting from translation into the reporting currency are recognized in other comprehensive income.

2.3 Property, machinery and equipment

(a) Cost

Property, machinery and equipment are recorded at historical cost less accumulated depreciation. Historical cost includes expenditures directly attributable to the acquisition of the property, machinery and equipment which comprise land, work-in-progress (building under construction), leasehold improvements, motor vehicles, furniture, generators and office equipment.

Subsequent costs are included in the assets' carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the CBL and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

(b) Depreciation

Land is stated at cost and not depreciated. Depreciation on other assets is calculated using the straight-line basis to allocate cost to residual values over their estimated useful lives, as follows:

Leasehold improvements over the life of the lease

Building	40 years
Equipment	3 years
Motor vehicles	4 to 5 years
Furniture and fixtures	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting date. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying value is greater than its estimated recoverable amount. Gains and losses on disposals of property, machinery and equipment are determined by comparing the net disposal proceeds with the carrying amount of the item and are recognized within other income in Statement of comprehensive income.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

2.4 Intangible assets

The Bank has adopted the cost method in accounting for its intangible assets. On initial recognition, intangible assets are recognized at cost. Intangible assets consist of Great Plain Accounting software acquired externally and used by CBL. The cost of the software includes acquisition, installation and other major costs associated with preparing the software for use. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to CBL and the cost of the item can be measured reliably. These costs are amortized on the basis of the expected useful lives of the software, estimated at 3 years, using the straight-line method. Costs associated with maintaining software programs are expensed when incurred. Intangible assets are carried at cost less accumulated amortization.

2.5 Impairment of non-financial assets

Assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the assets' fair value (less costs of selling) and value in use. Non-financial assets that have suffered impairment are reviewed for possible reversal at each reporting date.

2.6 Financial assets

(i) Classification

The CBL classifies its financial assets in the following categories: loans and receivables and held-to-maturity. Management determines the classification of financial instruments at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when CBL provides money, or services directly to a debtor with no intention of trading the receivable.

Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial asset with fixed or determinable payments and fixed maturity. They comprise: (i) loan notes issued by the Government of Liberia. The agreement requires CBL to hold this instrument until redeemed by the GOL. (ii) United States Treasury Bills which form part of the CBL's international reserve. The CBL has the intention and ability to hold these to maturity.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

2.6 Financial assets (continued)

(ii) Recognition and measurement

Financial assets are recognized when CBL becomes a party to the contractual provisions of instruments. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the CBL has substantially transferred all the risk and rewards of ownership.

Loan and receivables are initially recognized at fair value, which is the cash consideration to originate or purchase such loans including transaction costs and are measured subsequently, at amortized cost using the effective interest rate method.

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

2.7 Financial liabilities

The Bank's financial liabilities represent mainly deposits from commercial banks, liabilities to the IMF, other liabilities and commercial bank loans. These financial liabilities are initially recognized at fair value and subsequently measured at amortized cost. They are derecognized when they are extinguished, when the obligation to settle is discharged, cancelled or expires.

2.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amounts reported on the reporting date when there is a legally enforceable right to offset the amounts recognized and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. Currently, the CBL does not have any contractual or legal right to offset any financial asset and liability.

2.9 Impairment of financial assets

CBL assesses annually at each reporting date whether there is objective evidence that loans and receivables and held-to-maturity financial assets are impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial assets that can be reliably measured. The criteria that CBL uses to determine that there is objective evidence of impairment include:

- significant financial difficulty to the issuer or obligor;
- a breach of contract, such as default or delinquency in interest or principal payments;
- the Bank, for economic or legal reasons relating to borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for the financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets:

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

2.9 Impairment of financial assets (continued)

(i) adverse changes in the payment status of borrowers in the portfolio; and

(ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The estimated period between a loss occurring and its identification is determined by management. In general, the periods used vary between 6 months and 12 months; in exceptional cases, longer periods are warranted. The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets' that are not individually significant. If there is objective evidence that an impairment loss on these assets has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows discounted at such financial assets' respective original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in Statement of comprehensive income.

For the purpose of collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for group of such assets by being indicative of the debtor's ability to pay all amounts due according to the contractual terms of the assets being evaluated. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group.

a) Assets carried at amortized cost

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in profit or loss.

b) Renegotiated loans

Loans that are subject to impairment assessment and whose terms have been renegotiated are no longer considered to be past due and are treated as new loans.

2.10 Cash and cash equivalents

Cash and cash equivalents include US dollars banknotes in the operational vault, deposits held with banks; loans and advances to banks, amounts due from other banks and short-term highly liquid government securities with original maturities of 3 months or less.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

2.11 Employees' benefits

a) Pension obligations

The Bank operates an unfunded pension plan. The related liability is determined by periodic actuarial assumptions under a defined benefit pension plan.

A defined benefit plan is a pension plan that defines an amount of pension benefit that employees will receive on retirement, usually dependent on one or more factors, such as retirement age, years of service and final year compensation. The liability recognized in the statement of financial position for a defined benefit retirement plan is the present value of the defined benefit obligation in respect of past service at the reporting date. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. In the absence of any high quality bonds in Liberia, the present value of the defined benefit obligation is determined by discounting the projected cash outflows using the average rates of return on US corporate bonds, since the obligation is quoted in United States dollars.

Re-measurement from experience adjustments and changes in assumptions are charged to other comprehensive income in the period in which they arise. Past service costs are recognized immediately in administrative expenses in profit or loss, unless the changes to the pension plan are conditional on the employee remaining in service for a specified period of time. In this case past-service costs are amortized on a straight-line basis over the vesting period.

For defined obligation plans, CBL pays contributions (i.e. social security contributions) to publicly administered pension insurance on a mandatory, contractual or voluntary basis. CBL has no further payment obligation once the contributions have been paid. The contributions are recognized as employee benefit expense when due.

b) Provident fund

The provident fund is a defined contribution plan under which the Bank pays fixed contributions into a separate entity. The Bank's obligations to the defined contribution scheme are charged to the statement of comprehensive income in the year in which they fall due. The Bank has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

2.12 Account receivable

Accounts receivable are amounts due from staff and customers for services provided in the ordinary course of business. If collection is expected in one year or less, they are a classified as current assets. If not, they are presented as non-current assets. Account receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method less provision for impairment.

2.13 Accounts payable

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Accounts payable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

2.14 Provisions

Provisions, including any restructuring, redundancy and legal claims are recognized: when CBL has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small. Provisions are measured at the present value of the expenditures expected to be required to settle obligations using a rate that reflects a current market assessment of the time value of money and the risks specific to such obligation.

2.15 Revenue recognition

a) Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognized within 'interest income' and 'interest expense' in Statement of comprehensive income using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or when appropriate, a shorter period of the net carrying amount of the financial asset or financial liability.

CBL derives its interest income principally from GOL long-term loans and investment securities and its deposits with foreign banks. Interest expense is incurred principally from interest accrued on a loan from Liberian Trading and Development Bank Limited (TRADEVCO) and Treasury bills.

b) Fees and commission income

Fees and commissions are generally recognized on an accrual basis when the service has been provided. Commissions and fees arising from negotiating, or participating in the negotiation of, a transaction with a third party, are recognized on completion of the underlying transaction.

2.16 Deferred currency cost

Costs related to printing currency are amortized when the notes are put into circulation using the weighted average method. Unissued Liberian Dollar notes at the reporting date are treated as inventory items at the cost of production. All other costs relating to the production of notes are expensed in the period in which they are incurred.

2.17 Currency in circulation

Currency issued by CBL represents claims on the Central Bank in favor of the holder. The liability in respect of notes and coins in issue at the reporting date is stated at the nominal value of the currency. Liberian dollar notes held by CBL that are not in circulation are not liabilities or assets of the Bank.

Notes to the financial statements (continued)

2. Summary of significant accounting policies

2.18 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The significant leases entered into by CBL are operating leases on which CBL is the lessee. Those lease agreements specify options for renewal. According to these lease agreements, a substantial portion of the risks is transferred to CBL, but all of the rewards substantially remain with the lessor(s). The total payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty, is recognized as an expense in the period in which the termination takes place.

2.19 Leasehold improvements

This involves costs incurred in refurbishing various properties leased by CBL. The various lease agreements all specify options for renewal (capital leases). Lease agreements normally cover periods of 1-10 years. Costs associated with leases include initial rental repayments, cost of improvements, renovations, and all other costs incurred in preparing the property for use. Leasehold improvements are amortized over the lives of the related or underlying leases.

2.20 Allocation of net profits

Profits of CBL are stated according to Part X; Section 46 of the CBL Act of 1999, Subject to subsection (4), the net profit of the Central Bank in each year is reflected as follows:

(a) an allocation from net profit is made to the capital account of the Central Bank in such amount as shall be required to increase the authorized capital of the Central Bank to a level equivalent to at least five percent of the aggregate amount of monetary liabilities shown on the Statement of financial position of the Central Bank for the end of the fiscal year.

