CENTRAL BANK OF LIBERIA

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2020

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CORPORATE INFORMATION

BOARD OF GOVERNORS

NON-EXECUTIVES:	Doris Sheba Brown Richard A. Dorley James B. Dennis Timothy Thomas
EXECUTIVES:	J. Aloysius Tarlue Jr. - Executive Governor Dr . Musa Dukuly - Deputy Governor for Economic Policy Nyemadi D. Pearson - Deputy Governor for Operations Charles E. Sirleaf - Deputy Governor for Operation *(Retired April 2020)*
AUDITORS:	Deloitte & Touche Chartered Accountants The Deloitte Place, Plot No, 71 George Walker Bush Highway, North Dzorwulu Box GP 453 Accra, Ghana Baker Tilly Certified Public Accountants 21st Street & Gibson Avenue Fiamah, Sinkor Monrovia, Liberia
SOLICITORS:	Esther H. Barclay Counselor Central Bank of Liberia Post Office Box 2048 Ashmum & Lynch Streets Monrovia, Liberia International Group of Legal Advocates and Consultants 3rd Floor, 4 Clay Street, Crown Hill Monrovia, Liberia Brumskine and Associates Tubman Boulevard P. O. Box 1344 Monrovia, Liberia International Law Group LLC Lansdowne at Fort Norris, 12 Broad Street Monrovia, Liberia
REGISTERED OFFICE:	Central Bank of Liberia Post Office Box 2048 Ashmum & Lynch Streets 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 (GOL). 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 adopted 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) non-executive Governors, one of whom 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 include; 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. Additionally, the Audit Committee reviews reports prepared by the Internal Audit Section in addition to the financial statements of the Central Bank.

Board Investment Committee

The Board Investment Committee is made up of three (3) members of the Board of Governors, including, Executive Governor. The purpose of the committee is to exercise appropriate oversight with respect to the prudent investment of the CBL's assets in accordance with the long-term objects of the Bank. In doing so, the committee's broad objectives are as follows: To provide oversight of the finance and investment functions of the CBL by establishing guidelines for the investment of the CBL assets, to determine or approve asset allocations to achieve the CBL's objectives, to assist the Board in evaluating investment transactions in which the CBL engages as part of its business strategy from time to time and take corrective action when it becomes apparent that objectives and guidelines are not being met and lastly to perform such other duties and responsibilities as are enumerated in and consistent with this charter or as delegated by the Board.

External Auditors

On December 21, 2020, the Board of Governors appointed Deloitte & Touche (Ghana) together with Baker Tilly (Liberia), to serve as its external auditors for the audit of the Central Bank of Liberia financial statements from 2020 to 2022.

REPORT OF THE BOARD OF GOVERNORS TO THE SHAREHOLDER OF CENTRAL BANK OF LIBERIA

The Governors present their report together with the financial statements of the Central Bank of Liberia ("the Bank") for the year ended December 31, 2020.

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 and amended on October 20, 2020 require the 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 financial period. In preparing the financial statements, the Board of Governors are required to:

- Select and consistently apply suitable accounting policies are in accordance with International Financial Reporting Standards (IFRS) and in a manner required by the CBL Act 1999;
- 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 has functional independence, operational autonomy, power, and exclusive authority to:

— Formulate and implement monetary policy.
— Administer the currency laws and regulate the supply of Liberian Dollar.
— Promote a safe, sound, and efficient payment system and provide supervision over payment service provider as further specified in relevant laws and regulations,
— Act as fiscal agent for the Government.
— Administer and enforce the New Financial Institutions Act of 1999 or its successor legislation.
— License, regulate, monitor, and supervise and resolve bank and non-bank financial institutions as well as non-bank financial services institutions.
— Hold and manage the foreign exchange reserves of Liberia, including gold.
— Advise the Government on financial and economic matters.
— Conduct foreign exchange operations; and
— Collaborate with the relevant agencies of government responsible for enforcing anti-money laundering, counter financing of terrorism and proliferation of weapons of mass destruction laws regarding bank and non-bank financial institution as well as non-bank financial services institution.
— Formulate and coordinate macro-prudential policy and supervision.
— Adopt and implement the regulatory framework for securities exchange as further specified in relevant laws and regulations.

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

GOVERNORS INTEREST

The statement of responsibility of the Governors is set out on page 4. The Governors of the Bank do not have any interest in contracts entered into by the Bank.

FINANCIAL RESULTS

The financial results for the year are set out below:

	2020	2019
	L$'000	L$'000
General reserves brought forward – January 1	**(25,551,540)**	(17,479,072)
Operating profit/(losses) attributed to shareholder	**4,358,121**	(8,072,468)
General reserves carried forward – December 31	**(21,193,419)**	(25,551,540)

IMPACT OF THE COVID-19 PANDEMIC

On March 11, 2020, the World Health Organisation declared the outbreak of a strain of the novel corona virus (COVID-19), a global pandemic. The extent of the impact of the COVID-19 pandemic on the global economy and financial markets has continued to evolve with disruptive effects worldwide, contributing to increased market volatility and changes to the macroeconomic environment.

To contain the pandemic, governments around the world introduced measures, which included travel bans and restrictions, quarantines, and limitation on businesses, including closures. The Liberia government declared a national state of emergency in April 2020, and partial lockdowns in Monrovia.

In response to the pandemic, the Central Bank of Liberia instructed the majority of its staff to work from home to mitigate the risk of contagion among its employees. The Bank also instituted the following measures to contain the situation:

- The provision of personal protective gear.
- Provision of water and soap for handwashing, and hand sanitizers at all the Bank’s branches.
- Implementation of working from home and shift systems to decongest offices.
- Regular testing of staff members.

The scale and duration of the pandemic is uncertain and continuously changing. The current trend is expected to continue until most of the nation’s population is vaccinated to break the chain of spread. The main risks arising, and the measures taken by the Central Bank of Liberia to mitigate these risks, include:

A sudden increase in uncertainty and anxiety among employees due to pandemic-related government directives and new ways of working. A Joint Operations Centre was established to provide critical support and directives aligned to the Ministry of Health COVID-19 Guidelines. This ensured the business continuity of the Bank.

A significant increase in demand for personal protective equipment and information and communications technology equipment to support remote working. The Central Bank of Liberia reacted swiftly to meet all requirements; and

Remote working is likely to remain the prominent way of performing business tasks for the foreseeable future, thus, increasing cyber and information security risks. The Bank enhanced its cybersecurity measures using various technologies while rolling out remote working capabilities.

This included policy and procedure development, security assessments, security design work, and the roll-out of training and targeted awareness initiatives, all at a rapid pace. The Bank is actively changing its monitoring and defence approaches. The transforming cyber landscape has led to revised focus areas for the cyber and information security strategy. The Bank will continue to implement additional security measures to address any potential security threats.

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

IMPACT OF THE COVID-19 PANDEMIC (CONTINUED)

The Bank has ensured that all key/critical functions and activities continue to operate, with none having been disrupted to date.
Liberia has a strong and resilient banking system with adequate levels of capital and significant liquidity buffers to effectively manage the risks they face from the pandemic. The Basel framework, around which the Bank's regulations are structured, provides for built-in capital and liquidity buffers for banks to draw on during times of financial stress.
However, the COVID-19 pandemic created observed liquidity strains in various funding markets, which necessitated a review of the money market liquidity management strategy.
Therefore, in addition to the measures taken by the Government of Liberia to contain the impact of the COVID-19 pandemic, the Bank has deployed monetary and financial stability policy tools to further mitigate the COVID-19 pandemic's impact on the Ghanaian economy.

The following monetary and financial stability policy tools have been implemented:

- suspension for three months, all charges on the Systematically Important Payments System(SIPS), Automated Check Processing and Clearing House(ACH), Direct Credit(DC) and Real Time Gross Settlement System(RTGS);
- suspension for a month, all mobile money charges to customers for push and pull services, merchant payment transaction fees using mobile money and charges for people to people (P2P) funds transfers via the internet and mobile banking services; and
- adjustment for three months, the daily limit for mobile money transactions subject to Anti-Money Laundering/Combating Financing of Terrorism (AML/CFT) requirements.

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of the Central Bank of Liberia were approved by the Board of Governors on February 23, 2022 and signed on their behalf by:

J. Aloysius Tarlue Jr.
(Executive Governor)

Date: Feb. 23, 2022

Doris Sheba Brown
(Governor)

Date: 02-23-2022

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Independent Joint Auditors' Report
To the Shareholder of Central Bank of Liberia

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Central Bank of Liberia, set out on pages 11 to 81, which comprise the statement of financial position as at 31 December 2020 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, the notes to the financial statements, including a summary of significant accounting policies and other explanatory disclosures.

In our opinion, the financial statements give a true and fair view of the financial position of Central Bank of Liberia as at 31 December 2020**,** and its financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Central Bank of Liberia Act 1999 (As amended by the Central Bank of Liberia Act 2020).

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Liberia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Independent Joint Auditors' Report
To the Shareholder of Central Bank of Liberia (cont'd)

Key Audit Matter	How the matter was addressed in the audit
Valuation of defined benefit obligation	
The valuation of the employee defined benefit involves projecting the benefits the scheme members are expected to be paid in the future. Benefits are paid either upon retirement, death or leaving the employment of the Bank. The amount of the benefit payable depends on the length of service and the level of earnings when the event occurs. In making these projections, assumptions are made about the likelihood of a benefit becoming payable at any future date, future investments return and increases in a staff member's earnings. The retirement benefits reserve is subject to volatility as the valuation is sensitive to changes in key assumptions such as the discount rate and inflation estimates. The setting of assumptions is complex and involves the application of significant judgement. (Refer to Notes 3.9.1 and 32 of the financial statements)	We evaluated the design and tested the implementation of key controls over the valuation of staff benefit scheme. In evaluating the design of controls, we considered the appropriateness of the control considering the nature and significance of the risk, competence and authority of person(s) performing the control, frequency, consistency with which the control is performed and the criteria for investigation and process for follow-up. We tested the accuracy and completeness of data provided by management to its pension valuation experts. We tested the validity of the underlying obligations per existing Bank's policy. We engaged our internal actuarial valuation specialists for an independent assessment of the appropriateness of the methodologies and assumptions used to determine the value of the actuarial liabilities of the fund. We are satisfied with the actuarial assumptions applied and the measurement of the reserves. The related disclosures are determined to be sufficient as per the requirements of IAS 19 – Employee benefits.

Other Matter
The financial statements of the Central Bank for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on 29 September 2020**.**

Other Information
The Governors are responsible for the other information. The other information comprises the Corporate Governance Statement and Report of the Board of Governors, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Joint Auditors' Report
To the Shareholder of Central Bank of Liberia (cont'd)

Responsibilities of the Governors for the Financial Statements
The Governors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Central Bank of Liberia Act 1999 (As amended by the Central Bank of Liberia Act 2020) and for such internal control as the governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

- Conclude on the appropriateness of the governors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Joint Auditors' Report
To the Shareholder of Central Bank of Liberia (cont'd)

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are **Emmanuel Martey (ICAG/P/1476)** and **Arthur Fumbah (LICPA/P/52)**.

Deloitte & Touche …………………………………………………… For and on behalf of Deloitte & Touche (ICAG/F/2022/129) Chartered Accountants The Deloitte Place, Plot No.71 Off George Walker Bush Highway North Dzorwulu Accra Ghana 1 March 2022	Baker Tilly Liberia …………………………………………………… For and on behalf of Baker Tilly Liberia (LICPA/F/2022/37) Certified Public Accountants 21st Street &mmGibson Avenue Fiamah, Sinkor 1000 Monrovia 10 Liberia 1 March 2022

STATEMENT OF COMPREHENSIVE INCOME

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

	Note	2020	2019
Interest income	6	**3,915,981**	1,809,951
Interest expense	6i	**(1,038,702)**	(292,969)
Net interest income		**2,877,279**	**1,516,982**
Fees and commissions	7	**730,640**	615,927
Other income	8	**2,198,671**	94,152
Operating income		**5,806,590**	**2,227,061**
Impairment release/(loss) on financial assets	9	**953,310**	(2,354,202)
Net losses on derecognition of financial assets measured at amortised cost	10	**3,423,824**	-
Administrative expenses	11	**(5,567,221)**	(7,833,959)
Currency expense	12	**(258,382)**	(111,368)
Profit/(loss) for the year		**4,358,121**	**(8,072,468)**
Other comprehensive income			
Items that will not be classified to profit or loss			
Remeasurement of pension plan	32	**569,344**	298,360
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences	33(c)	**4,884,351**	4,601,444
Total other comprehensive income for the year		**5,453,695**	4,899,804
Total comprehensive income		**9,811,816**	**(3,172,664)**

The notes on pages 15 - 81 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

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

	Note	2020	2019
Assets			
Cash and balances with other central banks	13	**25,934,973**	20,725,409
Cash and balances with commercial banks	14	**5,856,139**	2,143,968
Loans and advances to operating banks	15	**4,229,226**	6,375,411
Loans and advances to non-banking financial institutions	16	**297,430**	298,087
Loans and advances to Government of Liberia	17	**99,691,427**	96,845,375
Investment securities	18	**1,458,768**	1,444,773
Deposits with International Monetary Fund	19	**93,486,857**	104,187,683
Staff loans	20	**598,376**	856,891
Other assets	21	**1,233,326**	1,028,053
Intangible assets	22	**97,023**	416,303
Property, plant and equipment	23	**5,780,599**	6,801,251
Total assets		**238,664,144**	**241,123,204**
Liabilities			
Currency in circulation	25	**23,906,084**	21,123,761
Deposits from commercial banks and forex bureau	26	**19,460,908**	17,934,206
Deposits of Government of Liberia and agencies	27	**19,542,940**	22,646,511
Amounts due to International Monetary Fund	28	**131,137,283**	148,461,171
Other liabilities	29	**10,982,376**	9,386,978
Market Instrument	30	**5,033,793**	2,120,611
Provident fund obligation	31	**899,201**	961,772
Retirement benefit obligation	32	**2,103,333**	2,701,784
Total liabilities		**213,065,918**	**225,336,794**
Equity			
Share capital	33(a)	**7,598,587**	7,598,587
General reserve	33(b)	**(21,193,419)**	(25,551,540)
Translation reserve	33(c)	**37,393,394**	32,509,043
Other reserve	33(d)	**1,799,664**	1,230,320
Total equity		**25,598,226**	**15,786,410**
Total equity and liabilities		**238,664,144**	**241,123,204**

