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PRESS RELEASE

PR. No 081/2016

TRUST BANK LIMITED (TBL), THE GAMBIA -
2015 ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

TBL has released its Annual Report and Consolidated Financial Statements for the year ended December 31, 2015 as per the attached.

The rate of exchange is D40 to US$1.

Issued in Accra, this 30th
day of March, 2016.

- **E N D –**

att'd.

Distribution:
1. All LDMs
2. General Public
3. Company Secretary, TBL, The Gambia
4. UMBG Registrars, (Registrars for TBL shares)
5. Central Securities Depository
6. SEC
7. GSE Council Members
8. GSE Notice Board

For enquiries, contact:
General Manager/Head of Listings, GSE on 669908, 669914, 669935
**JEB*

PKF

Accountants &
business advisers

tbl

Trust Bank Ltd.

Annual Report and Consolidated Financial Statements

For the year ended 31st December 2015

3 - 4 Ecowas Avenue
P O Box 1018
Banjul
The Gambia

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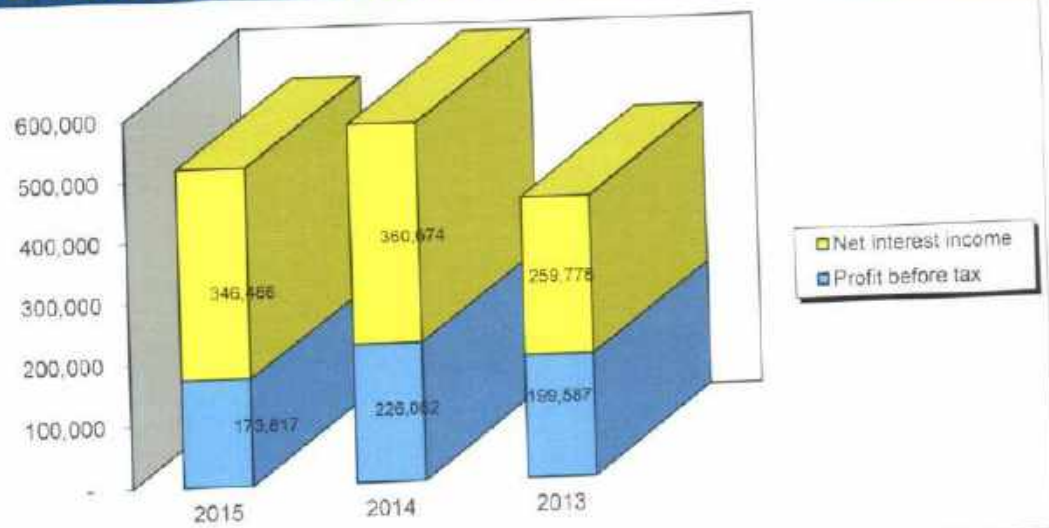
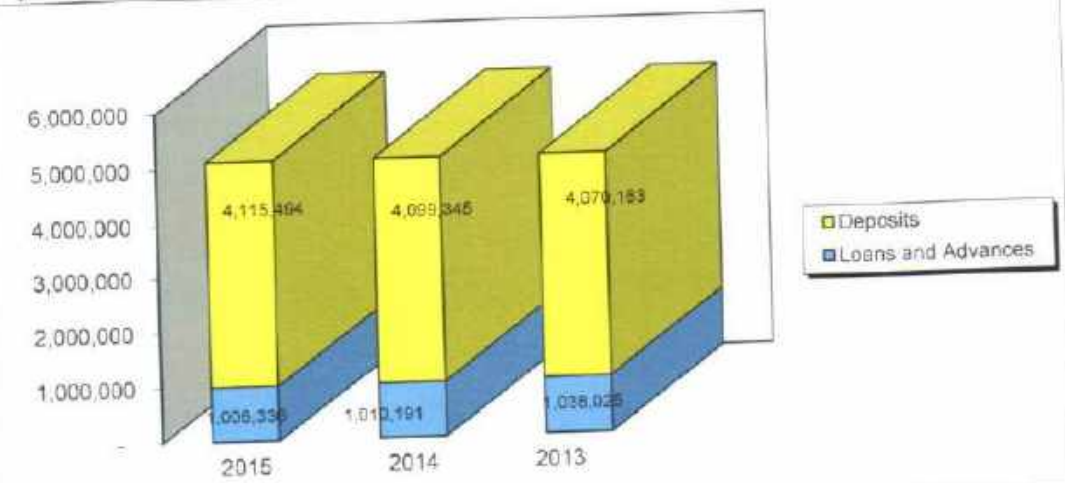
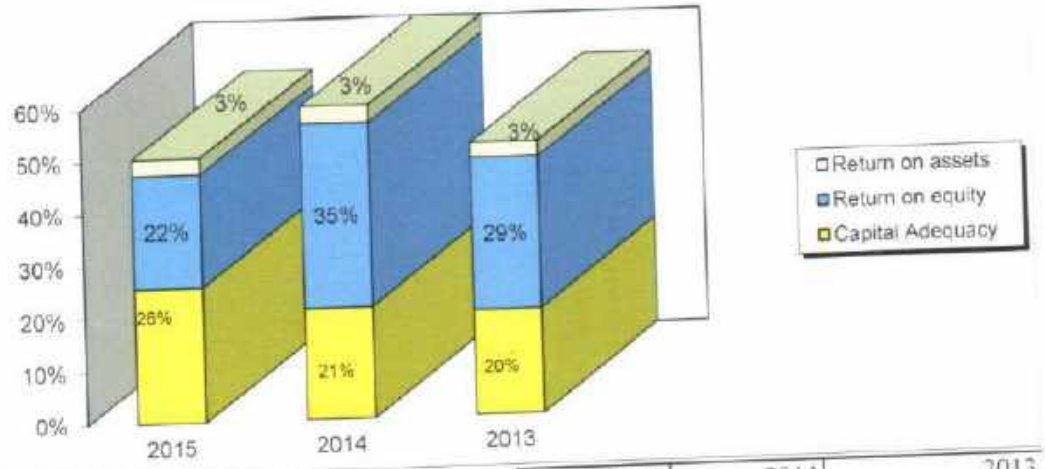
FINANCIAL HIGHLIGHTS