The aggregate amount of the monetary liabilities of the Central Bank shall be at any time the sum of (i) all outstanding banknotes, coins and debts securities issued by the Central Bank; and

(ii) the credit balances of all accounts maintained on the books of the Central Bank by account holders;

(b) an allocation from net profit is made to redeem the securities (now capital notes) issued by the Ministry of Finance to the CBL;

(c) an allocation from net profit shall be made to the General Reserve maintained by the Central Bank in such an amount as shall be required to increase the amount of the General Reserve to a level equivalent to the amount of the authorized capital of the Central Bank; the General Reserve may only be used to offset losses of the Central Bank;

(d) any residual profit remaining after the allocations shall be allocated as follows:

i) the preceding allocations from net profit shall be deemed to have been made entirely from net operating revenues, except that, if no operating revenues are included in net profit or after the proceeding allocations have exhausted net operating revenues included in net profit, such allocations shall be deemed to have been made from net unrealized valuation gains;

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

2.20 Allocation of net profits (continued)

ii) Residual net operating revenues, if any, shall be distributed to the National Treasury within four months after the end of the financial year, and residual net realized valuation gains, if any, shall be allocated to a Valuation Reserve Account maintained on the Statement of financial position of the Central Bank.

2.21Allocation of net losses

If the Central Bank incurs net losses for any financial year, the net loss shall be allocated as follow: If the net loss is comprised of net operating losses and net unrealized valuation losses, the amount of net operating losses shall be charged to the general reserve or to capital in that order, and the amount of net unrealized valuation losses shall be allocated to the valuation reserve account or, to the extent that the balance of the valuation reserve account would be negative as a result of such allocation, to the general reserve or to capital in that order; If the net loss is the operating revenue is greater than the net unrealized valuation losses, the net shall be to the valuation reserve account or, to the extent the balance of the valuation reserve account would be negative as a result of such allocation, to the general reserve or capital in that order, or if the net loss is the sum of the net operating loss less the smaller net unrealized valuation gains, the net loss shall be charged to the general reserve or capital in that order.

3. Financial risk management

The Central Bank's activities expose it to limited financial risks. The Central Bank's aim is therefore to achieve an appropriate balance between risk and reward intended to minimize potential adverse effects on the Central Bank's financial performance, taking into account its role in policy-oriented activities. The Central Bank's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The most important types of risks are credit risk, liquidity risk, and market risk. Market risks include foreign exchange risk and interest rate risk.

3.1. Credit risk

The Central Bank takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss to the Bank by failing to discharge an obligation. Credit risk arises from loans and advances, cash and cash equivalents and deposits with banks and financial institutions, staff loans and other receivables. The credit risk management and control are centralized in a credit risk management team, which reports to the Board of Governors on a quarterly basis.

The Bank is also exposed to other credit risk arising from investment securities. Exposure to the risk of loss from credit arises principally in lending activities.

3.1.1. Credit risk measurement

Loans and advances

In measuring credit risk related to loans and advances to GOL and commercial banks at a counterparty level, the Central Bank considers the 'probability of default' by the GOL or counterparty on its contractual obligations. Exposure at default is based on the amount the Central Bank expects to be owed at the time of default.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

3.1. Credit risk (continued)

3.1.1. Credit risk measurement (continued)

Loans and advances (continued)

In measuring credit risk related to loans and advances to GOL and commercial banks at a counterparty level, the Central Bank considers the 'probability of default' by GOL or the counterparty on its contractual obligations. Exposure at default is based on the amount the Central Bank expects to be owed at the time of default.

Balance with central banks and operating banks

For banks and financial institutions, only reputable financial institutions are accepted based on the Bank's internal policy. The treasury department manages the credit risk exposure, by assessing the counterparties' performances.

Loan Extension and Availability Facility (LEAF)

For the Loan Extension and Availability Facility, only microfinance institutions, credit unions and village savings and loan associations are accepted based on the program requirements and the Microfinance unit manages the credit risk exposure, by on-site monitoring and participating in activities of the mentioned groups including periodic distribution of funds at share-out programs.

Other assets

For accounts receivable, the Finance Department assesses the credit worthiness of potential customers, taking into account its financial position, past experience and other factors. The bank does not grade the credit quality of receivables. Individual risk limits are set based on internal ratings in accordance with limits set by the Board. Credit limits is regularly monitored.

3.1.2. Risk limit control and mitigation policy

The Central Bank manages limits and controls the concentration of credit risk wherever identified. Exposure to credit risk is managed through regular analysis of the ability of the borrowers to meet interest and capital repayment obligations. Specific control and mitigation measures used by the CBL are collateral. The Central Bank employs policies and practices to mitigate credit risk. The most traditional of these is the taking of security for advances. CBL implements guidelines on the acceptability of specific classes of collateral or other credit risk mitigation. The principal collateral for loans and advances includes provident funds, life insurance, and property deeds for staff loans. Collateral on all loan and advances to the Government of Liberia and commercial banks is their deposit accounts held at the Bank when contracts are signed.

Notes to the financial statements (continued)

3. Financial Risk Management (continued)

3.1. Credit risk (continued)

3.1.3. Impairment and provisioning policy

Impairment provisions are recognized for financial reporting purposes only for potential losses that have been incurred at the reporting date based on objective evidence of impairment.

Due to the different methodologies applied, the amount of incurred losses provided for in the financial statements is usually lower than the amount determined from the expected loss, as the provisions are discounted to reflect the time value of money.

3.1.4. Maximum exposure to credit risk before collateral held or other credit enhancements at December 31, 2013 and 2012.

		2013		2012	
	Grouping	L$'000'	Percentage of financial assets	L$'000'	Percentage of financial assets
Cash and balances with central banks	I	**9,585,967**	23.98	11,235,075	29.86
Cash and balances with commercial banks	I	**7,762,404**	19.42	6,639,180	17.65
Loans and advances to operating banks	I	**2,531,130**	6.33	1,573,525	4.18
Loans and advances to NBFI	I	**276,092**	0.69	92,087	0.25
Staff loans	I	**132,575**	0.33	79,528	0.21
Loans and advances to GOL	II	**19,085,927**	47.74	17,363,251	46.15
Investment security (HTM)	II	**570,178**	1.43	501,511	1.33
Other assets	I	**32,496**	0.08	140,719	0.37
		39,976,769	100.00	37,624,876	100.00

Credit quality of financial assets that are neither past due nor impaired

Category	2013 L$'000'	2012 L$'000'
Group 1	**20,320,664**	19,760,114
Group II	**19,656,105**	17,864,762
Total	**39,976,769**	37,624,876

Group 1

These are existing customers (more than 6 months) with no defaults in the past. Counterparties in this group include other central banks, commercial banks, employees (staff loans), and other assets.

Group II

These are existing customers (more than 6 months) with some defaults in the past. All defaults were fully recovered by means of accrued interest capitalization, re-negotiation of loans and cash settlement. This group is mainly composed of loans to the Government of Liberia and other Agencies of Government. Refer to Note 14.

Notes to the financial statements (continued)

3. Financial Risk Management (continued)

3.1 Credit risk (continued)

3.1.4. Maximum exposure to credit risk before collateral held or other credit enhancements (continued)

The above table 3.1.4 represents a worst case scenario of credit risk exposure to the Bank at December 31, 2013 and 2012 without taking account of any collateral held or other credit enhancements attached. The exposures set out above are based on net carrying amounts as reported in the Statement of financial position.

As shown above, 98.9% as at December 31, 2013 (2012:99.17%) of the total maximum exposure arises from loans and advances to GOL, Investment Security (HTM) and operating banks.

Management is confident in its ability to continue and minimize the losses arising from its exposure to credit risk resulting from loans and advances to the GOL and amounts due from the central banks and commercial banks.