The financial statements were approved by the Board of Governors on February 23, 2022 and signed on its behalf by:

J. Aloysius Tarlue Jr.
(Executive Governor)

Date: FEB. 23, 2022

Doris Sheba Brown
(Governor)

Date: 02-23-2022

The notes on pages 15 - 81 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	Other Reserve	Translation Reserve	Total
Balance at January 1, 2020	**7,598,587**	**(25,551,540)**	**1,230,320**	**32,509,043**	**15,786,410**
Total comprehensive income					
Profit for the year	**-**	**4,358,121**	**-**	**-**	**4,358,121**
Other comprehensive income					
Re-measurement of pension plan	**-**	**-**	**569,344**	**-**	**569,344**
Translation difference	**-**	**-**	**-**	**4,884,351**	**4,884,351**
Total comprehensive income for the year	**-**	**4,358,121**	**569,344**	**4,884,351**	**9,811,816**
Balance at December 31, 2020	**7,598,587**	**(21,193,419)**	**1,799,664**	**37,393,394**	**25,598,226**
Balance at January 1, 2019	**7,598,587**	**(17,479,072)**	**931,960**	**27,907,599**	**18,959,074**
Total Comprehensive income					
Loss for the year	-	(8,072,468)	-	-	(8,072,468)
Other comprehensive income					
Remeasurement of pension plan	-	-	298,360	-	298,360
Translation difference	-	-	-	4,601,444	4,601,444
Total comprehensive income for the year	-	(8,072,468)	298,360	4,601,444	(3,172,664)
Balance at December 31, 2019	**7,598,587**	**(25,551,540)**	**1,230,320**	**32,509,043**	**15,786,410**

The notes on pages 15 - 81 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	2020	2019
Cash flows from operating activities			
Profit/(loss) for the year		**4,358,121**	(8,072,468)
Adjustments for:			
- Net impairment loss	9	**(953,310)**	2,354,202
- Interest income	6	**(3,915,981)**	(1,809,951)
- Interest expense	6i	**1,038,702**	292,969
- Depreciation	23	**368,017**	415,319
- Amortization	22	**430,509**	475,463
- Loss on disposal of property, plant and equipment	23(a)	**1,222**	-
		1,327,280	(6,344,466)
Changes in:			
- Staff loans	20	**199,447**	(160,356)
- Other assets	21	**(205,273)**	(313,694)
- Deposits with IMF	19	**10,699,138**	(26,543,128)
- Loans and advances to commercial banks	15	**1,999,020**	(2,448,125)
- Loans and advances to non-bank financial institutions	16	**(54,997)**	(58,958)
- Loans and advances to Government of Liberia	17	**3,910,490**	(26,021,311)
- Currency in circulation	25	**2,782,323**	1,811,777
- Deposits of commercial banks and forex bureau	26	**1,526,702**	476,528
- Deposits of Government of Liberia and agencies	27	**(3,103,571)**	6,957,592
- Amounts due to International Monetary Fund	28	**(17,323,888)**	52,792,193
- Other liabilities	29	**3,625,918**	(3,606,706)
- Provident fund obligation	31	**(62,571)**	333,633
- Retirement benefit obligations	32	**(598,451)**	646,977
- Market instruments	30	**2,913,182**	2,120,611
		7,634,749	(357,433)
Interest paid	6	**(1,038,702)**	(292,969)
Interest received	6	**3,915,981**	1,809,951
Net cash generated from in operating activities		**10,512,028**	1,159,549
Cash flows from investing activities			
Purchase of property, plant and equipment	23	**(171,396)**	(196,804)
Purchase of intangible assets	22	**(120,322)**	-
Purchase of investment securities		**-**	(1,011,304)
Proceeds from sale of investment securities		**-**	1,206,717
Net cash used in investing activities		**(291,718)**	(1,391)
Net increase in cash and cash equivalents		**10,220,310**	1,158,158
Cash and cash equivalents at January 1		**22,869,377**	18,133,955
Effect of exchange rate fluctuations on cash and cash equivalents held		**(1,298,575)**	3,577,264
Cash and cash equivalents at December 31	34	**31,791,112**	22,869,377

The notes on pages 15 - 81 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

1. General information

The Central Bank of Liberia (CBL) is the Central Bank of the Republic of Liberia and was incorporated under a March 18, 1999 Act of Legislature. The first 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 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 of Liberia are stated under note 1.5 below. The financial statements comprise the individual financial statements of the Central Bank as at and for the year ended 31 December 2020.

1.1 Share capital

The minimum authorized capital of the Central Bank is L$2 billion. 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$500 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 NBL was L$7.3 billion (34(a)). The principal assets which underline the capital transfer of L$7.3 billion are two long-term loans denominated in Liberia dollars and United States dollars due from the Government of Liberia (GOL). The amounts are a result of transactions between the Government and the NBL prior to the formation of the CBL.

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 GOL. No reduction of capital shall be effected except by amendment of the legislative Act which created CBL.

1.5 Objectives of the Central Bank

The primary objectives of the Bank, as set out in the amended Act signed on October 20, 2020, are:

- To achieve and maintain domestic price stability in the economy by formulating and implementing monetary policy.
- Contribute to the fostering and maintaining a stable financial system by conducting and enforcing macro prudential policy, and
- Support the general economic policy of the government of Liberia in keeping it monetary policy mandate.

1.6 Functions of the Central Bank

The principal objectives of the Bank, as set out in the amended Act signed on October 20, 2020, are:

- Formulate and implement monetary policy.
- Administer the currency laws and regulate the supply of Liberian Dollar.
- Promote a safe, sound, and efficient payment system and provide supervision over payment service provider as further specified in relevant laws and regulations,
- Act as fiscal agent for the Government.
- Administer and enforce the New Financial Institutions Act of 1999 or its successor legislation.
- License, regulate, monitor, and supervise and resolve bank and non-bank financial institutions as well as non-bank financial services institutions.

NOTES TO THE FINANCIAL STATEMENTS
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1.6 Functions of the Central Bank *(cont'd)*

- Hold and manage the foreign exchange reserves of Liberia, including gold.
- Advise the Government on financial and economic matters.
- Conduct foreign exchange operations; and
- Collaborate with the relevant agencies of government responsible for enforcing anti-money laundering, counter financing of terrorism and proliferation of weapons of mass destruction laws regarding bank and non-bank financial services institutions.
- Formulate and coordinate macro-prudential policy and supervision.
- Adopt and implement the regulatory framework for securities exchange as further specified in relevant laws and regulations.

2. Basis of preparation

2.1 Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). Additional information required by the amended CBL Act, 2020 have been included where appropriate.

Changes to significant accounting policies are described in Note 2.4.

2.2 Functional and presentation currency

Both the Liberian Dollar (L$) and the United States Dollars (US$) are legal tender in Liberia and circulated freely in the country simultaneously. Although, transactions are consummated 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$). This is in keeping with requirements of Part V Section 22 of the October 20, 2020, amended Central Bank of Liberia Act of 1999 which requires the use of the Liberian Dollar for all accounting, financial reporting and official purposes in Liberia. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

2.3 Use of judgement and estimates

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

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to estimates are recognised prospectively.

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are expressed in thousands of Liberian dollars unless otherwise stated)

2 Basis of preparation (continued)

2.3 Use of judgement and estimates (continued)

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes.

Note 4.1.4(e) – Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of expected credit loss and selection and approval of models used to measure expected credit loss.
Note 3.2.2 – classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2020 is included in the following notes.

Notes 4.1.4(e) and 3.2.7: impairment of financial instruments: determining inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information.
Note 32: measurement of Retirement benefit obligations: key actuarial assumptions.
Note 35: recognition and measurement of contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

COVID-19 consideration
Paragraph 125 of IAS 1 requires disclosure about the assumptions that a company makes about the future and other sources of estimation uncertainty at the reporting date that have a significant risk of resulting in a material adjustment within the next financial year. COVID-19 is to significantly impact such assumptions. During the pandemic, the Bank started facing disruption to business operations and economic activity, particularly where there has been implementation of stringent measures to contain or reduce the spread of the virus, with cascading impacts on both upstream and downstream supply chains; a more volatile capital, commodity and foreign exchange markets; and disrupted business relations with companies that operate in the non-essential sectors as determined by the Central Government.

The above economic and business impacts will have significant and pervasive financial reporting implications on financial statements resulting in increased complexity, subjectivity and uncertainty which will impact the recognition, measurement, presentation and disclosure in the financial statements including but not limited to increased estimation uncertainty and changes to estimation techniques and assumptions for measuring expected credit loss (ECL), and measuring fair values of financial instruments. No impairment has been recognised on Non-financial assets specifically Property, plant and equipment as there has been no indicators of impairment such as market value decline, obsolescence or physical damage, worse economic performance than expected among others. Management has therefore accessed that the assets useful life, depreciation method or residual value as earlier determined remains the same.

Allowances for credit losses
Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 3.2.7 and note 4.1.2.

These critical assumptions have been applied consistently to all periods presented, except the Bank applied the impairment requirements under IFRS 9 f resulting in changes to the assumptions used for the calculation for provision for doubtful debts using the expected credit loss model. The expected credit loss model is the use of forecast of future economic conditions including macroeconomic factors.

Determining fair values
The determination of fair value for financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. The Bank's accounting policy on fair value measurements is discussed in Note 3.2.6

2.4 Changes in accounting policy and disclosures
A number of other new standards are also effective from 1 January 2020, but do not have a material effect on the Bank's financial statements.

3. Significant accounting policies

3.1 Foreign currency

3.1.1 Foreign currency transaction
Transactions in foreign currencies are translated into US$ using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest, impairment and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognised in profit or loss. Non-monetary assets and liabilities measured at cost are translated at transaction date rates. Foreign currency differences are generally recognised in profit or loss and presented in other income or administrative expenses depending on whether the net results in a gain or a loss.

3.1.2 Translation from functional currency to presentational currency
The financial statements have been translated to the presentation currency (Liberian Dollar) as follows:

- Income and expenses for each statement of comprehensive income presented are translated from the functional currency to Liberian Dollar at annual average exchange rate; and
- Assets and liabilities for each statement of financial position presented are translated at the spot exchange rate at the reporting date.

All resulting exchange differences are recognised as a separate component of equity (translation reserve) in other comprehensive income. This reserve is non-distributable.

NOTES TO THE FINANCIAL STATEMENTS
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3.2 Financial assets and financial liabilities

3.2.1 Recognition and initial measurement

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

A financial asset or financial liability is measured initially at fair value plus, for an item not at Fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

3.2.2 Classification and subsequent measurement

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

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

- 3.2.2.1 the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- 3.2.2.2 the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest (SPPI).

Business model assessment

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

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

how the performance of the portfolio is evaluated and reported to the Bank's management;
The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

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

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

Assessment of whether contractual cash flows are solely payments of principal and interest on principal.

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

3.2.2 Classification and subsequent measurement (continued)

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

contingent events that would change the amount and timing of cash flows.
leverage features.

prepayment and extension terms.

terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse asset arrangements).
Features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

Reclassification

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

3.2.3 Derecognition

Financial assets

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

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

Financial liabilities

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

3.2.4 Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, then the Bank evaluates whether the cash flows of the modified asset are substantially different.

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

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

3.2.4 Modifications of financial assets and financial liabilities (continued)

If the modification of a financial asset measured at amortised cost does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

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

Financial liabilities

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

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

3.2.5 Offsetting

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

Income and expenses are presented on a net basis only when permitted under IFRS.

3.2.6 Fair value measurement

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

When available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable

3.2.6 Fair value measurement (continued)

markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an asked price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

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

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

The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

3.2.7 Impairment of financial assets

The Bank recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

– financial assets that are debt instruments;
– financial guarantee contracts issued; and

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

– debt investment securities that are determined to have low credit risk at the reporting date; and
– other financial instruments on which credit risk has not increased significantly since their initial recognition.

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

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

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

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

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3. Significant accounting policies (continued)

3.2.7 Impairment of financial assets (continued)

Measurement of ECL

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

– *financial assets that are not credit-impaired at the reporting date:* as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);
– *financial assets that are credit-impaired at the reporting date:* as the difference between the gross carrying amount and the present value of estimated future cash flows;
– *undrawn loan commitments:* as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
– *financial guarantee contracts:* the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

When discounting future cash flows, the following discount rates are used:
– *financial assets other than purchased or originated credit-impaired (POCI) financial assets:* the original effective interest rate or an approximation thereof;
– *financial guarantee contracts issued:* the rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows.

Restructured financial assets

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

– If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

– If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortised cost are credit-impaired (referred to as ‘Stage 3 financial assets’). A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are expressed in thousands of Liberian dollars unless otherwise stated)

3. Significant accounting policies (continued)

3.2.7 Impairment of financial assets (continued)

Measurement of ECL

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

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

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

Presentation of allowances for ECL in the statement of financial position

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

- financial assets measured at amortised cost as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally as a provision and
- where a financial instrument includes both a drawn and undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-off. This assessment is carried out at the individual assets level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in profit or loss. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

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

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3. Significant accounting policies (continued)

3.2.7 Impairment of financial assets (continued)

Financial guarantee contracts held

The Bank assesses whether a financial guarantee contract held is an integral element of a financial asset that is accounted for as a component of that instrument or is a contract that is accounted for separately. The factors that the Bank considers when making this assessment include whether:

— the guarantee is implicitly part of the contractual terms of the debt instrument;
— the guarantee is required by laws and regulations that govern the contract of the debt instrument;
— the guarantee is entered into at the same time as and in contemplation of the debt instrument;
and
— the guarantee is given by the parent of the borrower or another company within the borrower's group.