3.1.5. Loans and advances, amounts due from banks and other assets

The table below shows the gross (undiscounted) balances of CBL's loans and advances with central banks, commercial banks and other assets analyzed by type and performance less impairment:

Loans and advances

The table below shows the summary of undiscounted amount of CBL's loans and advances analyzed by type and performance:

	December 31, 2013				
	Loans and advances to GOL and HTM L$000	**Loans and advances to Staff L$000**	**Balances with Central Bank & Comm. Banks L$000**	**Loans and advances to commercial banks and non-banking financial institutes L$000**	**Other assets L$000**
Neither past due nor impaired	19,656,105	152,168	17,348,371	2,807,222	32,496
Past due but not impaired	-	8,499	-	-	-
Individually impaired	-	3,623	-	-	17,087
Gross	19,656,105	164,290	17,348,371	2,807,222	49,583
Allowance for	-	(31,715)	-	-	(17,087)
Carrying value	19,656,105	132,575	17,348,371	2,807,222	32,496

Notes to the financial statements (continued)

3. Financial Risk Management (continued)

3.1. Credit risk (continued)

3.1.5. Loans and advances, amounts due from banks and other assets (continued)

	Decmber 31, 2012				
	Loans and advances to GOL and HTM L$000	Loans and advances to Staff L$000	Balances with Central Bank & Comm. Banks L$000	Loans and advances to commercial banks and non-banking financial institutes L$000	Other assets L$000
Neither past due nor impaired	17,864,762	84,316	17,874,255	1,665,612	140,719
Past due but not impaired	-	7,507	-	-	
Individually impaired	-	3,184	-	-	11,536
Gross	17,864,762	95,007	17,874,255	1,665,612	152,255
Less: Allowance for impairment	-	(15,479)	-	-	(11,536)
Carrying value	17,864,762	79,528	17,874,255	1,665,612	140,719

(a) Neither past due nor impaired

Loan and advances neither past due nor impaired are loan and advances to GOL, other Central Banks and Commercial Banks with no default in the past. The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating adopted by the Bank. The table below details the nature of counterparties by industry.

	2013	2012
At December 31	**L$000**	L$000
Loan and advances GOL and HTM	19,656,105	17,864,762
Balances with Commercial Banks	2,807,222	1,665,612
Balances with Central Banks	17,348,371	17,874,255
Loan and advances to Staff	152,168	84,316
Other assets	32,496	140,719
Total	39,996,362	37,629,664

b) Past due but not impaired

Loans to staff that have resigned from the Bank and defaulted in repayment.

	2013	2012
At December 31	**L$000**	L$000
Loan and advances to Staff	**8,499**	7,507

Notes to the financial statements (continued)

3. Financial Risk Management (continued)

3.1. Credit risk (continued)

3.1.5. Loans and advances, amounts due from banks and other assets (continued)

(c) Loans and advances individually impaired

The individually impaired loans and advances to staff before taking into consideration the cash flows from collateral held has been disclosed in the table below:

December 31, 2013				December 31, 2012			
Loans and advances to GOL	Loans and advances to Staff	Balances with Central Bank & Comm. Banks	Other Assets	Loans and advances to GOL	Loans and advances to Staff	Balances with Central Bank & Comm. Banks	Other Assets
L$000	L$000	L$000	L$000	L$000	L$000	L$000	L$000
-	3,623	-	17,087	-	3,184	-	11,536

3.2. Liquidity risk

Liquidity risk is the risk that the Central Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn.

3.2.1 Liquidity risk management process

The liquidity management processes, as carried out within the Finance Department and monitored by executive management and the Treasury Section include:

- Preparing cash-based budgets and periodic variance reports to ensure management of future cash flows in order to meet payment demands when they come due;
- Managing the concentration and profile of debt maturities;
- Monitoring the Statement of financial position, liquidity ratios against internal requirements; and
- Managing the concentration and profile of asset maturities.

Monitoring and reporting take the form of cash flow measurement and projection for the next day, week and months respectively, as these are key periods for liquidity management. The basis for the projection is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

Notes to the financial statements (continued)

3. Financial Risk Management (continued)

3.2. Liquidity risk (continued)

3.2.2. Financial liabilities and assets held for managing liquidity risk

The table below presents the Central Bank's financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the reporting date. The amounts disclosed in the table are contractual undiscounted cash outflows, whereas the Central Bank manages the inherent liquidity risk based on expected undiscounted cash inflows.

As at 31 December 2013 (L$'000')	**Up to 3 month**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Liabilities					
Currency in circulation	-	-	-	9,467,970	**9,467,970**
Deposits from commercial banks	2,859,690	35,912	-	10,801,063	**13,696,665**
Other deposits	224	-	-	-	**224**
Deposits of GOL and agencies	4,293,938	-	160,777	-	**4,454,715**
Due to IMF		-	-	36,408,207	**36,408,207**
Investment securities	1,116,467	-	-	-	**1,116,467**
Commercial bank loan	-	251,211	126,429	816,939	**1,194,579**
Other liabilities	1,345,104	-	-	-	**1,345,104**
Total liabilities (contractual maturity dates)	**9,615,423**	**287,123**	**287,206**	**57,494,179**	**67,683,931**
Total assets (expected maturity dates)	**22,494,071**	**310,433**	**118,909**	**56,123,849**	**79,047,262**

As at 31 December 2012 (L$'000')	Up to 3 month	3-12 months	1-5 years	Over 5 years	Total
Liabilities					
Currency in circulation	-	-	-	8,614,152	8,614,152
Deposits from commercial banks	4,065,424	39,707	-	8,572,523	12,677,654
Deposits of GOL and agencies	5,487,602	-	141,289	-	5,628,891
Other deposits	471	-	-	-	471
Commercial bank loan	-	113,254	534,114	294,906	942,274
Other liabilities	2,236,714	-	-	-	2,236,714
Total liabilities (contractual maturity dates)	11,790,211	152,961	675,403	17,481,581	30,100,156
Total assets (expected maturity dates)	20,420,352	1,140,579	10,691	18,958,625	40,530,247

Notes to the financial statements (continued)

3. Financial Risk Management (continued)

3.2. Liquidity risk (continued)

3.2.3. Assets held for managing liquidity risk

The Bank holds portfolio of cash and securities to support payment obligations. The Bank's assets held for managing liquidity risk comprise:

- Cash and balances with central banks and other operating banks; and
- Investment securities.

3.3 Market risk

Market risk, is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk arises from open positions in interest rates and currency, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates and foreign exchange rates.

The Central Bank's primary exposure to market risk lies with its deposits held overseas which are exposed to changes in U.S. dollars interest rate.

a) Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Central Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on cash flows. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Central Bank has only limited capacity to manage these risks by monitoring interest rates daily and ensuring within the limits of its policy function that its financial liabilities match the maturing profile of its financial assets.

The table below summarizes the Central Bank's exposure to interest rate risk. It includes the Central Bank's financial instruments at their carrying amounts, categorized by the earlier of contractual re-pricing or maturity date.

Notes to the financial statements (continued)

3. Financial Risk Management (continued)

3.3 Market risk (continued)

a) Interest rate risk (continued)

As at December 31, 2013 (L$000)	**Up to 1 year**	**1-5 years**	**Over 5 years**	**Non-interest bearing**	**Total**
Assets					
Cash and balances with central banks	9,585,967	-	-	2,614,569	**12,200,536**
Cash and balances with commercial banks	7,491,349	-	-	271,055	**7,762,404**
Loans and advances to operating banks	-	2,531,130	-	-	**2,531,130**
Loan and advances to non-banking financial institutions	-	276,092	-	-	**276,092**
Loans and advances to GOL	184,752	-	17,177,137	1,724,038	**19,085,927**
Investment security (HTM)	-	-	570,178	-	**570,178**
Deposits with IMF	-	-	19,867,009	14,817,159	**34,684,168**
Staff loans	-	132,575	-	-	**132,575**
Other assets	-	-	-	32,496	**32,496**
Total financial assets	**17,262,068**	**2,939,797**	**37,614,324**	**19,459,317**	**77,275,506**
(L'000')					
Liabilities					
Currency in circulation	-	-	-	9,467,970	**9,467,970**
Deposits from banks	-	-	-	13,696,665	**13,696,665**
Other deposits	-	-	-	224	**224**
Deposits of GOL and agencies	-	-	-	4,454,715	**4,454,715**
Due to IMF	-	7,372,335	29,035,872	-	**36,408,207**
Investment securities-Treasury bills	1,116,467	-	-	-	**1,116,467**
Commercial bank loan	-	-	1,129,676	-	**1,129,676**
Other liabilities	-	-	-	1,345,104	**1,345,104**
Total financial liabilities	**1,116,467**	**7,372,335**	**30,165,548**	**28,964,678**	**67,619,028**
Total interest rate repricing gap	**16,145,601**	**(4,432,538)**	**7,448,776**		

Notes to the financial statements (continued)

3. Financial Risk Management (continued)

3.3. Market risk (continued)

a) Interest rate risk (continued)

As at December 31, 2012 (L$000)	Up to 1 year	1-5 years	Over 5 years	Non-interest bearing	Total
Assets					
Cash and balances with central banks	11,235,074	-	-	972,573	12,207,647
Cash and balances with commercial banks	6,428,858	-	-	210,322	6,639,180
Loans and advances to operating banks	-	1,573,525	-	-	1,573,525
Loan and advances to non-banking financial institutions	-	92,087	-	-	92,087
Loans and advances to GOL	771,244	1,700,663	14,891,344	-	17,363,251
Investment security (HTM)	-	-	501,511	-	501,511
Staff loans	-	79,528	-	-	79,528
Other assets	-	-	-	140,719	140,719
Total financial assets	18,435,176	3,445,803	15,392,855	1,323,614	38,597,448
(L'000')					
Liabilities					
Currrency in circulation	-	-	-	8,614,152	8,614,152
Deposits from banks	-	-	-	12,677,654	12,677,654
Other deposits	-	-	-	471	471
Deposits of GOL and agencies	-	-	-	5,628,891	5,628,891
Commercial bank loan	-	-	986,462	-	986,462
Other liabilities	-		-	2,236,714	2,236,714
Total financial liabilities	-	-	986,462	29,157,882	30,144,344
Total interest rate repricing gap	18,435,176	3,445,803	14,406,393		

b) Foreign exchange risk

The Central Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. In particular, it is exposed to fluctuations in the exchange rate between the Liberian Dollar, United States Dollars and the Euro. The table below summarizes the Central Bank’s exposure to exchange rate risk at December 31, 2013. Also reflected is the carrying amount of the Central Bank’s holdings, categorized by currency.