If the Bank determines that the guarantee is an integral element of the financial asset, then any premium payable in connection with the initial recognition of the financial asset is treated as a transaction cost of acquiring it. The Bank considers the effect of the protection when measuring the fair value of the debt instrument and when measuring ECL.

3.3 Recongnition of interest income

3.3.1 Effective interest rate

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

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

When calculating the effective interest rate for financial instruments other than purchased or originated credit impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit impaired financial assets, a credit adjusted effective interest rate is calculated using estimated future cash flows including ECL.

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

3.3.2 Amortised cost and gross carrying amount

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

NOTES TO THE FINANCIAL STATEMENTS
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3. Significant accounting policies (continued)

3.3.3 Calculation of interest income and expense

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

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

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

Presentation
Interest income calculated using the effective interest method presented in the statement of comprehensive income interest on financial assets measured at amortised cost

Interest expense presented in the statement of comprehensive income includes:
- interest expense on financial liabilities measured at amortised cost;
- interest expense on lease liabilities.

3.4 Fees and commissions income and expense

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

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

3.5 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with other central banks and commercial banks and highly liquid financial assets with original maturities of three (3) months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Bank in the management of its short-term commitments.

Cash and bank balances are carried at amortised cost in the statement of financial position.

3.6 Property, plant and equipment

3.6.1 Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses (if any).

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

NOTES TO THE FINANCIAL STATEMENTS
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3.6 Property, plant and equipment (continued)

3.6.1 Recognition and measurement

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment is recognised within other income in profit or loss.

3.6.2 Subsequent costs

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

3.6.3 Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.. Freehold Land is not depreciated.
The estimated useful lives for the current and comparative periods are as follows:

Leasehold improvements	6 years
Building	50 years
Equipment	3 years
Elevators	25 years
Motor vehicles	4 to 5 years
Furniture and fixtures	5 years

The assets' depreciation method, residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

3.7 Intangible assets

Intangible assets consist of Great Plains Accounting software, Bank master, Evercoss, IDEA software, Eview Statistical software payment and credit reference systems software and WIP and WIP-Document Management Software.
Intangible assets acquired by the Bank is measured at cost less accumulated amortisation and any accumulated impairment losses.
Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as it is incurred.

Software is amortised on a straight-line basis in profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful life of software for the current and comparative periods is three years. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

NOTES TO THE FINANCIAL STATEMENTS

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

3. Significant accounting policies (continued)

3.8 Impairment of non-financial assets

At each reporting date, the Bank reviews the carrying amounts of its non-financial assets (other than investment properties and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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

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

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.
The Bank's corporate assets do not generate separate cash inflows and are used by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGUs to which the corporate assets are allocated.

Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

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

3.9 Employees' benefits

3.9.1 Defined benefit obligations

The Bank's obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in the current and prior periods and discounting that amount. The scheme is unfunded, and accordingly no assets related to the Scheme are recorded.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Re-measurements of the defined benefit liability, which comprise actuarial gains and losses is recognised immediately in OCI. The Bank determines the interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the defined benefit liability at the period end, taking into account any changes in the defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in personnel expenses in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relate to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Bank recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

3.9.2 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Bank pays fixed contributions to a separate company and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

NOTES TO THE FINANCIAL STATEMENTS
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3. Significant accounting policies (continued)

— *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 reported in the Statement of Comprehensive Income in the year 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. The Bank has a Provident Fund Scheme for all employees who have completed their probation period with the Bank. The Bank contribute 5% of their basic salary to the Fund. Obligations under the plan are limited to the relevant contributions which have been recognised in the financial statements.

— *National Social Security & Welfare Corporation (NASSCORP)*

Under the national pension scheme, the Bank contributes 6% of employees' basic salary to the National Social Security & Welfare Corporation for employee pensions. The Bank's obligation is limited to the relevant contributions, which have been recognised in the financial statements. The pension liabilities and obligations, however, rest with NASSCORP.

3.9.3 Short-term employment benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.10 Share capital

The Bank classifies capital and equity instruments in accordance with the contractual terms of the instrument. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects are recognised as a deduction from equity.

3.11 Provisions

(a) General

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 several similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations. 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. The unwinding of the discount is recognized as finance cost.

(b) Leave pay accrual

Leave pay accrual at the reporting date represents the present obligation to employees as a result of employee's services provided up to the reporting date. The accrual is measured as the amount that is expected to be paid as a result of the leave entitlement that has accumulated at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
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3.12 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 such notes are expensed in the period in which they are incurred.

3.13 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

3.14 Leases

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

This policy is applied to contracts entered into (or changed) on or after 1 January 2019

Bank acting as a lessee

At commencement or on modification of a contract that contains a lease component, the Bank allocates consideration in the contract to each lease component on the basis of its relative standalone price. However, for leases of branches and residential premises, the Bank has elected not to separate non lease components and accounts for the lease and non-lease components as a single lease component.

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

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Bank’s incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

The Bank determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

NOTES TO THE FINANCIAL STATEMENTS
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3.14 Leases

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

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

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

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

Short term leases and leases of low value assets

The Bank has elected not to recognise right of use assets and lease liabilities for leases of low value assets and short-term leases. The Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.15 Leasehold improvements

This involves costs incurred in refurbishing various properties leased by CBL. Certain lease agreements 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 other costs incurred in preparing the property for use. Leasehold improvements are amortized over the lives of the related or underlying leases.

3.16 Allocation of net profits

Profits of CBL are stated according to Part XI; Section 52 of the amended CBL Act of 2020, subject to subsection (1), the net profit of the Central Bank in each year is reflected as follows:

1. increase the amount of capital if it becomes below the minimum authorized capital;
2. redeem securities used to fill up share capital;
3. increase general reserves up to at least 10 percent of monetary liabilities; and
4. any residual distributable earning remaining after the preceding allocation, if any, shall be distributed to the National Treasury within four months after the end of the financial year as revenue for the general budget of the Government.

NOTES TO THE FINANCIAL STATEMENTS

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

3.16 Allocation of net profits

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.

3.17 Allocation of net losses

If the Central Bank incurs net losses for any financial year, the loss shall be first charged to the general reserve account, and subsequently applied against the paid up capital account. If the net loss is comprised net unrealized revaluation losses, the amount of net unrealized revaluation losses shall be allocated to the revaluation reserve account until such time as these revaluation reserve accounts have a zero balance, after which these loses shall be covered by the current year's profil, then by the general reserve account and subsequently by the paid up capital account

3.18 Contingent Liabilities

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

3.19 Financial guarantees and loan commitments

Financial guarantee contracts are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

Liabilities arising from financial guarantees or commitments to provide a loan at below-market interest rates are initially recognized at fair value and amortized over the life of the guarantee or commitment. The liability is subsequently carried at the higher of the amortized amount and the present value of any expected payments to settle the liability, when payment becomes probable. Financial guarantees and commitments to provide a loan at below-market rates are included within other liabilities.

NOTES TO THE FINANCIAL STATEMENTS
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3.20 Application of new and revised standards, amendments and interpretations

Impact of the initial application of other new and amended IFRS Standards that are effective for the current year

Amendments to References to the Conceptual Framework in IFRS Standards

The Bank has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.
The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Amendments to IAS 1 and IAS 8 Definition of material

The Bank has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.
The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term ‘material’ to ensure consistency.

New and revised IFRS Standards in issue but not yet effective

At the date of authorization of these financial statements, the Bank has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current
The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.
The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.
The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

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Amendments to IFRS 3 – *Reference to the Conceptual Framework*

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework.
They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.
Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.
The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.
The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.
If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.
The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.
The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.
The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to IAS 37 – *Onerous Contracts—Cost of Fulfilling a Contract*

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).
The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated.
Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.
The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted

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Annual Improvements to IFRS Standards 2018–2020

The *Annual Improvements* include amendments to four Standards.

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).
The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.
The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.
As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.
The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

4. Financial risk management

The Central Bank's activities are exposed to 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, considering 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.

4.1. Credit risk

The Bank takes on exposure to credit risk, which is the risk that a 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 Bank is also exposed to other credit risks arising from investment securities. Exposure to the risk of loss from credit arises principally in lending activities.

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4 Financial risk management (continued)

4.1.1. 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 Bank considers the 'probability of default' by the GOL or counterparty on its contractual obligations. Exposure at default is based on the amount the 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 were 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. This facility was suspended in 2016.

Investment securities

Investments are held with the Government of Liberia and Africa Export Import Bank. The treasury department manages the credit risk exposure by assessing the counterparties' performance.

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.

4.1.2. Impairment and provisioning policy

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

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4.1.3. Maximum exposure to credit risk before collateral held or other credit enhancements

Credit risk exposures relating to financial assets was as follows;

Table 5.1

	Group	2020	% of financial assets	2019	% of financial assets
Cash and balances with central banks	I	25,934,973	11.15	20,725,409	8.86
Cash and balances with commercial banks	I	5,856,139	2.51	2,143,968	0.92
Loans and advances to operating banks	I	4,108,376	1.77	4,435,842	1.90
Investment security	I	1,458,768	0.63	1,444,773	0.62
Due from IMF	I	93,486,857	40.19	104,187,683	44.57
Staff loans	I	593,208	0.26	752,298	0.32
Other assets	I	1,067,069	0.46	867,666	0.37
Loan and advances to GOL	I	99,691,427	42.86	93,671,529	40.07
Loans and advances to operating banks	II	120,850	0.05	1,939,569	0.84
Staff loans	II	5,168	-	104,593	0.05
Loan and advances to GOL	II			3,173,846	1.36
Loans and advances to NBFI	II	297,430	0.13	298,087	0.13
		232,620,265	**100**	**233,745,263**	**100**
Financial guarantee contracts	I	28,846,245		33,009,000	
At 31 December		**261,466,510**		**266,754,263**	

Category	2020	2019
Group I	261,163,912	263,177,737
Group II	302,598	3,576,526
Total	**261,466,510**	**266,754,263**

Group I
These are existing customers whose balances are neither past due nor impaired. Counterparties in this group include other central banks, commercial banks.

Group II
These are existing customers with some balances past due and individually impaired. This group is mainly composed of loans and advances to the Government of Liberia loans and advances to some Operating Banks, loans advances to Non-Bank financial institutions and some staff loans.

The above table 5.1 represents a worst-case scenario of credit risk exposure to the Bank at December 31, 2020 and December 31, 2019 without taking account of any collateral held or other credit enhancements attached. The exposures set out above are based on carrying amounts as reported in the statement of financial position.

Management is confident in its ability to continue and to minimize the losses arising from its exposure to credit risk resulting from loans and advances to the GOL and amounts due from the non-bank financial institutions.

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Analysis of credit quality

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

	2020				2019			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to GOL								
Group I	100,460,998	-	-	100,460,998	98,905,388	-	-	98,905,388
Group II	-	-	-	-	-	-	5,388,354	5,388,354
Gross	100,460,998	-	-	100,460,998	98,905,388	-	5,388,354	104,293,742
Less: allowance for impairment	(769,571)	-	-	(769,571)	(5,233,859)	-	(2,214,508)	(7,448,367)
Carrying amount	**99,691,427**	**-**	**-**	**99,691,427**	**93,671,529**	**-**	**3,173,846**	**96,845,375**
Loans and advances to staff								
Group I	596,147	-	-	596,147	759,660	-	-	759,660
Group II	-	-	98,782	98,782	-	35,120	114,472	149,592
Gross	596,147	-	98,782	694,929	759,660	35,120	114,472	909,252
Less: allowance for impairment	(2,939)	-	(93,614)	(96,553)	(7,362)	-	(44,999)	(52,361)
Carrying amount	**593,208**	**-**	**5,168**	**598,376**	**752,298**	**35,120**	**69,473**	**856,891**
Balances with Central bank and commercial bank								
Group I	31,791,112	-	-	31,791,112	22,869,377	-	-	22,869,377
Group II	-	-	-	-	-	-	-	-
Gross	31,791,112	-	-	31,791,112	22,869,377	-	-	22,869,377
Less: allowance for impairment	-	-	-	-	-	-	-	-
Carrying amount	**31,791,112**	**-**	**-**	**31,791,112**	**22,869,377**	**-**	**-**	**22,869,377**
Loans and advances to operating banks								
Group I	4,251,697	-	-	4,251,697	4,552,359	-	-	4,552,359
Group II	-	-	271,421	271,421	-	1,884,790	129,750	2,014,540
Gross	4,251,697	-	271,421	4,523,118	4,552,359	1,884,790	129,750	6,566,899
Less: allowance for impairment	(143,321)	-	(150,571)	(293,892)	(116,517)	-	(74,971)	(191,488)
Carrying amount	**4,108,376**	**-**	**120,850**	**4,229,226**	**4,435,842**	**1,884,790**	**54,779**	**6,375,411**

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	2020				2019			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to non-banking financial institutions								
Group I	-	-	-	-	-	-	-	-
Group II	-	-	676,813	676,813	-	-	677,470	677,470
Gross	-	-	676,813	676,813	-	-	677,470	677,470
Less: allowance for impairment	-	-	(379,383)	(379,383)	-	-	(379,383)	(379,383)
Carrying amount	**-**	**-**	**297,430**	**297,430**	**-**	**-**	**298,087**	**298,087**
Other assets								
Group I	1,067,069	-	-	1,067,069	867,666	-	-	867,666
Group II	-	-	-	-	-	-	-	-
Gross	1,067,069	-	-	1,067,069	867,666	-	-	867,666
Less: allowance for impairment	-	-	-	-	-	-	-	-
Carrying amount	**1,067,069**	**-**	**-**	**1,067,069**	**867,666**	**-**	**-**	**867,666**
Deposit with IMF								
Group I	93,499,760	-	-	93,499,760	104,200,787	-	-	104,200,787
Group II	-	-	-	-	-	-	-	-
Gross	93,499,760	-	-	93,499,760	104,200,787	-	-	104,200,787
Less: allowance for impairment	(12,903)	-	-	(12,903)	(13,104)	-	-	(13,104)
Carrying amount	**93,486,857**	**-**	**-**	**93,486,857**	**104,187,683**	**-**	**-**	**104,187,683**
Investment Securities								
Group I	1,460,914	-	-	1,460,914	1,445,142	-	-	1,445,142
Group II	-	-	-	-	-	-	-	-
Gross	1,460,914	-	-	1,460,914	1,445,142	-	-	1,445,142
Less: allowance for impairment	(2,146)	-	-	(2,146)	(369)	-	-	(369)
Carrying amount	**1,458,768**	**-**	**-**	**1,458,768**	**1,444,773**	**-**	**-**	**1,444,773**
Financial guarantee								
Group I	28,846,245	-	-	28,846,245	33,009,000	-	-	33,009,000
Group II	-	-	-	-	-	-	-	-
Gross	**28,846,245**	**-**	**-**	**28,846,245**	**33,009,000**	**-**	**-**	**33,009,000**
Loss allowance	202,946	-	-	202,946	2,230,597	-	-	2,230,597

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

4.1.4. Analysis of financial assets

The table below shows the gross balances of financial assets analysed by type and performance less impairment:

December 31, 2020

	Loans and advances to GOL	Loans and advances to staff	Balances with Central bank & Commercial banks	Loans and advances to operating banks	Loans and advances to non-banking financial institutions	Investment securities	Deposit with IMF	Other assets	Total
Neither past due nor impaired	100,460,998	596,147	31,791,112	4,251,697	-	1,460,914	93,499,760	1,067,069	233,127,697
Past due but not impaired	-	-	-	-	-	-	-	-	-
Individually Impaired	-	98,782	-	271,421	676,813	-	-	-	1,047,016
Gross	**100,460,998**	**694,929**	**31,791,112**	**4,523,118**	**676,813**	**1,460,914**	**93,499,760**	**1,067,069**	**234,174,7**
Less: allowance for impairment	(769,571)	(96,553)	-	(293,892)	(379,383)	(2,146)	(12,903)	-	(1,554,448)
Carrying value	**99,691,427**	**598,376**	**31,791,112**	**4,229,226**	**297,430**	**1,458,768**	**93,486,857**	**1,067,069**	**232,620,265**

December 31, 2019

	Loans and advances to GOL	Loans and advances to staff	Balances with Central bank & Commercial banks	Loans and advances to operating banks	Loans and advances to non-banking financial institutions	Investment securities	Deposit with IMF	Other assets	Total
Neither past due nor impaired	98,905,388	759,660	22,869,377	4,552,359	-	1,445,142	104,200,787	867,666	233,600,379
Past due but not impaired	-	35,120	-	1,884,790	-	-	-	-	1,919,910
Individually impaired	5,388,354	114,472	-	129,750	677,470	-	-	-	6,310,046
Gross value	**104,293,742**	**909,252**	**22,869,377**	**6,566,899**	**677,470**	**1,445,142**	**104,200,787**	**867,666**	**241,830,335**
Less: allowance for impairment	(7,448,367)	(52,361)	-	(191,488)	(379,383)	(369)	(13,104)	-	(8,085,072)
Carrying value	**96,845,375**	**856,891**	**22,869,377**	**6,375,411**	**298,087**	**1,444,773**	**104,187,683**	**867,666**	**233,745,263**

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(a) Assets individually impaired

The individually impaired assets before taking into consideration the cash flows from collateral held has been disclosed in the table below:

	2020	2019
Loan and advances to non-bank financial institutions	676,813	677,470
Loans and advances to staff	98,782	114,472
	775,595	**791,942**

(b) Collateral held and other credit enhancements, and their financial effect

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

Type of exposure	Percentage of exposure that is subject to collateral requirement		Principal type of collateral held
	2020	2019	
Loan and advances to commercial banks	17.32%	0%	Treasury bills
Loan and advances to non-bank financial institutions	0%	0%	
Loan and advances to Government of Liberia	0%	0%	
Staff loans	100%	100%	Legal mortgage over residential property; charge over vehicle; provident fund

Collateral on impaired exposures

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is taking of security for funds advanced to operating banks in Liberia as well as funds advanced to individual staff of the bank. In the case of operating banks collateral is not normally held for loans and advances, except when securities are held as part of reverse repurchase and securities borrowing activity, such as demanding treasury bills as collateral for Emergency Liquidity Assistance (ELA). When funds are advanced to individual staff of the Central Bank of Liberia, the Bank uses the provident fund of the individual staff or legal mortgage over residential property, and or charge over vehicle as collateral. Collateral is not usually held against investment securities, loans and advances to Government of Liberia and loans and advances to non-bank financial institutions and no such collateral was held at 31 December 2020.

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The Central Bank of Liberia closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the bank will take possession of collateral to mitigate potential credit losses. Financial assets that are credit impaired and the related collateral in order to mitigate potential losses are show below:

2020	**Gross exposure**	**Impairment allowance**	**Carrying amount**	**Fair value of collateral held**
Individually impaired				
Staff loans	98,782	93,614	5,168	-
Past due but not impaired	-	-	-	-
Staff loans	677,470	-	677,470	3,448,586
Loans and advances to operating banks	782,790	2,939	779,851	2,461,296
	1,559,042	**96,553**	**1,462,489**	**5,909,882**
2019				
Individually impaired				
Staff loans	114,472	44,999	69,473	50,107
Past due but not impaired				
Loans and advances to operating banks	1,884,790	-	1,884,790	3,946,463
Staff loans	35,120	-	35,120	58,758
	2,034,382	**44,999**	**1,989,383**	**4,055,328**

(c) Loans and advances renegotiated

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate payment will most likely continue.
The repayment of loans and advances to Government of Liberia was deferred during the year under review.

(d) Repossed collateral

No collateral was repossed by the bank in the year (2019: Nil).

(e) Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank’s historical experience and expert credit assessment and including forward-looking information.
The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

– the remaining lifetime probability of default (PD) as at the reporting date; with
– the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are expressed in thousands of Liberian dollars unless otherwise stated)

The Bank uses three criteria for determining whether there has been a significant increase in credit risk:

– quantitative test based on movement in probability of default(PD);
– qualitative indicators; and
– a backstop of 30 days past due.

Generating the term structure of PD

The Bank employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

Determining whether credit risk has increased significantly

The Bank assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower. What is considered significant differs for different types of lending.
As a general indicator, credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based the facility is past due by 30 days.

The credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Bank's credit risk management processes that may not otherwise be fully reflected in its quantitative analysis on a timely basis. As a backstop, the Bank considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

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

the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
the criteria do not align with the point in time when an asset becomes 30 days past due;
the average time between the identification of a significant increase in credit risk and default appears reasonable;
exposures are not generally transferred directly from 12-month ECL measurement to credit- impaired; and
there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2)

NOTES TO THE FINANCIAL STATEMENTS
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Definition of default

The Bank considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held);
- the borrower is more than 90 days past due on any material credit obligation to the Bank; or
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

In assessing whether a borrower is in default, the Bank considers indicators that are:

- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Bank; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Incorporation of forward-looking information

The Bank incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. The Bank formulates three economic scenarios: a base case, which is the median scenario assigned a 60% probability of occurring, a 25% probability to the worst case scenario and the best scenarios, assigned a 15% probability of occurring.
The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.
The key drivers for credit risk are: GDP growth, CPI and Public debts.

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy.
When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data on initial recognition and the original contractual terms.

When modification results in derecognition, a new loan is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time).
The Bank renegotiates loans to commercial and non-banking financial institutions in financial difficulties to maximise collection opportunities and minimise the risk of default.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired. A customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired/in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to Stage 1.

NOTES TO THE FINANCIAL STATEMENTS
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Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:
- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.
The methodology of estimating PDs is discussed above under the heading ‘Generating the term structure of PD’.

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset.

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the amount of the guaranteed exposure when the financial guarantee becomes payable. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Bank measures ECL considering the risk of default over the maximum contractual period (including any borrower’s extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Bank considers a longer period. The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a loan commitment or guarantee.

Amounts arising from expected credit losses (ECL)

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

Loans and advances to Government of Liberia at amortised cost	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
2020				
Balance at 1 January	5,233,859	-	2,214,508	7,448,367
Transfer to Stage 3	-	-	-	-
New financial assets originated or purchased	811,726	-	-	811,726
De-recognition of financial asset	(5,318,112)	-	(2,250,156)	(7,568,268)
Translational difference	42,098	-	35,648	77,746
Balance at 31 December	**769,571**	-	**-**	**769,571**

NOTES TO THE FINANCIAL STATEMENTS
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Loans and advances to Government of Liberia at amortised cost	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
2019				
Balance a 1 January	5,775,119	305,282	-	6,080,401
Transfer to Stage 3	-	(305,282)	305,282	-
Net remeasurement of loss allowance	(1,637,870)	-	1,168,648	(469,222)
New financial assets originated			663,066	663,066
Translational difference	1,096,610	-	77,512	1,174,122
Balance at 31 December	**5,233,859**	**-**	**2,214,508**	**7,448,367**

Loans and advances to operating banks at amortised cost

2020				
Balance at 1 January	116,517	-	74,971	191,488
Transfer to Stage 3				
Net remeasurement of loss allowance	48,259	-	98,906	147,165
Translational difference	(21,455)	-	(23,306)	(44,761)
Balance at 31 December	**143,321**	**-**	**150,571**	**293,892**
2019				
Balance at 1 January	95,761	-	-	95,761
Transfer to stage 3	(3,826)	-	3,826	-
Net remeasurement of loss allowance	6,792	-	69,697	76,489
Translational difference	17,790	-	1,448	19,238
Balance at 31 December	**116,517**	**-**	**74,971**	**191,488**

Loans and advances to non-banking financial institutions at amortised cost

2020				
Balance at 1 January	-	-	379,383	379,383
Net remeasurement of loss allowance	-	-	55,654	55,654
Translational difference	-	-	(55,654)	(55,654)
Balance at 31 December	**-**	**-**	**379,383**	**379,383**
2019				
Balance at 1 January	-	-	411,745	411,745
Net remeasurement of loss allowance	-	-	(110,602)	(110,602)
Translational difference	-	-	78,240	78,240
Balance at 31 December	**-**	**-**	**379,383**	**379,383**

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Staff loans	Stage 1	Stage 2	Stage 3	Total
2020				
Balance at 1 January	7,362	-	44,999	52,361
Transfer to stage 3	(8,449)	-	8,449	-
Net remeasurement of loss allowance	3,231	-	8,213	11,444
New financial assets originated	1,292	-	46,332	47,624
De-recognition of financial asset	-	-	-	-
Translational difference	(497)	-	(14,379)	(14,876)
Balance at 31 December	**2,939**	-	**93,614**	**96,553**

Staff loans				
2019				
Balance at 1 January	18,304	-	31,241	49,545
Transfer to stage 3	-	-	-	-
Net remeasurement of loss allowance	(18,747)	-	7,658	(11,089)
New financial assets originated	4,515			4,515
Translational difference	3,290	-	6,100	9,390
Balance at 31 December	**7,362**	-	**44,999**	**52,361**

Deposit with International Monetary Fund				
2020				
Balance at 1 January	13,104	-	-	13,104
Net remeasurement of loss allowance	1,688	-	-	1,688
Translational difference	(1,889)	-	-	(1,889)
Balance at 31 December	**12,903**	-	-	**12,903**

Deposit with International Monetary Fund				
2019				
Balance at 1 January	14,327	-	-	14,327
Net remeasurement of loss allowance	(3,944)	-	-	(3,944)
Translational difference	2,721	-	-	2,721
Balance at 31 December	**13,104**	**-**	**-**	**13,104**

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	Stage 1	Stage 2	Stage 3	Total
Investment securities				
2020				
Balance at 1 January	369	-	-	369
Net remeasurement of loss allowance	1,909	-	-	1,909
Translational difference	(132)	-	-	(132)
Balance at 31 December	**2,146**	**-**	**-**	**2,146**

Investment securities				
2019				
Balance at 1 January	18	-	-	18
Net remeasurement of loss allowance	344	-	-	344
Translational difference	7	-	-	7
Balance at 31 December	**369**	**-**	**-**	**369**

Letters of credit, undrawn commitments and guarantees				
2020				
Balance at 1 January	2,230,597	-	-	2,230,597
Net remeasurement of loss allowance	(2,030,520)	-	-	(2,030,520)
New financial assets originated				
Translational difference	2,869	-	-	2,869
Balance at 31 December	**202,946**	**-**	**-**	**202,946**

2019				
Balance at 1 January	2,923	-	-	2,923
Net remeasurement of loss allowance	1,256,615	-	-	1,256,615
New financial assets originated	948,030	-	-	948,030
Translational difference	23,029	-	-	23,029
Balance at 31 December	**2,230,597**	**-**	**-**	**2,230,597**

NOTES TO THE FINANCIAL STATEMENTS
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(iii) Amounts arising from expected credit losses (ECL) (continued)
The following table provides a reconciliation between:

- amounts shown in the above tables reconciling opening and closing balances of loss allowance per class of financial instruments; and
- the 'impairment losses on financial instruments' line item in the statement of comprehensive income.