Notes to the financial statements (continued)

3. Financial Risk Management (continued)

3.3. Market risk (continued)

b)Foreign exchange risk (continued)

Concentration of currency risk on financial instruments

Analysis of assets and liabilities by currency

At December 31, 2013	United Stated dollar	Euro	Liberian Dollar	Total
Assets	**L$ (000)**	**L$ (000)**	**L$ (000)**	**L$ (000)**
Cash and balances with central banks	12,200,536	-	-	12,200,536
Cash and balances with commercial banks	2,294,123	5,440,566	27,715	7,762,404
Loans, advances and overdraft to commercial bank	2,070,172	-	460,958	2,531,130
Loan and advances to non-banking financial institutions(NBFI)	-	-	276,092	276,092
Loans and advances to Government of Liberia	16,387,293	-	2,698,634	19,085,927
Investment security (held-to-maturity)	570,178	-	-	570,178
Deposits with IMF	-	-	34,684,168	34,684,168
Staff loans	132,575	-	-	132,575
Other assets	31,368	-	1,128	32,496
Total financial assets	**33,686,245**	**5,440,566**	**38,148,695**	**77,275,506**
Liabilities				
Currency in circulation	-	-	9,467,970	9,467,970
Deposit from banks	10,128,320	-	3,568,345	13,696,665
Other deposits	175	-	49	224
Deposits of GOL and agencies	3,371,510	-	1,083,205	4,454,715
Amount due from IMF	-	-	36,408,207	36,408,207
Investment security- treasury bills	-		1,116,467	1,116,467
Commercial bank loan	1,129,676	-	-	1,129,676
Other liabilities	1,317,890	-	27,214	1,345,104
Total financial liabilities	**15,947,571**	**-**	**51,671,457**	**67,619,028**
Net financial position	**17,738,674**	**5,440,566**	**(13,522,762)**	**9,656,478**

Notes to the financial statements (continued)

3. Financial Risk Management (continued)

3.3. Market risk (continued)

b)Foreign exchange risk (continued)

Concentration of currency risk on financial instruments

Analysis of assets and liabilities by currency

At December 31, 2012	United States dollar	Euro	Liberian Dollar	Total
	L$ (000)	L$ (000)	L$ (000)	L$ (000)
Assets				
Cash and balances with central banks	12,207,647	-	-	12,207,647
Cash and balances with commercial banks	3,081,022	3,557,480	678	6,639,180
Loans, advances to commercial banks	1,192,081	-	381,444	1,573,525
Loan and advances to non-banking financial institutions(NBFI)	-	-	92,087	92,087
Loans and advances to Government of Liberia	16,432,417	-	930,834	17,363,251
Investment security (held-to-maturity)	501,511	-	-	501,511
Staff loans	79,528	-	-	79,528
Other assets	96,306	-	44,413	140,719
Total assets	**33,590,512**	**3,557,480**	**1,449,456**	**38,597,448**
Liabilities				
Currency in circulation	-	-	8,614,152	8,614,152
Deposit from banks	8,531,094	-	4,146,560	12,677,654
Other deposits	155	-	316	471
Deposits of GOL and agencies	4,692,937	-	935,954	5,628,891
Commercial bank loan	986,462	-	-	986,462
Other liabilities	2,177,126	-	59,588	2,236,714
Total financial liabilities	**16,387,774**	**-**	**13,756,570**	**30,144,344**
Net on statement of financial position	**17,202,738**	**3,557,480**	**(12,307,114)**	**8,453,104**

c) Sensitivity analysis for "Foreign exchange risk"

	2013			2012		
	L$ (000)			L$ (000)		
	Balance Dec 31	**Exchange rate +1%**	**Exchange rate -1%**	Balance Dec.31	Exchange rate + 1%	Exchange rate -1%
Total assets	**33,686,245**	**34,023,108**	**33,349,384**	33,590,512	33,926,417	33,254,607
movement		**336,863**	**(336,861)**		335,905	(335,905)

If the financial assets in Liberian Dollars depreciated by 1% against the U.S Dollars on the reporting date, assets denominated in U.S. Dollars would have been L$34 billion, which is L$0.336 billion higher than the reported figure of L$33.7 billion. The comparative would have been L$33.9 billion, which is L$0.335 billion higher than L$33.6 billion reported for December 2012. If the Liberian Dollar appreciated by 1% against the U.S. Dollar at December 31, 2013, financial assets denominated in U.S. Dollars would have been L$33.3 billion, L$0.336 billion lower than L$33.7 billion at December 31, 2013 (December 31, 2012: L$33.3 billion, L$0.335 billion lower than L$33.6billion).

Notes to the financial statements (continued)

3. Financial Risk Management (continued)

3.3. Market risk (continued)

c) Sensitivity analysis for foreign exchange risk (continued)

Concentration of currency risk on financial instruments

	2013			2012		
	L$ (000)			L$ (000)		
	Balance Dec 31	Exchange rate + 1%	Exchange rate - 1%	Balance Dec.31	Exchange rate + 1%	Exchange rate - 1%
Total liabilities	15,947,571	16,107,045	15,788,094	16,387,774	16,551,654	16,223,896
movement		159,475	(159,477)		163,879	(163,879)

If the financial liabilities in Liberian Dollars depreciated by 1% against the U.S Dollars on the reporting date, liabilities denominated in U.S. Dollars would have been L$16.1 billion, which is L$0.159 billion higher than the reported figure of L$16 billion. The comparative would have been L$16.5 billion, which is L$0.163 billion higher than L$16.4 billion reported for December 2012. If the Liberian Dollar appreciated by 1% against the U.S. Dollar at December 31, 2013, financial liabilities denominated in U.S. Dollars would have been L$15.7billion, L$0.159 billion lower than L$15.9 billion at December 31, 2013 (December 31, 2012: L$16.2 billion, L$0.163 billion lower than L$16.4billion).

d) Sensitivity for "Interest rate risk

	2013			2012		
	L$ (000)			L$ (000)		
	Balance Dec 31	Interest rate + 1%	Interest rate - 1%	Balance Dec 31	Interest rate + 1%	Interest rate - 1%
Net interest income	561,243	683,281	439,206	399,940	522,248	277,632
movement		122,037	(122,037)		122,308	(122,308)

If the Liberian Dollars depreciated by 1% against the U.S Dollars on the reporting date, net interestincome would have been L$0.683 billion, which is L$0.122 billion higher than the reported figure of L$0.561 billion. The comparative would have been L$0.522 billion, which is L$0.122 billion higher than L$0.399 billion reported for December 2012. If the Liberian Dollar appreciated by 1% against the U.S. Dollar at December 31, 2013, net interest income would have been L$0.439 billion, L$0.122 billion lower than L$0.561 billion at December 31, 2013 (December 31, 2012: L$0.277 billion, L$0.122 billion lower than L$0.399billion).

Notes to the financial statements (continued)

3. Financial Risk Management (continued)

3.4. Fair value of financial assets and liabilities

The table below summarizes the carrying amounts and fair values of those financial assets and liabilities not presented at their fair values as at December 31, 2013 and 2012 respectively:

	Carrying Value		Fair Value	
	Dec 31 2013	Dec 31 2012	Dec 31 2013	Dec 31 2012
Financial assets				
Cash and balances with central banks	**12,200,536**	12,207,647	**12,200,536**	12,207,647
Cash and balances with commercial banks	**7,762,404**	6,639,180	**7,762,404**	6,639,180
Loans and advances to operating banks	**2,531,130**	1,573,525	**2,531,130**	1,573,525
Loan and advances to non-banking financial institutions	**276,092**	92,087	**276,092**	92,087
Loans and advances to GOL	**19,085,927**	17,363,251	**19,085,927**	17,363,251
Investment securities (HTM)	**570,178**	501,511	**570,178**	501,511
Due from International Monetary Fund	**34,684,168**	-	**34,684,168**	-
Staff loans	**132,575**	79,528	**132,575**	79,528
Other assets	**32,496**	140,719	**32,496**	140,719
Total financial assets	**77,275,506**	38,597,448	**77,275,506**	38,597,448
Financial liabilities				
Currency in circulation	**9,467,970**	8,614,152	**9,467,970**	8,614,152
Deposits from banks	**13,696,665**	12,677,654	**13,696,665**	12,677,654
Other deposits	**224**	471	**224**	471
Deposits of GOL and agencies	**4,454,715**	5,628,891	**4,454,715**	5,628,891
CBL T-Bill	**1,116,467**	-	**1,116,467**	-
Due to the International Monetary Fund	**36,408,207**	-	**36,408,207**	-
Commercial bank loan	**1,129,676**	986,462	**1,129,676**	986,462
Other liabilities	**1,345,104**	2,236,714	**1,345,104**	2,236,714
Total financial liabilities	**67,619,028**	30,144,344	**67,619,028**	30,144,344

(i)Loans and advances to banks

Loans and advances to banks include inter-bank placements and items in the course of collection.