2020	**Loans and advances to GOL at amortised cost**	**Loans and advances to operating banks at amortised cost**	**Loans and advances to non-banking financial institutions**	**Staff loans**	**Deposits with international Monetary Fund**	**Investment securities**	**Letters of credit, undrawn commitments and guarantees**	**Total**
Net remeasurement of loss allowance	-	147,165	55,654	11,444	1,688	1,909	(2,030,520)	(1,812,660)
New financial assets originated or purchased	811,726	-	-	47,624	-	-	-	859,350
Amounts recognised in profit or loss	**811,726**	**147,165**	**55,654**	**59,068**	**1,688**	**1,909**	**(2,030,520)**	**(953,310)**
2019								
Net remeasurement of loss allowance	(469,222)	76,489	(110,602)	(11,089)	(3,944)	344	1,256,615	738,591
New financial assets originated or purchased	663,066	-	-	4,515	-	-	948,030	1,615,611
Amounts recognised in profit or loss	**193,844**	**76,489**	**(110,602)**	**(6,574)**	**(3,944)**	**344**	**2,204,645**	**2,354,202**

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

	Impact: increase/(decrease)		
	Stage 1	**Stage 2**	**Stage 3**
2020			
Loans and advances to Government of Liberia			
Increase in Government of Liberia Consolidated loan is due to combination of all obligation to the Central bank of Liberia inclusive of the legacy loans, overdraft accounts and on-lend budget support to Government of Liberia from the International Monetary Fund (IMF) in 2019.	19,196,807	-	-
Staff loans			
Increase in long-term and vehicle loans to staff of the bank. This is to provide support to individual staff in accordance with accordance with Section (66) of the October 20, 2020 amended Central Bank of Liberia Act 1999	118,628	-	42,038
Letters of credit and undrawn commitments and guarantee			
The slight decrease in Government of Liberia financial guarantee to operating banks resulted from the appreciation of the L$ to the USD during the year.	1,792,595	-	-
2019			
Loans and advances to Government of Liberia			
Increase in overdrawn balance of some Government of Liberia Liberian Dollar (L$) account balance during the period. This resulted from the reconciliation of clearing suspense and other suspense accounts in the prior year.	28,389	-	-
Increase in overdrawn balance of some Government of Liberia United States Dollar (USD) account balance during the period. This resulted from the reconciliation of clearing suspense and other suspense accounts in the prior year.	23,316,525	-	-
Increase in the short-term bridge loan facility to the Government of Liberia totaling US$8,000,000.00	-	-	1,503,414
Staff loans			
Increase in long-term and vehicle loans to staff of the bank. This is to provide support to individual staff in accordance with accordance with Section (66) of the October 20, 2020 amended Central Bank of Liberia Act 1999	553,064	-	-
Letters of credit and undrawn commitments and guarantee			
Increase in Government of Liberia financial guarantee to operating banks in the form of issuance of Government of Liberia bonds to settle Loan arrear to 7 operating banks.	14,217,000	-	-

No financial assets were written off during the year ended 31 December 2020 (2019: Nil).

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4.2. Liquidity risk

Liquidity risk is the risk that the Central Bank is unable to, or will encounter difficulty, in meeting its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn.

4.2.1. Liquidity risk management process

The Liquidity risk management process involves:
preparing cash-based budgets and periodic variance reports to ensure management of future cash flows to meet payment demands when they fall 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.

4.2.2. Financial liabilities and financial 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 December 31, 2020

	Up to 3 months	**3 -12 months**	**1 - 5 years**	**Over 5 years**	**Total**
Assets					
Cash and balances with other central banks	25,934,973	-	-	-	25,934,973
Cash balances with commercial banks	5,856,139	-	-	-	5,856,139
Loans and advances to operating banks	2,017,238	-	2,073,663	138,325	4,229,226
Loans and advances to non-banking financial institutions	297,430	-	-	-	297,430
Loans and advances to Government of Liberia	14,400,543	-	-	85,290,884	99,691,427
Investment securities	-	1,458,768	-	-	1,458,768
Due from International Monetary Fund	-	-	93,486,857	-	93,486,857
Staff loans	31,869	23,188	518,491	24,828	598,376
Other assets	1,067,069	-	-	-	1,067,069
Total assets	**49,605,261**	**1,481,956**	**96,079,011**	**85,454,037**	**232,620,265**

NOTES TO THE FINANCIAL STATEMENTS
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4.2.2. Financial liabilities and financial assets held for managing liquidity risk (continued)

Currency in circulation	23,906,084	-	-	-	23,906,084
Deposits from commercial banks & forex bureau	19,460,908	-	-	-	19,460,908
Deposits of Government of Liberia and agencies	19,542,940	-	-	-	19,542,940
Due to International Monetary Fund	-	-	131,137,283	-	131,137,283
Market instruments	5,033,793	-	-	-	5,033,793
Lease liability	-	3,753	7,675	6,821	18,249
Other liabilities (excluding lease liabilities)	10,964,127	-	-	-	10,964,127
Guarantees and other commitments	-	-	8,210,920	20,727,288	28,938,208
Total	**78,907,852**	**3,753**	**139,355,878**	**20,734,109**	**239,001,592**
Liquidity Gap	**(29,302,591)**	**1,478,203**	**(43,276,867)**	**64,719,928**	**(6,381,327)**

As at December 31 2019

	Up to 3 months	3 -12 months	1 - 5 years	Over 5 years	Total
Assets					
Cash and balances with central banks	20,725,409	-	-	-	20,725,409
Cash balances with commercial banks	2,143,968	-	-	-	2,143,968
Loans and advances to operating banks	3,603,754	-	1,463,025	1,308,632	6,375,411
Loans and advances to non-banking financial institutions	298,087	-	-	-	298,087
Loans and advances to Government of Liberia	25,488,847	-	-	71,356,528	96,845,375
Investment securities	-	1,444,773	-	-	1,444,773
Due from International Monetary Fund	-	-	104,187,683	-	104,187,683
Staff loans	111,566	3,138	742,187	-	856,891
Other assets	867,666	-	-	-	867,666
Total assets	**53,239,297**	**1,447,911**	**106,392,895**	**72,665,160**	**233,745,263**
Liabilities					
Currency in circulation	21,123,761	-	-	-	21,123,761
Deposits from commercial banks & forex bureau	17,934,206	-	-	-	17,934,206
Deposits of Government of Liberia and agencies	22,646,511	-	-	-	22,646,511
Due to International Monetary Fund	-	-	148,461,171	-	148,461,171
Market instruments	2,120,611	-	-	-	2,120,611
Lease liability	-	924	4,622	5,857	11,403
Other liabilities (excluding lease liabilities)	9,375,575	-	-	-	9,375,575
Guarantees and other commitments	-	-	4,698,170	28,417,880	33,116,050
Total	**73,200,664**	**924**	**153,163,963**	**28,423,737**	**254,789,288**
Liquidity Gap	**(19,961,367)**	**1,446,987**	**(46,771,068)**	**44,241,423**	**(21,044,025)**

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are expressed in thousands of Liberian dollars unless otherwise stated)

4.2.3. Assets held for managing liquidity risk

The Bank manages its liquidity risks through appropriate structuring of its investment portfolios to ensure that the maturity profiles of assets adequately match those commitments. This is monitored and managed on a daily basis. In addition, the Bank's investment portfolio comprises mainly highly liquid investment instruments. The Bank's assets held for managing liquidity risk comprise:

Cash and balances with central banks and other operating banks;
Loans and advances to operating banks, non-bank financial institutions and Government of Liberia;
Investment securities;
Amount due from IMF; and
Staff loans and other assets.

4.3. 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.

The objective of market risk measurement is to manage and control market risk exposures within acceptable limits while optimizing the return on risk. The Bank treasury is responsible for the development of detailed risk management policies and for day-to-day implementation of those policies.

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. Investment denominated in U.S. dollars and Liberian dollars attracts interests in U.S. dollars and Liberian dollars respectively.

The Central Bank has 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 Bank uses gap analysis to measure its exposure to interest rate risk. Through this analysis, it compares the values of interest rate sensitive assets and interest rate sensitive liabilities that mature or re-price at various time periods in the future.

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are expressed in thousands of Liberian dollars unless otherwise stated)

4.3 Market risk (continued)

a) Interest rate risk (continued)

As at December 31, 2020

	Up to 1 year	1 - 5 years	Over 5 years	Non-interest bearing	Total
Assets					
Cash and balances with other central banks	22,568,904	-	-	3,366,069	25,934,973
Cash and balances with commercial banks	5,854,670	-	-	1,469	5,856,139
Loans and advances to operating banks	2,017,238	2,073,663	138,325	-	4,229,226
Loans and advances to non-banking financia institutions	-	-	-	297,430	297,430
Loans and advances to Government of Liberia	14,400,543	-	85,290,884	-	99,691,427
Investment securities	1,458,768	-	-	-	1,458,768
Deposits with International Monetary Fund	-	-	32,382,330	61,104,527	93,486,857
Staff loans	55,057	518,491	24,828	-	598,376
Other assets	-	-	-	1,067,069	1,067,069
Total	**46,355,180**	**2,592,154**	**117,836,367**	**65,836,564**	**232,620,265**

	Up to 1 year	1 - 5 years	Over 5 years	Non-interest bearing	Total
Liabilities					
Currency in circulation	-	-	-	23,906,084	23,906,084
Deposit from commercial banks & forex bureau	-	-	-	19,460,908	19,460,908
Deposits of Government of Liberia and agencies	-	-	-	19,542,940	19,542,940
Due to International Monetary Fund	-	-	48,336,451	82,800,832	131,137,283
Market Instruments	5,033,793	-	-	-	5,033,793
Other liabilities	-	-	-	10,982,376	10,982,376
Total financial liabilities	**5,033,793**	-	**48,336,451**	**156,693,140**	**210,063,384**
Total interest rate repricing gap	**41,321,387**	**2,592,154**	**69,499,916**	**(90,856,576)**	**22,556,881**

NOTES TO THE FINANCIAL STATEMENTS

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

4.3 Market risk (continued)

a) Interest rate risk (continued)

As at December 31, 2019

	Up to 1 year	1 - 5 years	Over 5 years	Non-interest bearing	Total
Assets					
Cash and balances with other central banks	13,380,394	-	-	7,345,015	20,725,409
Cash and balances with commercial bank	2,123,730	-	-	20,238	2,143,968
Loans and advances to operating banks	3,603,754	1,463,025	1,308,632	-	6,375,411
Loans and advances to non-banking financial institutions	-	-	298,087	-	298,087
Loans and advances to Government of Liberia	25,488,847	-	71,356,528	-	96,845,375
Investment security	1,444,773	-	-	-	1,444,773
Deposits with International Monetary Fund	-	-	37,041,737	67,145,946	104,187,683
Staff loans	114,704	742,187	-	-	856,891
Other assets	-	-	-	867,666	867,666
Total financial assets	**46,156,202**	**2,205,212**	**110,004,984**	**75,378,865**	**233,745,263**
Liabilities					
Currency in circulation	-	-	-	21,123,761	21,123,761
Deposits from commercial banks & forex bureau	-	-	-	17,934,206	17,934,206
Deposits of Government of Liberia and agencies	-	-	-	22,646,511	22,646,511
Due to International Monetary Fund	-	-	57,448,846	91,012,325	148,461,171
Market instruments	2,120,611	-	-	-	2,120,611
Other liabilities	-	-	-	9,386,978	9,386,978
Total financial liabilities	**2,120,611**	**-**	**57,448,846**	**162,103,781**	**221,673,238**
Total interest rate repricing gap	**44,035,591**	**2,205,212**	**52,556,138**	**(86,724,916)**	**12,072,025**

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are expressed in thousands of Liberian dollars unless otherwise stated)

4.3 Market risk (continued)

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. 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, 2020. Also reflected is the carrying amount of the Central Bank's holdings, categorized by currency.

Concentration of currency risk on financial instruments

At December 31, 2020

	Liberian Dollar	SDR	EUR	Total
Assets				
Cash and balances with commercial banks	129,541	3,975,966	19,160	4,124,667
Loans and advances to non-banking financial institutions	12,505	-	-	12,505
Loans and advances to operating banks	672,708	-	-	672,708
Loans and advances to Government of Liberia	5,317,755	-	-	5,317,755
Investment securities	510,554	-	-	510,554
Deposit with International Monetary Fund	-	-	93,486,857	93,486,857
Other assets	609,856	-	-	609,856
Total financial assets	**7,252,919**	**3,975,966**	**93,506,017**	**104,734,902**
Liabilities				
Currency in circulation	23,803,732	-	-	23,803,732
Deposit from commercial banks and forex bureau	6,323,343	-	-	6,323,343
Deposits of Government of Liberia and agencies	4,954,374	-	-	4,954,374
Due to International Monetary Fund	-	131,137,284	-	131,137,284
Other liabilities	4,576,267	-	-	4,576,267
Market Instrument	5,093,345	-	-	5,093,345
Total financial liabilities	**44,751,061**	**131,137,284**	**-**	**175,888,345**
Net financial position	**(37,498,142)**	**(127,161,318)**	**93,506,017**	**(71,153,443)**

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

4.3 Market risk (continued)

b) Foreign exchange risk (continued)

Concentration of currency risk on financial instruments
At December 31, 2019

	Liberian Dollar	SDR	EUR	Total
Assets				
Cash and balances with commercial banks	127,522	-	19,160	146,682
Loans and advances to non-banking financial institutions	298,087	-	-	298,087
Loans and advances to commercial banks	507,872	-	-	507,872
Loans and advances to Government of Liberia	35,152,112	-	-	35,152,112
Investment securities	511,861	-	-	511,861
Deposit with International Monetary Fund	-	104,187,683	-	104,187,683
Other assets	501,839	-	-	501,839
Total financial assts	**37,099,293**	**104,187,683**	**19,160**	**141,306,136**
Liabilities				
Currency in circulation	21,123,761	-	-	21,123,761
Deposit from commercial banks and forex bureau	7,255,216	-	-	7,255,216
Deposit of Government of Liberia and agencies	15,712,065	-	-	15,712,065
Due to International Monetary Fund	-	148,461,172	-	148,461,172
Other liabilities	373,075	-	-	373,075
Market instruments	2,119,606	-	-	2,119,606
Total financial liabilities	**46,583,723**	**148,461,172**	-	**195,044,895**
Net financial position	**(9,484,430)**	**(44,273,489)**	19,160	**(53,738,759)**

The following significant exchange rates have been applied during the year and at the year end.

	Average		Reporting	
	2020	**2019**	**2020**	**2019**
L$1	0.0061	0.0054	0.0052	0.0053
EURO1	1.1403	1.1248	1.1660	1.1206
SDR1	1.4403	1.6743	1.4403	1.3828

4.3.1. Foreign Exchange Sensitivity

The following table shows the effect of a strengthening or weakening of L$ against the currencies listed below on profit or loss and equity. This sensitivity analysis indicates the potential impact on profit or loss and equity based on foreign currency exposures recorded at 31 December. (See “currency risk” above).

It does not represent actual or future gains or losses.

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A strengthening/weakening of the L$ by the rates shown in the table against the following currencies at 31 December would have impacted equity and profit or loss by the amounts shown below:

This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2019.

As of 31 December		**2020**			**2019**	
in US$'000	% change	Profit or loss impact: Strengthening	Equity impact: Strengthening	% change	Profit or loss impact: Strengthening	Equity impact: Strengthening
L$	±5	1,994,221	1,994,221	±12	748,455	748,455
SDR	±4	1,416,534	1,416,534	±3	1,110,223	1,110,223
EUR	±8	298,468	298,468	±1	184	184

4.4. Fair value of financial assets and liabilities

COVID-19 considerations

The COVID-19 coronavirus pandemic has significantly affected financial markets and may impact valuation techniques used by banks and classification of financial instruments in the fair value hierarchy. Given the impact of the increase in economic uncertainty on forecasting cash flows and other unobservable inputs used in valuation techniques (e.g. certain risk-adjusted discount rates), the Bank has provided additional sensitivity disclosures – together with disclosure of the key assumptions and judgements made by management – to enable users to understand how fair value has been determined. These disclosures are required under both IFRS 13 Fair Value Measurement and IAS 1. IFRS 13 also contains specific disclosure requirements when amounts are transferred into Level 3 of the fair value hierarchy, including sensitivity disclosures.

The Bank has an established control framework for the measurement of fair values. Specific controls to check the fair valuation of financial assets include:

- verification of observable pricing;
- re-performance of model valuations;
- analysis and investigation of significant daily valuation movements; and
- review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments compared with the previous month.

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When third party information, such as pricing services, is used to measure fair value, Product Control assesses and documents the evidence obtained from the third parties to support the conclusion that the valuations meet the requirements of IFRS. This includes:

- verifying that the broker or pricing service is approved by the Bank for use in pricing the relevant type of financial instrument;
- understanding how the fair value has been arrived at, the extent to which it represents actual market transactions and whether it represents a quoted price in an active market for an identical instrument;
- when prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
- if a number of quotes for the same financial instrument have been obtained, then how fair value has been determined using those quotes.

Significant valuation issues are reported to the Board's Audit Committee

(a) Financial instrument not measured at fair value

The table below summarizes the carrying amounts and fair values of those financial assets and financial liabilities not presented at their fair values as at December 31, 2020 and December 31, 2019 respectively:

	Carrying Value		Fair Value	
	2020	**2019**	**2020**	**2019**
Financial assets				
Cash and balances with other central banks	25,934,973	20,725,409	25,934,973	20,725,409
Cash and balances with commercial banks	5,856,139	2,143,968	5,856,139	2,143,968
Loans and advances to operating banks	4,229,226	6,375,411	4,229,226	6,375,411
Loan and advances to non-banking financial institutions	297,430	298,087	297,430	298,087
Loans and advances to Government of Liberia	99,691,427	96,845,375	99,691,427	96,845,375
Investment securities	1,458,768	1,444,773	1,458,768	1,444,773
Deposit with International Monetary Fund	93,486,857	104,187,683	93,486,857	104,187,683
Staff loans	598,376	856,891	598,376	856,891
Other assets	1,067,069	867,666	1,067,069	867,666
Total financial assets	**232,620,265**	**233,745,263**	**232,620,265**	**233,745,263**

NOTES TO THE FINANCIAL STATEMENTS
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	Carrying Value		Fair Value	
	2020	**2019**	**2020**	**2019**
Financial liabilities				
Currency in circulation	23,906,084	21,123,761	23,906,084	21,123,761
Deposits from commercial banks and forex bureau	19,460,908	17,934,206	19,460,908	17,934,206
Deposits of Government of Liberia and agencies	19,542,940	22,646,511	19,542,940	22,646,511
Due to the International Monetary Fund	131,137,283	148,461,171	131,137,283	148,461,171
Market Instruments	5,033,793	2,120,611	5,033,793	2,120,611
Other liabilities	10,982,376	9,386,978	10,982,376	9,386,978
Total financial liabilities	**210,063,384**	**221,673,238**	**210,063,384**	**221,673,238**

Where applicable, the fair value of loans and advances to banks and GOL is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models such as discounted cash flow techniques which represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine the fair value

The fair value of deposits is estimated using discounted cash flow techniques, applying the rates that are offered for deposits of similar maturities and terms. The fair value of deposits payable on demand is the amount payable at the reporting date**.**

(b) Fair value hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 - Quoted prices (adjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 - Inputs for assets or liabilities that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

NOTES TO THE FINANCIAL STATEMENTS
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This hierarchy requires the use of observable market data when available. The Bank considers relevant and observable market prices in its valuations where possible.

2020	**Level 1**	**Level 2**	**Level 3**
Financial assets			
Cash and balances with other central banks	-	25,934,973	-
Cash and balances with commercial banks	-	5,856,139	-
Loans and advances to operating bank	-	4,229,226	-
Loan and advances to non-banking financial institutions	-	297,430	-
Loans and advances to Government of Liberia	-	99,691,427	-
Investment securities	-	1,458,768	-
Due from International Monetary Fund	-	93,486,857	-
Staff loans	-	598,376	-
Other assets	-	1,067,069	-
	-	**232,620,265**	-
Financial liabilities			
Currency in circulation	-	23,906,084	-
Deposits from commercial banks and forex bureau	-	19,460,908	-
Deposits of Government of Liberia and agencies	-	19,542,940	-
Due to International Monetary Fund	-	131,137,283	-
Market instruments	-	5,033,793	-
Other liabilities	-	10,982,376	-
	-	**210,063,384**	**-**

2019	**Level 1**	**Level 2**	**Level 3**
Financial assets			
Cash and balances with other central banks	-	20,725,409	-
Cash and balances with commercial banks	-	2,143,968	-
Loans and advances to operating bank	-	6,375,411	-
Loan and advances to non-banking financial institutions	-	298,087	-
Loans and advances to Government of Liberia	-	96,845,375	-
Investment securities	-	1,444,773	-
Due from International Monetary Fund	-	104,187,683	-
Staff loans	-	856,891	-
Other assets	-	867,666	-
	-	**233,745,263**	-
Financial liabilities			
Currency in circulation	-	21,123,761	-
Deposits from commercial banks and forex bureau	-	17,934,206	-
Deposits of Government of Liberia and agencies	-	22,646,511	-
Due to International Monetary Fund	-	148,461,171	-
Other liabilities	-	9,386,978	-
Market instruments	-	2,120,611	-
	-	**221,673,238**	**-**

NOTES TO THE FINANCIAL STATEMENTS
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4.5. Capital management

The Bank does not have any regulator that sets and monitor its capital requirements. The Capital requirements of the Bank is governed by the capital requirement of the Central Bank of Liberia Act of 1999 as amended in 2020. The Bank considers its stated capital and other reserves as its capital. 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 October 20, 2020, amended Central Bank of Liberia Act of 1999.
The minimum authorised capital requirement of the Central Bank of Liberia Act of 1999 as amended on October 20, 2020, in accordance with Part III, Section 8(1) shall be 2,000,000,000 Liberia Dollars and may be increased by such amounts that may be proposed by the Board of Governors.

5. Classification of financial assets and liabilities

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments.

	Note	Amortised cost	Total carrying amount
31 December 2020			
Cash and balances with Central banks	13	25,934,973	25,934,973
Cash balances with Commercial banks	14	5,856,139	5,856,139
Loans and advances to operating banks	15	4,229,226	4,229,226
Loan and advances to non-banking financial institutions	16	297,430	297,430
Loans and advances to Government of Liberia	17	99,691,427	99,691,427
Investment securities	18	1,458,768	1,458,768
Deposit with IMF	19	93,486,857	93,486,857
Staff loans	20	598,376	598,376
Other assets	21	1,067,069	1,067,069
Total financial assets		**232,620,265**	**232,620,265**
Currency in circulation	25	23,906,084	23,906,084
Deposit from commercial banks and forex bureau	26	19,460,908	19,460,908
Deposits of GOL and agencies	27	19,542,940	19,542,940
Due to IMF	28	131,137,283	131,137,283
Other liabilities	29	10,982,376	10,982,376
Market instruments	30	5,033,793	5,033,793
Total financial liabilities		**210,063,384**	**210,063,384**

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5. Classification of financial assets and liabilities

31 December 2019

Cash and balances with Central banks	13	20,725,409	20,725,409
Cash balances with Commercial banks	14	2,143,968	2,143,968
Loans, advances and overdraft to bank	15	6,375,411	6,375,411
Loan and advances to non-banking financial institutions	16	298,087	298,087
Loans and advances to Government of Liberia	17	96,845,375	96,845,375
Investment securities	18	1,444,773	1,444,773
Deposit with IMF	19	104,187,683	104,187,683
Staff loans	20	856,891	856,891
Other assets	21	867,666	867,666
Total financial assets		**233,745,263**	**233,745,263**
Currency in circulation	25	21,123,761	21,123,761
Deposit from commercial banks and forex bureau	26	17,934,206	17,934,206
Deposits of GOL and agencies	27	22,646,511	22,646,511
Due to IMF	28	148,461,171	148,461,171
Other liabilities	29	9,386,978	9,386,978
Total financial liabilities		**219,552,627**	**219,552,627**

6. Interest income

	2020	**2019**
GOL loans and advances	3,753,972	1,460,970
Investment securities	134,489	254,727
Placement and staff loans	27,520	94,254
	3,915,981	1,809,951

6i. Interest expense	**2020**	**2019**
SDF interest expense banks	11,650	2,283
Interest expense related to CBL bills	1,027,052	290,686
	1,038,702	292,969

7. Fees and commissions	**2020**	**2019**
Service fees and commissions	699,147	609,025
Note transfer fees	31,493	6,902
	730,640	615,927

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8. Other income	**2020**	**2019**
Rental income	3,548	1,593
Fines	2,046	5,433
Rural banking check encashment	57,286	55,809
Spot charges on notes advanced	22,560	19,971
Other miscellaneous income	2,113,231	11,346
	2,198,671	94,152

9. Impairment loss on financial assets	**2020**	**2019**
Impairment (reversal)/charge	(953,310)	2,354,202

10. Net loss on derecognition of financial assets measured at amortised cost

During the year, the Central Bank of Liberia and the Government of Liberia consolidated portfolio of loans and advance as indicated in Note 17. The Bank recognized a gain of L$ (3,423,824) on the consolidation.

11. Administrative expenses	**2020**	**2019**
Staff costs (i)	2,841,112	3,234,289
Board fees and expenses (ii)	167,484	309,835
Depreciation/amortization	798,865	899,366
Other administrative expenses (iii)	1,394,343	2,738,712
CBL contribution to regional bodies	365,417	651,757
	5,567,221	7,833,959

(i) Staff costs	**2020**	**2019**
Salaries and wages	1,891,764	2,275,593
Social security contributions	86,347	102,729
Other personnel costs	291,946	247,341
Day one loss on fair valuation of staff loan	51,556	37,607
Pension cost:		
- Current service cost	376,742	439,408
- Interest cost	142,757	131,611
	2,841,112	3,234,289

(ii) Board fees and expenses	**2020**	**2019**
Board fees	154,482	278,161
Board expenses	13,002	31,674
	167,484	309,835

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are expressed in thousands of Liberian dollars unless otherwise stated

The number persons employed by the Bank at the end of year was 393 (2019: 403).

(iii) Other administrative expenses	**2020**	**2019**
Vehicle fuel, insurance and maintenance	77,232	102,296
Property cost/occupancy	312,814	405,698
Office expenses	188,379	436,126
Professional services	250,780	358,790
Security and cleaning services	138,449	140,300
Travel expenses	99,254	231,766
Software, internet & network costs	191,840	451,414
Bank charges	6,282	643
Audit fees	28,643	13,609
Port and clearing charges	1,048	6,938
Vehicle scheme expense	17,663	70,576
Other miscellaneous	68,504	464,297
Interest expense on lease liability	928	640
Subscription and public relation	12,527	55,619
	1,394,343	2,738,712

12. Currency expense	**2020**	**2019**
Notes importation	121,528	64,265
Mute exportation	16,460	4,028
Amortization of currency printing cost - bank notes	120,394	43,075
	258,382	111,368

13. Cash and balances with other central banks	**2020**	**2019**
Cash on hand and in vault	3,293,529	4,649,101
Cash balances at rural banks	1,336	3,888
Balances with other central banks	22,640,108	13,427,599
Cash in transit	-	2,644,821
	25,934,973	20,725,409

14. Cash and balances with commercial banks	**2020**	**2019**
Balances with local banks	131,009	128,822
Balances with foreign banks (commercial)	5,725,130	2,015,146
	5,856,139	2,143,968

15. Loans and advances to operating banks

	Years of Maturity	**2020 Carrying amount**	**2019 Carrying amount**
LIBA loans (a)	2020	-	508,697
Mortgage loans (b)	2024	1,391,627	1,541,757
RPAL (c)	2019	136,552	136,552
Agric loans (d)	2026	1,114,253	1,308,632
Emergency Liquidity Assistance (e)		832,931	1,884,790
Special deposit (f)		555,100	622,690
Repo transaction (e)		492,655	563,781
		4,523,118	6,566,899
Impairment allowance		(293,892)	(191,488)
		4,229,226	6,375,411

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are expressed in thousands of Liberian dollars unless otherwise stated)

15. Loans and advances to operating banks (continued)

(a) Liberia Business Association Loan (LIBA LOAN)

The Central Bank of Liberia (CBL) made a placement with Ecobank Liberia Limited, International Bank Liberia Limited, and First International Bank Liberia Limited on behalf of the Liberia Business Association named and styled LIBA LOANS on January 10, 2013 with a face value of US$4,000,000 and L$72,500,000.00 and at a fixed interest rate of 2%. The loan was originally expected to mature in 2020. The loan has a grace period of six months and interest on this loan is paid on a quarterly basis with an automatic debit to each bank's current account at the end of the quarter. Due to the Ebola epidemic in the country, CBL issued policy No. 5 extending the duration of the loan by two (2) years which indicates that the loan will mature in 2020. In 2014, Ecobank returned US$600,000 and L$ 7,842,625. CBL then extended US$600,000 to the Liberia Bank for Development and Investment (LBDI) under the same LIBA program. The loan has matured and has been fully settled.