Their fair value approximates their carrying amounts.

(ii) Deposits from banks, government and agencies, and other deposits

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand.

(b) Fair value hierarchy

The Bank currently does not hold any financial instruments measured at fair value.

Notes to the financial statements (continued)

3.5. Capital management

The Central Bank's objective in managing capital and reserves is to ensure the Central Bank's ability to continue to perform its functions as set by the Central Bank of Liberia Act of 1999.

4. Critical accounting estimates and judgments in applying accounting policies

CBL makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually made and evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas where estimates are made are:

a) Impairment losses on loans and advances

CBL reviews its loans and advances to assess for impairment on an annual basis. In determining whether an impairment loss should be recorded in profit or loss, CBL makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows of the loans. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers, or national or local economic conditions that correlate with defaults on assets. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to loans of the same portfolio when determining its future cash flows. The methodology and assumptions used to estimate both the amount and timing of future cash flows are reviewed regularly to reduce any differences between estimated loss and actual loss experience.

b) Held-to-maturity investment securities

CBL classifies some financial assets with fixed or determinable payments and fixed maturities as held-to-maturity investment. In making these judgments, CBL has the positive intention and ability to hold such investments to maturity. If the Bank fails to keep these investments to maturity other than certain specific circumstances, these investments are reclassified as loans and receivable. Accordingly, the investment would be measured at amortized cost.

c) Property, machinery and equipment

Estimates of the future useful economic life have been made by management in determining depreciation rates for property, machinery and equipment.

d)Post-employment benefits- Pension benefits

Critical estimates have been made by management in determining the actual liability of the post-employment benefits. The liability for post-employment benefits is sensitive to the assumptions made. In Liberia there is limited data available on which to make actuarial assessments, including the assumptions necessary. In particular details of mortality are not available and there are no long term securities benchmark discount rates. Furthermore, there is limited experience of staff turnover patterns at CBL. These factors make the actuarial assumptions unusual and uncertain. Management has solicited and received professional actuarial advice in determining the assumptions and the quantum of the liability. Details are disclosed in note 31.

Notes to the financial statements (continued)
(All amounts are expressed in thousands of Liberian Dollars unless otherwise stated)

	For th year ended	
	2013	2012
5(i). Net interest income		
GOL loans and advances	**214,485**	199,561
Investment securities-held-to-maturity	**54,038**	51,047
Deposits and staff loans	**71,743**	52,043
Interest on LEAF loan	**537**	43
Unwinding of discount element of credit impairment on GOL loans (Note 14)	**334,427**	296,364
	675,230	599,058
5(ii) Interest expense		
Interest expense-Liberia Trade for Development and Investment Bank, Limited (TRADEVCO) loan	**6,699**	7,106
Interest expense on investment security-treasury bills	**9,350**	-
Amortized cost-Held to Maturity- Investment security	**467**	490
Fair value losses on financial assets upon initial recognition	**97,471**	191,522
	113,987	199,118
6. Fees and commissions		
Service fees and commissions	**200,141**	191,676
Note transfer fees	**4,035**	3,230
	204,176	194,906
7. Other income		
Rental income	**236**	141
Other income-fines	**1,279**	3,701
Other miscellaneous income	**2,298**	936
Other income	**37,559**	28,768
Gain on disposal of machinery and equipment	**913**	-
	42,285	33,546
8. Administrative expenses		
Staff costs (i)	**799,493**	598,075
Board fees and expenses(ii)	**36,304**	27,187
Depreciation/amortization(iii)	**58,628**	45,554
Other administrative expenses(iv)	**657,826**	330,010
CBL Contribution to regional bodies(v)	**189,928**	140,731
	1,742,179	1,141,557
(i) Staff costs:		
Salaries and wages	**479,805**	352,539
Social security contibutions	**16,889**	12,095
Other personnel costs	**114,418**	81,031
Loss on fair valuation of staff loan	**9,770**	3,483
Pension cost (Note 31):		
Current service cost	**148,189**	125,902
Interest cost	**30,413**	22,978
Severance benefits	**9**	47
	799,493	598,075

The number of employees as at December 31, 2013 totaled **301** (2012: 289).

Notes to the financial statements (continued)
(All amounts are expressed in thousands of Liberian Dollars unless otherwise stated)

	For th year ended	
	2013	2012
(ii) Board fees and expenses		
Board fees	**26,085**	21,895
Board expenses	**10,219**	5,292
	36,304	27,187
(iii) Depreciation/amortization		
Depreciation on equipment	**23,527**	18,940
Depreciation on furnitures and fixtures	**596**	552
Depreciation on vehicles	**25,316**	21,585
Depreciation on leasehold properties	**1,577**	1,509
Amortization on banking software	**6,205**	1,548
Depreciation on building	**1,407**	1,420
	58,628	45,554
(iv) Other administrative expenses		
Property cost/occupancy	**46,483**	44,551
Office expenses	**167,605**	38,078
Professional services	**55,369**	37,889
Travel expenses	**96,669**	57,873
Other miscellaneous expenses	**76,909**	26,947
Subscription and public relation	**161,225**	74,334
Vehicle fuel,insurance and maintainance	**53,566**	50,338
	657,826	330,010
(v) CBL contribution to regional bodies		
CBL contribution	**189,928**	140,731

Included in professional services is the following:

Fees paid to auditors:		
Audit of the bank's financial statement	**8,085**	7,975
Total	**8,085**	7,975

9. Other operating expenses

Currency expense		
Notes importation cost	**72,111**	55,573
Mute exportation cost	**9,082**	3,779
Cost of destroying banknotes	**1,043**	728
Amortization of currency printing cost-banknotes	**127,361**	297,451
	209,597	357,531

Notes to the financial statements (continued)
(All amounts are expressed in thousands of Liberian Dollars unless otherwise stated)

	As at December 31	
10. Cash and balances with Central Banks	**2013**	**2012**
Cash on hand and in vault	**3,244,506**	1,677,225
Cash balances at rural branches	**278,664**	270,983
Balances with other central banks	**9,585,967**	11,235,075
Less: Liberian Dollars in vault & cash centers (Note 22)	**(908,601)**	(975,636)
	12,200,536	12,207,647
11. Cash and balances with commercial banks		
Balances with local banks	**271,055**	210,322
Balances with foreign banks (commercial)	**7,491,349**	6,428,858
	7,762,404	6,639,180
12. Loans and advances to operating banks		
(i) Time deposit with local banks		
CBL CD with United Bank of Africa Liberia Limited	-	54,375
CBL CD with First International Bank Liberia Limited	-	72,500
CBL CD with Liberia Bank for Development and Investment	-	72,500
CBL CD with Global Bank (Liberia) Limited	-	54,375
CBL CD with Guaranty Trust Bank Liberia Limited	-	54,375
CBL CD with International Bank Liberia Limited	-	54,375
	-	362,500
(ii) Loans and advances-placements		
Balance at January 1	**496,583**	543,750
Amortized cost adjustment	**29,883**	(46,939)
Exchange difference	**45,454**	(228)
	571,920	496,583
(iii) Loans and advances-mortage		
Balance at January 1	**714,442**	725,000
Amortized cost adjustment	**337**	(10,507)
Exchange difference	**68,991**	(51)
	783,770	714,442
(iv) Loans and advances-placement - LIBA		
Placements	**402,500**	-
Amortized cost adjustment	**(6,407)**	-
Exchange difference	**(432)**	-
	395,661	-
(v) Overdraft to commercial banks		
ECOBANK	**258,614**	-
LBDI	**166,280**	-
FIB (LIBERIA) Limited	**44,812**	-
UBA	**310,073**	-
	779,779	
Total loans and advances to commercial banks	**2,531,130**	1,573,525

Notes to the financial statements (continued)
(All amounts are expressed in thousands of Liberian Dollars unless otherwise stated)

13. Loans and advances to Non-banking financial institution

	As at December 31	
	2013	**2012**
Loan Extension and Availability Facility (LEAF)	**276,092**	92,087

14. Loans and advances to Government of Liberia

	As at December 31	
GOL Long Term Loan	**2013**	**2012**
Balance at January 1	**14,891,344**	14,596,789
Unwinding of discount	**334,427**	296,364
Exchange difference	**1,951,366**	(1,809)
	17,177,137	14,891,344
GOL Bridge Loan		
Balance at January 1	**771,244**	906,250
Less: amortized cost adjustment	**(121,284)**	(134,075)
Exchange difference	**(608,071)**	(931)
	41,889	771,244
Overdraft to Government of Liberia		
GOL Operation account USD (2011-2012)	**-**	1,588,307
GOL payroll account LRD (2011-2012)	**-**	26,801
GOL Payroll Account	**-**	85,555
ARCHIVE Modenization account	**1**	-
NCC - Liberia Multisurv account	**13**	-
GOL payroll account LRD	**30**	-
GOL Operation account	**142,818**	-
Bureau of Maritime operation account	**1**	-
	142,863	1,700,663
Long term receivable from GOL		
Amount due from GOL	**1,724,038**	-
Balance at December 31	**19,085,927**	17,363,251

The loans to the Government of Liberia were mainly taken over from the National Bank of Liberia pursuant to the establishment of CBL in 2000. The terms of these loans were renegotiated with the GOL and agreed in July 2007. The terms included extension of the repayment periods, reductions in interest rates and capitalization of accrued and deferred interest to the date of the agreement.

In 2012, the Bank and the GOL agreed a bridge loan in the amount of US$20 million at a rate of 2% per annum. This amount was given in two phases. The first phase was in the amount of US$7.5 million for six months beginning July 1, 2012 and ended in December 2012, while the second phase totaling US$12.5 million was for one year beginning July 31, 2012 and should have ended in June 30, 2013.However, this was renegotiated and extended to December 31, 2014.

Notes to the financial statements (continued)

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

	As at December 31	
	2013	2012
15. Investment securities: Held-to-maturity		
Balance at January 1	**501,511**	501,998
Charge during the year	**(467)**	(490)
Exchange difference	**69,134**	3
Balance at December 31	**570,178**	501,511

16. Deposits with International Monetary Fund		
IMF quota subscription	**14,817,159**	-
Special drawing right holdings	**19,867,009**	-
	34,684,168	-

Liberia's Membership with IMF

Article XIII, Sections 2a and 3 in the Articles of Agreement of the IMF requires each member to designate its Central Bank as a depository for all the Fund's holdings and currency, and guarantee all assets of the Fund against loss resulting from failure or default on the part of its designated depository.

With reference to the guidelines of the Financial Organizational and Operations manual of the IMF, Central Bank of Liberia uses the gross method of presenting the assets and liabilities arising from the GOL's membership with statement of financial position. The IMF recommends the use of the gross method for a country whose depository and fiscal agent are the same. The position in the General Department is presented on a gross basis if the IMF No.1, No.2, and Securities Accounts are shown as liabilities and the member's quota is shown as an asset. Additionally, on March 18, 2013 a memorandum of understanding between the Ministry of Finance of the Republic of Liberia and the Central Bank of Liberia regarding respective roles and responsibilities in connection with transactions with the International Monetary Fund was signed.

Central Bank of Liberia is the fiscal and depository agent of Liberia for transactions with the International Monetary Fund. Financial resources made available to Liberia by the Fund are channeled through CBL to the Government. CBL has a claim on the GOL matching liabilities to the Fund. Similarly CBL has a liability to the Government of Liberia matching the assets, the quota subscription, held in the Fund. As of close of business on March 14, 2008, the IMF confirmed the completion of Liberia's clearance of its arrears, payment of quota increase and related Fund financing transactions and the granting of new facilities. All applicable entries were recorded in the IMF's accounts held at Central Bank of Liberia.

IMF Quota Subscription

Quota subscriptions are a central component of the IMF's financial resources. Each member country of the IMF is assigned a quota, based broadly on its relative position in the world economy. A member country's quota determines its maximum financial commitment to the IMF, its voting power, and has a bearing on its access to IMF financing.

Notes to the financial statements (continued)
(All amounts are expressed in thousands of Liberian Dollars unless otherwise stated)

16. Balance with the International Monetary Fund (IMF) (continued)

Special drawing rights holdings and allocation

SDR's are interest-bearing assets allocated by the IMF to each participant in the Special Drawing Rights Department to meet various global operating needs of the Fund as and when they arise, as a supplement to the Fund's existing reserves. SDR's are allocated by the IMF to members participating in the SDR department in proportion to their quotas to the Fund at the time of allocation.

	For the year ended	
17. Loans to staff	**2013**	2012
Gross amount	**160,667**	95,008
Provision	**(3,623)**	(3,184)
Amortisation from fair valuation of staff loan	**(24,469)**	(12,296)
	132,575	79,528
Amortisation from fair valuation of staff loan		
Balance at January 1	**12,296**	8,855
Charge	**9,770**	3,483
Exchange difference	**2,403**	(42)
	24,469	12,296
Provision		
Balance at January 1	**3,184**	3,683
Additions	**439**	(499)
Balance at December 31	**3,623**	3,184

Staff of the Bank of Liberia is entitled to loan at 5% as compared to the market rate of 13.74% as at the reporting date.

Notes to the financial statements (continued)
(All amounts are expressed in thousands of Liberian Dollars unless otherwise stated)

18. Other assets	As at December 31	
	2013	2012
Accounts receivable(i)	**32,496**	33,783
Prepaid expenses(ii)	**150,917**	40,433
Clearing checks(iii)	**-**	106,936
Deferred currency cost(iv)	**276,954**	314,099
	460,367	495,251
18(i) Accounts receivable		
Due from others	**17,942**	12,278
Other receivables	**31,743**	33,041
	49,685	45,319
less provision:		
Allowance for bad debt-Belle Dunbar	**(16,830)**	(11,220)
Allowance for other debtors	**(359)**	(316)
	(17,189)	(11,536)
Net book value	**32,496**	33,783
Movement on provision		
Balance at January 1	**11,536**	11,536
Exchange difference	**5,551**	-
Balance at December 31	**17,087**	11,536
18(ii) Prepaid expenses		
Rent	**999**	2,042
Insurance	**2,626**	1,742
Others	**147,292**	6,453
Advances to currency printer	**-**	30,196
	150,917	40,433
18(iii) Clearing checks		
Items for clearing	**-**	106,936
18(iv) Deferred currency cost		
At January 1	**314,099**	400
Addition	**50,460**	613,343
Amortization charge	**(127,361)**	(297,451)
Exchange difference	**39,756**	(2,193)
At December 31	**276,954**	314,099
Cost	**444,622**	354,406
Accumulated amortization	**(167,668)**	(40,307)
Net book amount	**276,954**	314,099

Notes to the financial statements (continued)
(All amounts are expressed in thousands of Liberian Dollars unless otherwise stated)

19. Financial instruments by category

At 31 December 2013	Loan and receivables	Held-to-maturity	Total
Financial assets			
Cash and balances with Central banks	12,200,536	-	12,200,536
Cash and balances with commercial banks	7,762,404	-	7,762,404
Loans, advances and overdraft to bank	2,531,130	-	2,531,130
Loan and advances to non-banking financial Institutions	276,092	-	276,092
Loans and advances to Government of Liberia	19,085,927	-	19,085,927
Investment securities (held-to-maturity)	-	570,178	570,178
Deposits with IMF	34,684,168		34,684,168
Staff loans	132,575	-	132,575
Other assets	32,496	-	32,496
	76,705,328	**570,178**	**77,275,506**
Financial Liabilities			**Amortized cost**
Currency in circulation	-	-	9,467,970
Deposit from banks	-	-	13,696,665
Other deposits	-	-	224
Deposits of GOL and agencies	-	-	4,454,715
Due to IMF			36,408,207
Investment Securities-Treasury bills	-		1,116,467
Commercial bank loan	-	-	1,129,676
Other liabilities	-	-	1,345,104
	-	-	**67,619,028**

At 31 December 2012	Loan and receivables	Held-to-maturity	Total
Financial assets			
Cash and balances with Central Banks	12,207,647	-	12,207,647
Cash and balances with commercial banks	6,639,180	-	6,639,180
Loans, advances and overdraft to Bank	1,573,525	-	1,573,525
Loans and advances to non-banking financial institutions	92,087	-	92,087
Loans and advances to Government of Liberia	17,363,251	-	17,363,251
Investment securities (held-to-maturity)	-	501,511	501,511
Staff loans	79,528	-	79,528
Other assets	140,719		140,719
	38,095,937	501,511	38,597,448
Financial liabilities			Amortized cost
Notes in circulation	-	-	8,614,152
Deposit from banks	-	-	12,677,654
Other deposits	-	-	471
Deposits of GOL and agencies	-	-	5,628,891
Commercial bank loan	-	-	986,462
Other liabilities	-	-	2,236,714
		-	30,144,344