(b) Mortgage Loan

The Central Bank of Liberia (CBL) made a placement with the Liberia Bank for Development & Investment (LBDI) named and styled MORTGAGE LOAN on November 13, 2012 with a face value of US$7,000,000.00 and L$217,500,000.00 and at a fixed interest rate of 3%. The loan was originally set to mature in 2022. The loan has a grace period of six months and interest on this loan is paid on a quarterly basis with an automatic debit to LBDI Current account at the end of each quarter. Due to the Ebola epidemic in the country, CBL issued policy No. 5 extending the duration of the loan by two (2) years which indicates that the loan will mature in 2024 and reducing the interest chargeable on the loan by 1%.

(c) RPAL Loan

The Central Bank of Liberia (CBL) made a L$129,750,000 placement on 18 June 2014 with the Liberia Bank for Development and Investment (LBDI) to enable the Central Bank provides medium-term loans to members of the Rubber Planters Association of Liberia (RPAL). Interest was to begin accruing on the loan at 3% after the first 6 months of the loan's tenure. Accrued interest and the loan principal are payable at maturity. Due to the Ebola epidemic in the country, CBL issued policy No. 5 extending the duration of the loan by two (2) years and reducing the interest rate to 2%.

(d) Agriculture Loan

The Central Bank of Liberia (CBL) made a placement with the Afriland First Bank Liberia Limited (AFBLL) named AGRILCUTURE LOAN on December 13, 2012 with a face value of US$5,000,000 and L$181,250,000 and a fixed interest rate of 2.5% at variable maturity dates. The loan will finally mature in 2026. The loan has a variable gestation period. Interest on the loan and the loan principal was originally expected to be paid annually during the cash out period for each crop with an automatic debit to Afriland's current account. Due to the Ebola epidemic in the country, CBL issued policy No. 5 extending the duration of the loan by two (2) years and providing for all interest and principal repayment to be made at maturity.

(e) Emergency Liquidity Support (ELA)

On the basis of Section 32(2) of the CBL Act and Regulation Concerning Emergency Liquidity Assistance (ELA), the Central Bank of Liberia (CBL) advanced funds to Liberia Bank for Development and Investment on December 6, 2019 with face value of US$9,000,000. The Liberian Bank for Development pledged a US$21,000,000 Government of Liberian bond as security for the amount requested. As at December 31, 2020, the gross amount of the amount advanced stood at US$5,072,092.

(f) Special deposit

The Central Bank of Liberia made a placement with the Liberian Bank for Development (LBDI) named special deposit on September 02, 2010 with a face value of US$2,751,000 and a fixed interest rate of 2% per annum payable on demand.

NOTES TO THE FINANCIAL STATEMENTS

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

(e) Repo transaction

The Central Bank of Liberia granted a short-term loan facility to LBDI in a repo transaction using the LBDI treasury bonds denominated in Liberian Dollars as pledged securities. The facility was granted at an interest rate of 4% per annum and was originally for sixty days.

16. Loans and advances to non-bank financial institutions

	2020	2019
Loan Extension and Availability Facility (LEAF)	676,813	677,470
Allowance for impairment	(379,383)	(379,383)
	297,430	298,087

17. Loans and advances to Government of Liberia

Loan	Currency	Year of Maturity	2020	2019
Consolidated loan (a)	US$	2044	80,774,045	-
GOL long term loan (b)	L$	2037	-	817,534
GOL long term loan (c)	US$	2037	-	39,380,542
GOL Short term loan (d)	US$		-	5,261,950
Due to IMF (e)	L$		5,237,232	29,983,755
Other receivables (f)			14,449,721	28,849,961
			100,460,998	104,293,742
Impairment allowance			(769,571)	(7,448,367)
			99,691,427	96,845,375

a. On December 6, 2019, the Government of Liberia and the Central Bank of Liberia consolidated all the debts between the Government of Liberia and the Bank in the amount of US$ 487,482,838 million to be paid in 180 equal and consecutive monthly installment beginning January 30, 2029. This amount includes forward lending of Extended Credit Facility loan in 2014 for budget support, Rapid Credit Facility loan in 2015 for budget support and Extended Credit Facility loan in 2016 for budget support. Interest on these amounts is accrued only on the due as specified in the memorandum. The annual interest is 4% per annum.

b. This represents US$ loan owed by Government of Liberia which is to be paid in 30 years inclusive of 10 years grace period. Repayment of the loan is to be done in eighty (80) equal quarterly payments of 3,074,081 beginning September 2017. The annual interest is a stepped interest ranging from 1% - 2.5%. The amount was included in the total consolidated loan in December 6, 2019.

c. This represents L$ loan owed by Government of Liberia which is to be paid in 30 years inclusive of 10 years grace period. Repayment of the loan is to be done in eighty (80) equal quarterly instalments of LR$11,522,577 beginning September 2017. The annual interest is stepped interest ranging from 2% - 5%. The amount was included in the total consolidated loan in December 6, 2019.
The GOL long term loans referenced (a) and (b) above 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. The balance on the account in the prior year was included in the total consolidated loan in December 6, 2019.

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

17. Loans and advances to Government of Liberia (continued)

In 2020, GOL received budget support and Covid-19 relief of US$87.9 million

a. This represents short-term loans given to the Government of Liberia. The loans are at 2% interest rates. The amount was included in the total consolidated loan in December 6, 2019.

b. On 18 March 2013 an MOU was signed between the Ministry of Finance of the Republic of Liberia and the Central Bank of Liberia (CBL), for CBL to hold all Liberia's balances with the IMF in its books. On inception there was a shortfall of assets and liabilities of SDR16million which was recognised as a long-term receivable from the GOL to be paid on a future date agreed by MOF and GOL. On 10 October 2014 an extended credit facility received from the IMF of SDR32,300, 000 was advanced to GOL for budgetary support, this amount was offset by a grant assistance of SDR25,400,000 by the IMF under the catastrophe containment (CC) window in accordance with section III, paragraphs 1 and 3(A) of the CCR trust.

In December 2016, out of the ECF loan of SDR27.69million given to CBL, SDR12.9million was advanced to the Government of Liberia as budgetary support resulting in the total amount due from GOL of SDR35,360,000. The amount in the financial statement represents the L$ equivalent.

c. This represents other receivables from the Government of Liberia as at December 31, 2020.

18. Investment securities

	2020	2019
Investment in GOL treasury bills	511,400	511,400
Other investment securities*	949,514	933,742
	1,460,914	1,445,142
Impairment provision	(2,146)	(369)
	1,458,768	1,444,773

*This represents fixed deposits held with Africa Export Import Export Bank.

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are expressed in thousands of Liberian dollars unless otherwise stated)

19. Deposits with International Monetary Fund

	2020	2019
IMF quota subscription	61,116,402	67,150,619
Special drawing right holdings	32,382,330	37,041,737
Accrued remuneration	1,028	8,431
	93,499,760	104,200,787
Impairment allowance	(12,903)	(13,104)
	93,486,857	104,187,683

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 in the statement of financial position. The IMF recommends the use of the gross method for a country whose depository and fiscal agents 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 increases 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. In 2017, Liberia's Quota was SDR 258.4 million.

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.

NOTES TO THE FINANCIAL STATEMENTS

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

20. Staff loans

	2020	2019
Gross amount	694,929	909,252
Impairment	(96,553)	(52,361)
	598,376	856,891

Staff of the Bank of Liberia are entitled to loans at 3% and 4% as compared to the market rate of 12.44% as at the reporting date.

21. Other assets

	2020	2019
Accounts receivable (i)	1,067,069	867,666
Prepaid expenses (ii)	42,199	24,190
Deferred currency cost (iii)	124,058	136,197
	1,233,326	1,028,053

(i) Accounts receivable

	2020	2019
Due from others	458,145	352,562
Other receivable	608,924	515,104
	1,067,069	867,666

(ii) Prepaid expenses

	2020	2019
Rent	3,941	-
Insurance	15,361	24,190
Others	22,897	-
	42,199	24,190

(iii) Deferred currency cost

	2020	2019
At January 1	136,197	150,668
Addition	108,581	-
Amortization charge (note 12)	(120,394)	(43,075)
Translation difference	(326)	28,604
At December 31	124,058	136,197

NOTES TO THE FINANCIAL STATEMENTS

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

22. Intangible assets

2020

	Other software	Payment System	T24 License	WIP	Total
Cost					
Balance at January 1	799,363	887,328	-	2,165	1,688,856
Additions	3,819	-	116,503	-	120,322
Translation difference	205,815	37,520	(16,310)	93	227,118
Balance at December 31	**1,008,997**	**924,848**	**100,193**	**2,258**	**2,036,296**
Accumulated amortization					
Balance at January 1	933,151	645,007	-	-	1,578,158
Amortization charge	61,909	358,469	10,131	-	430,509
Translation difference	10,653	(78,628)	(1,419)	-	(69,394)
Balance at December 31	**1,005,713**	**924,848**	**8,712**	**-**	**1,939,273**
Net book value at December 31	**3,284**	**-**	**91,481**	**2,258**	**97,023**

2019

	Other software	Payment System	T24 License	WIP	Total
Cost					
Balance at January 1	799,363	887,328	-	2,165	1,688,856
Translation difference	351,546	171,041	-	419	523,006
Balance at December 31	**1,150,909**	**1,058,369**	**-**	**2,584**	**2,211,862**
Accumulated amortization					
Balance at January 1	806,919	295,776	-	-	1,102,695
Amortization charge	126,232	349,231	-	-	475,463
Translation difference	156,829	60,572	-	-	217,401
Balance at December 31	**1,089,980**	**705,579**	**-**	**-**	**1,795,559**
Net book value at December 31	**60,929**	**352,790**	**-**	**2,584**	**416,303**

There was no impairment identified as at December 31, 2020 (December 31, 2019: NIL).

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are expressed in thousands of Liberian dollars unless otherwise stated)

23. Property, plant and equipment

2020	**Land**	**Building**	**Leasehold**	**Furniture Fixtures**	**Equipment**	**Motor Vehicle**	**Work in progress**	**Total**
Cost								
Balance at January 1	63,814	4,592,854	126,523	142,137	1,919,906	246,639	-	7,091,873
Additions	-	4,430	-	2,010	55,895	15,372	93,689	171,396
Disposal	-	-	-	-	(1,222)	-	-	(1,222)
Translation difference	19,721	1,411,438	39,100	2,694	49,660	(26)	(13,117)	1,509,470
Balance at December 31	**83,535**	**6,008,722**	**165,623**	**146,841**	**2,024,239**	**261,985**	**80,572**	**8,771,517**
Accumulated depreciation								
Balance at January 1	-	529,637	126,523	107,689	1,657,969	172,214	-	2,594,032
Depreciation charge	-	150,204	-	23,498	148,325	45,990	-	368,017
Translation difference	-	(20,262)	39,100	(3,477)	37,044	(23,536)	-	28,869
Balance at December 31	**-**	**659,579**	**165,623**	**127,710**	**1,843,338**	**194,668**	**-**	**2,990,918**
Net book value at December 31	**83,535**	**5,349,143**	**-**	**19,131**	**180,901**	**67,317**	**80,572**	**5,780,599**

2019	**Land**	**Building**	**Leasehold**	**Furniture Fixtures**	**Equipment**	**Motor Vehicle**	**Work in progress**	**Total**
Cost								
Balance at January 1	63,814	4,571,217	126,523	123,121	1,770,292	194,597	-	6,849,564
Effect of initial application of IFRS 16	-	12,103	-	-	-	-	-	12,103
Adjusted balance at January 1	63,814	4,583,320	126,523	123,121	1,770,292	194,597	-	6,861,667
Additions	-	9,534	-	19,016	149,614	18,640	-	196,804
Write off	-	-	-	-	-	(19,812)	-	(19,812)
Transfer from fixed asset in transit	-	-	-	-	-	53,214	-	53,214
Translation difference	31,781	2,278,994	63,011	23,926	342,768	38,040	-	2,778,520
Balance at December 31	**95,595**	**6,871,848**	**189,534**	**166,063**	**2,262,674**	**284,679**	**-**	**9,870,393**
Accumulated depreciation								
Balance at January 1	-	394,063	126,523	77,974	1,470,936	129,029	-	2,198,525
Depreciation charge	-	135,574	-	29,715	206,845	43,185	-	415,319
Write off	-	-	-	-	(19,812)	-	-	(19,812)
Translation difference	-	85,951	63,011	15,333	305,518	5,297	-	475,110
Balance at December 31	**-**	**615,588**	**189,534**	**123,022**	**1,963,487**	**177,511**	**-**	**3,069,142**
Net book value at December 31	**95,595**	**6,256,260**	**-**	**43,041**	**299,187**	**107,168**	**-**	**6,801,251**

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are expressed in thousands of Liberian dollars unless otherwise stated)

23(a) Gain on disposal of property, plant and equipment	**2020**	**2019**
Cost	1,222	-
Accumulated depreciation	-	-
Net book value	1,222	-
Proceeds from disposal	-	-
Loss on disposal	(1,222)	-

There was no indication of impairment of property, plant and equipment held by the Bank at 31 December 2020 (2019: Nil). None of the property, plant and equipment of the Bank had been pledged as security for liabilities and there were no restrictions on the title of any of the Bank's property, plant and equipment at the reporting date and at the end of the previous year.

24. Leases

See accounting policy in Note 3.14

(a) Leases as lessee
The Bank leases a number of branch and office premises. These leases typically run for a period of 1 - 15 years, usually with an option to renew the lease after that date. Payments are renegotiated as and when to reflect market rentals. The Bank has elected not to recognise right of use assets and lease liabilities for short term and/or leases of low value items.
Previously, these leases were classified as operating leases under IAS 17.