Notes to the financial statements (continued)

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

20. Intangible assets

	As at December 31	
	2013	2012
At December 31 2013:		
Opening net book value	**17,064**	-
Additions	**-**	18,615
Amortization charge	**(6,205)**	(1,548)
Exchange difference	**-**	(3)
Closing net book value	**10,859**	17,064
At December 31 2013:		
Cost	**18,615**	18,615
Accumulated amortization	**(7,756)**	(1,551)
Net book value	**10,859**	17,064

21. Property, machinery and equipment

	Land	Work-in-progress	Building	Lease-hold Improvement	Furn. & fixt.	Equipment	Motor vehicles	Total
A December 31 2013:								
Opening net book value	**36,880**	**1,512,534**	**54,523**	**3,417**	**1,781**	**36,010**	**60,664**	**1,705,809**
Additions	**-**	**874,148**	**-**	**-**	**108**	**25,387**	**17,130**	**916,773**
Charge for the year	**-**	**-**	**(1,407)**	**(1,577)**	**(596)**	**(23,527)**	**(25,316)**	**(52,423)**
Closing net book value	**36,880**	**2,386,682**	**53,116**	**1,840**	**1,293**	**37,870**	**52,478**	**2,570,159**
A December 31 2013:								
Cost	**36,880**	**2,386,682**	**56,283**	**73,120**	**5,153**	**141,697**	**133,139**	**2,832,954**
Accumulated depreciation	**-**	**-**	**(3,167)**	**(71,280)**	**(3,860)**	**(103,827)**	**(80,661)**	**(262,795)**
Net book value	**36,880**	**2,386,682**	**53,116**	**1,840**	**1,293**	**37,870**	**52,478**	**2,570,159**
At December 31 2012:								
Opening net book value	36,880	930,738	55,931	204	987	24,868	35,139	1,084,747
Additions	-	581,796	-	4,731	1,345	30,110	46,977	664,959
Disposals	-	-	-	-	-	134	-	134
Charge for the year	-	-	(1,420)	(1,509)	(551)	(18,940)	(21,585)	(44,005)
Exchange difference	-	-	12	(9)	-	(162)	133	(26)
Closing net book value	36,880	1,512,534	54,523	3,417	1,781	36,010	60,664	1,705,809
At December 31 2012:								
Cost	36,880	1,512,534	56,283	73,120	5,045	116,310	116,009	1,916,181
Accumulated depreciation	-	-	(1,760)	(69,703)	(3,264)	(80,300)	(55,345)	(210,372)
Net book value	36,880	1,512,534	54,523	3,417	1,781	36,010	60,664	1,705,809

Notes to the financial statements (continued)
(All amounts are expressed in thousands of Liberian Dollars unless otherwise stated)

21. Property, machinery and equipment (continued)

Disposal of machinery and equipment

	As at December 31	
	2013	2012
Cost		13,263
Accumulated depreciation	-	(13,129)
Net book value	-	134
Proceed from disposal	-	-
Loss on disposal	-	134

22. Currency in circulation

Liberian notes		
L$5	**663,444**	682,004
L$10	**1,059,050**	1,060,874
L$20	**2,045,475**	2,078,297
L$50	**2,797,519**	2,585,126
L$100	**3,788,033**	3,160,437
Total currency notes	**10,353,521**	9,566,738
Coins	**23,050**	23,050
Less:		
Liberian Dollars held by the Bank and payment centers (Note 10)	**(908,601)**	(975,636)
	9,467,970	8,614,152

23. Deposits from banks

Reserve requirement-commercial banks	**10,782,282**	8,553,742
Current accounts-commercial banks	**2,846,914**	4,054,172
Current accounts-non commercial banks	**35,912**	39,707
Reserve requirement-non-commercial banks	**18,781**	18,781
Collection accounts failed banks	**12,776**	11,252
	13,696,665	12,677,654

24. Other deposits

Forex bureau deposits	**224**	471

25. Deposits of GOL and Agencies

Demand deposits-Central government	**79,020**	21
Withholding taxes payable	**15,834**	13,060
Demand deposits-individual ministries & agencies	**4,033,700**	5,161,660
Other government related deposits	**136,277**	299,512
SME loans	**160,777**	141,289
State owned enterprises	**29,107**	13,349
	4,454,715	5,628,891

Notes to the financial statements (continued)
(All amounts are expressed in thousands of Liberian Dollars unless otherwise stated)

	As at December 31	
26. Investment securities	**2013**	2012
Treasury bills	**1,116,467**	-
Movement in investment securities		
Additions	**2,307,740**	-
Repayment on maturity	**(1,191,273)**	-
Closing balance	**1,116,467**	-
Maturing within 120 days of acquisition	**1,116,467**	-

The Central Bank of Liberia issued treasury bills by way of regular auctions only to commercial banks with reserves and current accounts at the Bank.

27. Amount due to International Monetary Fund (IMF)	As at December 31	
	2013	2012
IMF SDR allocation	**14,220,866**	-
GRA accounts #1	**7,889,796**	-
GRA accounts #2	**1,407**	-
IMF securities	**6,923,803**	-
ECF loan	**7,372,335**	-
	36,408,207	-

General Resource Account (GRA)

The GRA is the principal account of the IMF and handles transactions between the IMF and its membership. The GRA can best be described as a pool of currencies and reserve assets built up from members' fully paid capital subscriptions in the form of quotas.

Balances of the Fund's holdings of member's currency are shown in the Securities account, the No.1 accounts, and the No. 2 account, as well as currency valuation adjustment accounts. These accounts are considered as liabilities maintained in the currency of the IMF member.

This comprises Special Drawing Rights (SDR) currency holdings, which are denominated in Liberian dollars by IMF. Transactions effected under agreement with the Fund are converted to Liberian dollars at an exchange rate applicable on the dates of the respective transactions. Outstanding balances with the Fund are revalued on the basis of a rate ruling at the reporting date. Foreign exchange gains and losses arising from the annual revaluation are posted to General Reserve.

ECF loan and interest (Formerly PRGF Loan)

The ECF facility is a loan obtained by GOL to strengthen the country's balance of payment position, and to foster sustainable growth, leading to higher living standards and reduction in poverty. The ECF date of arrangement was November 19, 2012 and expires on November 18, 2015.

Notes to the financial statements (continued)
(All amounts are expressed in thousands of Liberian Dollars unless otherwise stated)

	As at December 31	
28. Commercial bank loan	**2013**	2012
At January 1	**986,462**	979,373
Interest	**6,699**	7,106
Exchange difference	**136,515**	(17)
At December 31	**1,129,676**	986,462
Current portion	**347,190**	224,358
Non-current portion	**782,486**	762,104
	1,129,676	986,462

This indebtedness represents a liability that came about through an agreement between CBL and the Liberia Trade for Development and Investment Bank, Limited (TRADEVCO), under which, CBL accepted a liability concerning claims of TRADEVCO excess reserves balances. The Bank issued ten promissory notes to TRADEVCO upon the signing of the agreement. The accepted net obligation of US$ 12.357 million is payable over a 20-years period, and carries annual interest rates of 0% for years 1 to 5, 1% for years 6 to 10 (to accrue only) and 1.5% for years 11 to 20. The agreement provides for a ten year moratorium on both the principal and interest repayment. CBL reserves the right to effect repayment during this period. The repayment of these promissory notes was due to begin July 1, 2011, but no payment has been made to TRADEVCO at the date of reporting.

	As at December 31	
29. Other Liabilities	**2013**	2012
Accounts payables(i)	**278,760**	1,425,398
Others(ii)	**1,066,344**	811,316
	1,345,104	2,236,714
(i) Accounts payable		
Official checks-CBL	**18,470**	39,453
Banking license fees	**4,950**	4,350
Managers' checks-CBL	**37,851**	1,302,932
Stale Checks Payable	**5,098**	4,649
Due to staff	**1,632**	850
Accrued expenses	**210,759**	73,164
	278,760	1,425,398
(ii) Others		
Tradevco (In Liquidation) Payout	**12,210**	11,294
Commercial losses payable	**1,568**	1,378
Commercial bank Mutes	**-**	1,275
Dormant Demand Deposit	**523**	523
Banking Institute of Liberia	**140**	123
Micro finance Unit-LISS II Project	**875**	769
Union Bank of Switzerland	**141,026**	123,932
First Union Bank	**1,364**	1,198
Central Bank of Gambia	**-**	15,702
Multilateral Investment Guarantee Agency(MIGA)	**1,318**	1,318
West African Monetary Agency-BCEAO	**743,984**	653,804
Microfinance-LEAF Program	**4,905**	-
Microfinance AFI Project	**4,941**	-
FUAB Collection Account	**1,869**	-
Interest payable-CBL Treasury bills	**3,123**	-
Ecowas levy	**148,498**	-
	1,066,344	811,316

Notes to the financial statements (continued)
(All amounts are expressed in thousands of Liberian Dollars unless otherwise stated)

	As at December 31	
30. Provident fund	**2013**	2012
At January 1	**100,820**	76,427
Contributions during the year	**40,337**	26,010
Interest earned	**85**	133
Payments	**(12,547)**	(1,754)
Exchange difference	**14,335**	4
At December 31	**143,030**	100,820

Provident Fund is a long term staff benefit. Staff contributes 5% of their gross salary to the fund and the Bank in addition contributes 5% to the fund for each staff.