Information about leases for which the Bank is a lessee is presented below:

(i) ***Right of use assets***

Right of use assets relate to leased branch and residential premises that are presented within property, plant and equipment.

	2020	**2019**
Balance at 1 January	13,212	12,103
Depreciation charge for the year	(11,043)	(8,522)
Additions	3,567	9,631
Balance at 31 December	**5,736**	**13,212**

The future minimum lease payments under noncancellable operating leases that had been prepaid were due as follows:

Maturity analysis	**2020**	**2019**
Less than one year	3,753	924
Between one and five years	7,675	4,622
More than five years	6,821	5,857
Balance at 31 December	18,249	11,403

(ii) ***Amounts recognised in profit or loss***

Interest on lease liabilities	928	640

(iii) ***Amounts recognised in the statements of cash flows***

Lease liability finance charges paid		
Principal lease liability payments	4,010	-

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are expressed in thousands of Liberian dollars unless otherwise stated)

24. Leases (continued)

(iv) ***Reconciliation, in respect of lease liability, of opening amounts to closing amounts are detailed below:***

	2020	2019
Balance at 1 January	11,403	9,018
Modifications to leases		
New leases	4,010	-
Finance charge	928	640
Lease payments	(4,010)	-
Foreign currency transactional (gain)/ loss	5,918	1,745
Balance at 31 December	18,249	11,403

Extension options

Some leases of office premises contain extension options exercisable by the Bank up to an average of three (3) years before the end of the non-cancellable contract period. Where practicable, the Bank seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Bank and not by the lessors. The Bank assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Bank reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant event or significant changes in circumstances within its control.

25. Currency in circulation

Liberian notes	**2020**	**2019**
L$5	316,036	317,536
L$10	797,540	797,540
L$20	1,679,788	1,679,788
L$50	3,696,836	3,695,836
L$100	11,167,753	11,092,753
L$500	7,600,000	4,070,000
Total currency notes	25,257,953	21,653,453
Coins	23,050	23,050
Less:		
Liberian Dollars held by the bank and payment centers (Note 13)	(202,003)	(102,352)
Mutes in vault*	(1,172,916)	(450,390)
	23,906,084	21,123,761

Mutes in vault represent mutilated notes that will not be re circulated and have been marked to be destroyed.
The liability for notes and coins in circulation is the net liability after off-setting notes and coins held by the Bank because cash held by the Bank does not represent currency in circulation.

NOTES TO THE FINANCIAL STATEMENTS

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

26. Deposits from commercial banks and forex bureau

	2020	2019
Current accounts - commercial banks	19,410,350	17,880,648
Current accounts - non-commercial banks	34,899	35,965
Collection accounts - failed banks	12,880	14,740
Forex bureau deposits	2,779	2,853
	19,460,908	17,934,206

27. Deposits of Government of Liberia and agencies	**2020**	**2019**
Demand deposits - central government	10,037,889	5,660,188
Payable to Government of Liberia	7,396,601	14,318,634
Demand deposits - individual ministries & agencies	1,747,656	2,252,606
Small medium enterprises deposits	320,949	367,152
State-owned deposits	39,845	47,931
	19,542,940	22,646,511

28. Amounts due to International Monetary Fund

	2020	2019
IMF SDR allocation	29,328,423	32,260,414
GRA accounts #1 & #2	28,707,752	35,864,276
IMF securities	24,764,657	22,887,635
ECF loan	33,668,515	49,055,019
IMF Rapid Credit Facility Loan - RCF	14,667,936	8,393,827
	131,137,283	148,461,171

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.

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are expressed in thousands of Liberian dollars unless otherwise stated)

28. Amounts due to International Monetary Fund (continued)

Extended Credit Facility (ECF) loan and interest (Formerly PRGF Loan)

The ECF 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 first ECF disbursement date of arrangement was November 19, 2012 and expires on November 18, 2015. Following the extension of Liberia program with the IMF up to November 2017, another additional ECF disbursement of US$37.1 million was provided by the Fund. US$17.3 million of this amount was provided to the Government of Liberia as 2017 budget support. The Executive Board of the International Monetary Fund (IMF) approved another four-year arrangement with an amount equivalent to SDR 155 million (equivalent to about US$ 213.6 million) for balance of payment. Out of the amount approved, an amount of SDR 17 million (about US$ 23.4 million) was disbursed in December 2019. In 2020, ECF loan of SDR 70,176,000 (equivalent to US$ 98.8 million) was received for GOL budget support, Reserve accretion and Covid 19 relief.

IMF Rapid Credit Facility Loan-RCF

The rapid credit facility was obtained by Government of Liberia (GOL) to support its balance of payment needs. The Rapid Credit Facility (RCF) date of arrangement was February 2015.

29. Other liabilities

	2020	2019
Accounts payable (i)	3,961,867	4,527,906
Deferred income	14,222	14,819
Payable to GOL	398,697	553,143
Provision for legal claims (Note 35)	-	37,585
Payable to foreign banks**	1,786,225	1,980,826
Micro-finance & other institutions	5,212	5,764
Payable to depositors of failed banks	1,869	1,869
Clearing suspense	4,593,089	23,066
Lease liability	18,249	11,403
Impairment on financial guarantee	202,946	2,230,597
	10,982,376	9,386,978

(i) Accounts payable	2020	2019
Official checks - CBL	54,107	7,742
Managers' checks - CBL	336,974	1,354,596
Stale checks payable	86,788	158,535
Due to staff	8,508	51,036
Accounts payable	139,947	242,835
Accrued expenses	3,335,543	2,713,162
	3,961,867	4,527,906

**Payable to foreign banks are liabilities that have been in existence for more than 10 years. It comprises of L$0.28 billion payable to United Bank of Switzerland and L$1.34 billion payable to WAMA BCEAO.

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are expressed in thousands of Liberian dollars unless otherwise stated)

30. Market instruments

	2020	2019
Principal	4,874,959	1,954,458
Accrued interest	158,834	166,153
Gross amount	5,033,793	2,120,611

The Central Bank reintroduced the CBL Bill in 2019. These are securities issued by the Bank to all registered business, and licensed financial institutions within Liberia, as well as the public. The instrument is issued by the Bank for monetary policy purposes and is shown as a liability of the Bank. The Bills have a maturity period of one year or less.

31. Provident fund

	2020	2019
At January 1	961,772	628,139
Contributions during the year	122,077	259,234
Interest earned	6,651	23,948
Payments	(61,091)	(72,772)
Exchange difference	(130,208)	123,223
At December 31	899,201	961,772

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.

A legislative Act, approved on June 6, 1961, “Requiring payment of retirement pensions to employees” added part V, Chapter 26 in the Labor Practices Law to provide for retirement pensions. The last amendment to the Scheme’s rules occurred in December 2012. CBL has not established a formal pension scheme, however the provisions under the Labor Practices Act create a defined benefit obligation on CBL to provide post-employment benefits (pensions) for its retiring employees.

The Scheme is a Defined Benefit Scheme which provides for retirement benefits in Liberian dollar (indexed to the US dollar) to retirees until death. An employee is entitled to receive from his/her employment retirement pension on retirement from an undertaking at the age of 60 and if such an employee has completed at least fifteen years of continuous service or he may retire at any age after he/she has completed twenty-five years of continuous service in such undertaking.

The annual pensions payable at retirement of a member from the employment of the Bank represent a percentage (40%) of final five-year average salary, independent of the number of years employed with the bank. Membership is compulsory for eligible employees, and members are required to sign an undertaking to be bound by the conditions and regulations under the scheme. The law states that one-twelfth of the annual amount shall be paid each month from the time of retirement until death of the employee, yet in practice, lump sum payments are made to retiring employees. Because of this practice, currently all scheme participants are in active employment with no members receiving monthly pensions.

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.

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are expressed in thousands of Liberian dollars unless otherwise stated)

32. Retirement benefit obligation

Under the Labor Practices Law the Bank is to provide retirement benefits to its employees on retirement from an undertaking at the age of 60 and if such an employee has completed at least fifteen years of continuous service or retirement at any age if the employee has completed twenty-five years of continuous service in such an undertaking. CBL has not established a formal pension scheme, however the provisions under the Labor Practices Act create a defined benefit obligation on CBL to provide postemployment benefits (pensions) for its retiring employees.

Key assumptions have been made by management in determining the actual liability of the post-employment benefits. The liability for postemployment 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.

	2020	**2019**
Retirement benefits obligation	2,103,333	2,701,784

The movement in the defined benefit obligation is as follows:

At January 1	2,701,784	2,054,807
Included in profit or loss		
Current service cost	376,742	439,408
Interest cost	142,757	131,611
	519,499	571,019
Included in other comprehensive		
Actuarial (gain)/loss from change in assumptions	(187,958)	-
Actuarial (gain)/loss - Experience adjustment	(381,386)	(298,360)
	(569,344)	(298,360)
Other		
Benefit paid	(157,006)	(27,304)
Exchange difference	(391,600)	401,622
	(548,606)	374,318
At December 31	2,103,333	2,701,784

The principal actuarial assumptions used were as follows:

	2020	**2019**
Discount rate	5%	5%
Rate of Salary Increase	2%	4%

The mortality assumption is based on 1983 US Unisex Group Annuity Mortality with 10% loading.
The Mortality assumption remain the same as the prior year.

The most recent actuarial valuations of the defined benefit obligation were carried out on behalf of the Bank by Stallion Consultant Limited as of 31 December 2020.

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32. Retirement benefit obligation (continued)

Sensitivity analysis

Reasonably possible changes at the reporting date to any of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the following amounts shown below:

The principal actuarial assumptions used were as follows:

	31 December 2020		31 December 2019	
	Increase	**Decrease**	Increase	Decrease
Discount rate (1% movement)	-	-	(393,531)	502,085
Rate of salary increase (1% movement)	-	-	149,354	(123,232)

Although the analysis does not take account of the full distribution of cash flows expected under the plans, it does provide an approximation of the sensitivity of the assumptions shown.

33. Equity

(a) Share capital

	2020	**2019**
Authorized capital	2,000,000	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$2 billion as amended on October 20, 2020. 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 amended Act requires the Bank to have a minimum paid-up capital of L$500 million. The consideration for the paid-up capital was the net book value of assets and liabilities taken over from National Bank of Iberia on the establishment of the CBL. In additional, the GOL subscribed a further US$5 million (L$200 million) at the establishment of CBL to have it capitalized. The consideration was a series of promissory notes.

(b) General reserve

This represents the residual cumulative annual profits/(losses).

(c) Translation reserve

Translation reserve comprises all foreign currency differences arising from the translation of the financial statements from their functional currency of US$ into their presentation currency of L$.

(d) Other reserve

Other reserve comprise the cumulative actuarial gains/losses recognized in the valuation of employee benefits.

NOTES TO THE FINANCIAL STATEMENTS
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34. Cash and cash equivalents

	2020	2019
Cash and balances with other central banks (Note 13)	25,934,973	20,725,409
Cash and balances with commercial banks (Note 14)	5,856,139	2,143,968
	31,791,112	22,869,377

35. Contingent liabilities

There were a number of legal proceedings outstanding against the Bank as at 31 December 2020 with contingent liabilities of L$ 2,780 million (2019: L$ 3,181 million). The contingent liabilities above relate to a number of outstanding cases. The disclosure of the individual cases in the financial statements is not practicable. No provision in relation to these claims has been recognised in the financial statements as legal advice indicates that it is not probable that a significant liability will arise. The cases are mainly brought against the Bank in relation to the performance of its functions as a Central Bank, for contracts entered into by the Bank and dissatisfied employees alleging wrongful dismissal.

36. Financial guarantee

The Central Bank issued financial guarantee to LOITA Capital Partners International Limited on behalf of the Government of Liberia in respect of bonds and notes issued to LOITA for an amount of L$8,211 million. The purpose of the notes was to reduce and eliminate the Government's arrears to the National Social Security and Welfare Corporation ("NASSCORP") in respect of pension contribution obligation for public sector employees.

The Central Bank also issued another financial guarantee to African Export-Import Bank ("Afrexim") on behalf of the Ministry of Finance and Development Planning for the benefit of NASSCORP. The amount of L$4,105 million was to enable NASSCORP finance investment in critical areas of the economy.

A financial guarantee of L$4,105 was issued by the Central Bank to Afrexim on behalf of the Ministry of Finance and Development Planning for the benefit of NASSCORP to settle pension arrears owed NASSCORP in keeping with the Government's financial systems stability objectives.

Another financial guarantee of L$12,425 million was issued by the Central Bank of Liberia to seven (7) local commercial banks on behalf of the Ministry of Finance and Development Planning to settle loan arrears of the Government of Liberia to the local commercial banks.

	2020	2019
Gross value of financial guarantee	28,846,245	33,009,000
Impairment provision	202,946	2,230,597

NOTES TO THE FINANCIAL STATEMENTS
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37. 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. The following transactions were carried out with related parties:

Interest income earned during the year

	2020	2019
Government of Liberia loans and advances (Note 6)	3,753,972	1,460,970
Government of Liberia investment securities (Note 6)	134,489	254,727
	3,888,461	**1,715,697**

Receivable from related party:		
Due from Government of Liberia - Long-term loan (Note 17)	**99,691,427**	**96,845,375**
Payable to related party:		
Due to Government of Liberia and agencies (Note 27)	19,542,940	22,646,511

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:

	2020	2019
Loan outstanding at January 1	137,359	91,428
Loans granted during period	74,529	61,974
Loans repaid during the period	(44,348)	(33,800)
Exchange difference	(1,797)	17,757
Loan outstanding at December 31	165,743	137,359
Interest income earned	5,451	4,327

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.

	2020	2019
Salaries and short-term benefits	404,163	286,529
Post-employment benefit	95,464	395,692
	499,627	682,221

38. Events after reporting date

There was no significant event after the report period. However, the presence of COVID 19 requires management to continue to assess the impact of the pandemic on the Banks operations and the economy. There remains considerable uncertainty regarding the Covid-19 situation as shown by the on-going fifth wave of the spread of the virus in many countries as a result of the new omicron variant, which means that forecasts can change rapidly.