	As at December 31	
31. Retirement benefit obligations	**2013**	2012
Statement of financial position obligation :		
Pension benefits	**811,328**	585,360
Statement of comprehensive income charge:		
Pension benefits	**27,265**	9
Pension benefits		
Amounts recognized in the statement of financial position are determined as follow:		
Present value of unfunded obligations:		
Staff pension scheme	**811,323**	585,355
Ex-gratia pension scheme	**5**	5
Liability in the statement of financial position	**811,328**	585,360
The movement in the defined benefit obligation is as follows:		
At January 1	**585,360**	447,559
Current service cost	**148,189**	125,902
Interest cost	**30,413**	22,978
Remeasurement	**(15,766)**	(10,666)
Benefits paid	**(27,265)**	(9)
Exchange difference	**90,397**	(404)
At December 31	**811,328**	585,360
The amounts recognized in the statement of comprehensive income:		
Current service cost	**148,189**	125,902
Interest cost	**30,413**	22,978
Total included in staff costs (Note 8)	**178,602**	148,880
Remeasurement	**(15,766)**	(10,666)
Total included in other comprehensive income	**(15,766)**	(10,666)

Following the adoption of IAS 19 (revised), there is no effect on the financial statements as pension scheme is unfunded by the Bank and there are no plan amendments.

Notes to the financial statements (continued)
(All amounts in thousands of Liberian Dollars unless otherwise stated)

31. Retirement benefit obligations (continued)

Mortality

The principal actuarial assumptions used were as follows:

	2013	**2012**
Discount rate	4%	4%
Rate of salary increases	5%	5%
Rate of inflation	2%	2%

For mortality assumptions, the 1983 US Sex Distinct Group Annuity Mortality Table (GAM) is the basis for the calculation. The final unisex mortality rate used reflects the 10% margin removed from them and the resulting rates were blended using 95%/5% male-female ratio. The same basis was used in the previous year's valuation. This was considered, on the advice of the actuary, to be the best available basis for assessing mortality.

32. Share capital

	As at December 31	
	2013	2012
Share authorized	**400,000**	400,000
Paid-in-capital	**7,398,587**	7,398,587
Subscribed capital	**200,000**	200,000
	7,598,587	7,598,587

The capital of CBL is owned exclusively by the Government of Liberia. The minimum authorized capital of CBL is L$400 million. The amount may be increased by an amendment to the CBL Act, as shall be proposed by the Board of Governors to the National legislature. The Act requires the Bank to have a minimum paid-up capital of L$100 million. The consideration for the paid-up capital was the net book value of assets and liabilities taken over from National Bank of Liberia on the establishment of CBL. In addition the GOL subscribed a further US$5 million (L$ equivalent L$200 million) at the establishment of CBL to have it capitalized. The consideration was a series of promissory notes, which matured on April 21 and October 20 each year from 2001 to 2003.

Notes to the financial statements (continued)
(All amounts in thousands of Liberian Dollars unless otherwise stated)

	As at December 31	
	2013	2012
33. General reserve		
General banking reserve	**4,112,422**	2,245,742
Movements in reserve were as follows:		
Balance at January 1	**2,245,742**	3,275,272
Operating loss	**(1,144,072)**	(870,696)
Other comprehensive income	**3,010,752**	(158,834)
Balance as at December 31	**4,112,422**	2,245,742
34. Cash and cash equivalents		
For the purposes for the statement of cash flows, cash and cash equivalents comprise the following;		
Balances with Central Banks	**12,200,536**	12,207,647
Balances with Local Banks	**271,055**	210,322
Balances with foreign banks (commercial)	**7,491,349**	6,428,858
Overdraft to commercial banks	**779,779**	-
Overdraft to Government of Liberia	**142,863**	-
	20,885,582	18,846,827

35. Contingent liabilities and commitments

As part of its normal business, CBL acts as custodian for customers' assets and fulfills an agency role. No significant unrecoverable liability arises from these transactions.

Legal proceedings

Debt action

The Central Bank of Liberia is a co-defendant with the Government of Liberia in two separate legal proceeding that have been deemed actionable relative to:

a) Construction of Defense Building

Outstanding commitments related to long-term construction contract on which CBL, through the GOL guaranteed thirty-six promissory notes amounting to approximately US$17 million; and,

b) Purchase of Aircraft

Commitment for the purchase of an aircraft for the Government during the 1980's for which payment remains outstanding. The amount of the liability remains uncertain.

However, the principal defendant in these cases is the Government of Liberia, and it is considered unlikely that any liability will arise against CBL. Accordingly no provisions have been made in these financial statements.

ii) Other litigations

Central Bank of Liberia is also a party to several other proceedings either in fiduciary, receivership capacity, or by reason of regulatory responsibilities:

Notes to the financial statements (continued)
(All amounts in thousands of Liberian Dollars unless otherwise stated)

35. Contingent liabilities and commitments (continued)

a) Labor matters

CBL is a defendant in several labor cases involving actions of dismissal. The estimated amount of these claims is approximately US$1.8 million or (L$ equivalent of 148 million) and L$1.5 million. CBL, based on legal advice, considers that these claims are not legitimate and it is unlikely that any liability will arise. Accordingly, no provision has been made for such cases in the financial statements.

b) Fraud matters

In 2008, certain tellers of the CBL and certain staff of the Ministry of Finance were alleged to have been involved in the re-encashment of Government of Liberia salary checks. The matter currently is under investigation by the National Security Agency. The outcome of the investigation is uncertain and the amount involved as well as the responsibility for the liability with any degree of certainty. Accordingly, no liability has been accrued in these financial statements.

36. Related party transactions

CBL is the official depository and fiscal agent of the Government of Liberia, the sole shareholder of the Bank. The Bank performs official banking services for the Government and a number of its agencies. Related party transactions reflected in the Bank's operations are therefore in respect of these banking services, in addition to loans and advances granted to the Government prior to 2003.

Interest income earned during the year

Interest income earned during the year	As at December 31	
	2013	2012
GOL loans and advances (Note 5)	**214,485**	199,561
GOL investment securities: Held-to-maturity (Note 5)	**54,038**	51,047
	268,523	250,608

Year to date balances resulting from related party transactions:

Receivables from related party:		
Due from Government of Liberia- long term loan (Notes 13&14)	**19,656,105**	17,864,762
Payables to related party:		
Deposits of GOL and agencies(Notes 25)	**4,454,715**	5,628,891

Notes to the financial statements (continued)
(All amounts in thousands of Liberian Dollars unless otherwise stated)

36. Related party transactions (continued)

Key management personnel

Governors, Non-Executive Directors and other key management personnel

The following particulars relate to key management personnel including Board of Governors, Executive Governors and Directors:

Loans to key management personnel were as follows:

	For the year ended	
	2013	2012
Loans outstanding at January 1	**37,382**	11,653
Loans granted during the period	**1,187**	30,553
Loans repaid during the period	**(7,808)**	(4,824)
Loans outstanding at December 31	**30,761**	37,382
Interest income earned	**772**	606

No provision has been recognized in respect of loans given to related parties.

None of the key management personnel had a material interest, directly or indirectly, at any time during the year in any other significant transaction or arrangement with CBL.

Remuneration of key management personnel

	For the year ended	
	2013	2012
Salaries and short term benefits	**297,196**	91,202
Post employment benefit	**33,121**	-
	330,317	91,202

Other entities with links to CBL

In the normal course of its activities as a Central Bank, CBL has relationships, with international and domestic financial institutions, in particular with the International Monetary Fund. CBL does not consider these institutions to be related parties.

Notes to the financial statements (continued)
(All amounts in thousands of Liberian Dollars unless otherwise stated)

37. Changes in accounting policies

Adoption of IAS 19 (revised 2011)

The revised employee benefit standard introduces changes to the recognition, measurement, presentation and disclosure of post-employment benefits. The standard also requires net interest expense/income to be calculated as the product of the net defined benefit liability/asset and the discount rate as determined at the beginning of the year.

The effect of this is to remove the previous concept of recognizing an expected return on plan assets. The Bank has applied this change in accounting policy retrospectively in these financial statements. The retrospective change in policy had no effect on the earliest statement of financial position and so a third balance sheet as at the beginning of the preceding period was not presented.