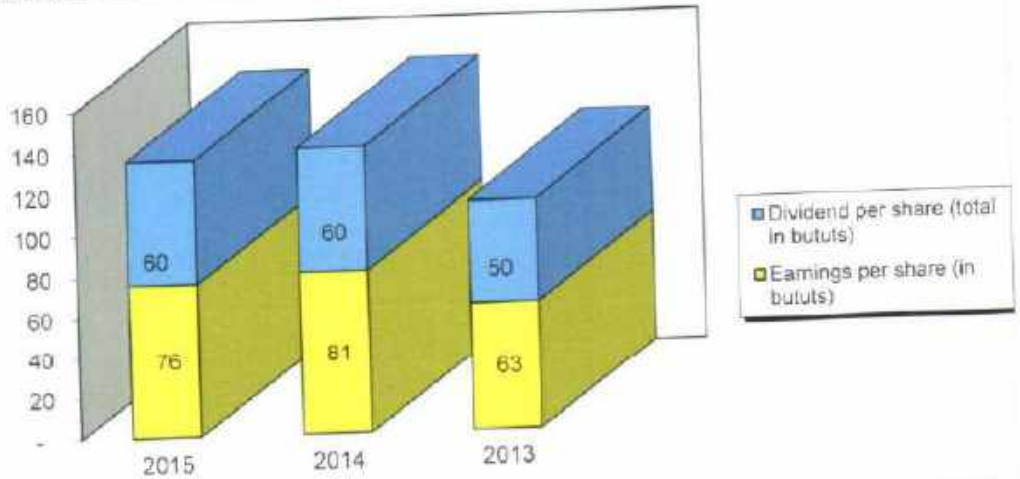
	2015	2014	2013
The Bank			
Profit before tax (D.000)	**173,817**	226,062	199,587
Net Interest income (D.000)	**346,486**	360,674	259,778
Operating expenses (D.000)	**(388,800)**	(355,459)	(309,945)
Impairment (D.000)	**5,018**	16,516	(141)



	2015	2014	2013
The Bank			
Total Assets (D.000)	**4,904,308**	4,662,239	4,629,850
Loans and advances (D.000)	**1,006,336**	1,010,191	1,038,025
Customer deposits (D.000)	**4,115,494**	4,099,345	4,070,163
Equity (D.000)	**702,299**	457,225	406,123



The Bank	2015	2014	2013
Return on assets	3%	3%	3%
Return on equity	22%	35%	29%
Capital Adequacy	26%	21%	20%



The Bank	2015	2014	2013
Liquidity	70%	72%	71%
Non performing loan ratio	4%	2%	1%
Earnings per share (in bututs)	76	81	63
Dividend per share (total in bututs)	60	60	50

GENERAL INFORMATION

DIRECTORS	Mr. Ken Ofori-Atta	*Chairman*
	Mr. Pa Macoumba Njie	*Managing Director*
	Mr. Abdoulie Cham	*Member*
	Mr. Saibatou Faal	*Member*
	Mr. Edward Graham	*Member*
	Mr. Franklin Hayford	*Member*
	Mrs. Angela Andrews-Njie	*Member*
	Mr. Mustapha Njie	*Member*
COMPANY SECRETARY	Mrs. Njilan Senghore-Njie	
AUDITORS	PKF Accountants and business advisers 33 Bijilo Layout Annex Kombo North, The Gambia	
REGISTERED OFFICE	Trust Bank Limited 3/4 Ecowas Avenue Banjul, The Gambia	
SOLICITORS	Mrs. Mary Abdoulie Samba 29 Independence Drive Banjul, The Gambia	
REGISTRARS	Merchant Bank Limited 57 Examination Loop, North Ridge Accra, Ghana	
BANKERS	BMCE Bank International France	Ghana Commercial Bank Ghana
	Bank of Beirut London	Ghana International Bank UK
	Central Bank of The Gambia The Gambia	Skandinaviska Ensklilda Banken Sweden
	Den Danske Bank Denmark	Unicredit Italy
	Den Norske Bank Norway	Unicredit Germany
	Ecobank Senegal	

DIRECTORS' REPORT

The Directors present the audited consolidated financial statements and corporate results of the Trust Bank Limited Group for the year ended 31st December 2015.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act 2013 requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of its profit or loss for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2013 and the Banking Act 2009. They are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES OF THE COMPANY

The company provides commercial banking services to the general public in accordance with the regulations of the Central Bank of The Gambia and the Banking Act 2009.

RESULTS FOR THE YEAR AND DIVIDENDS

The results of the company are as detailed in the accompanying financial statements.

The Directors have recommended a final dividend of D0.40 per ordinary share for the year ended 2015. The final dividend of D0.40 per share together with the interim dividend paid of D0.20 per share, gives a total dividend of D0.60 for the year.

SIGNIFICANT CHANGES IN FIXED ASSETS

Tangible fixed assets are as detailed in note 19 of the financial statements. There has not been any permanent diminution in the value of the fixed assets and as a result a provision has not been deemed necessary.

EMPLOYEES

The number of employees and the costs associated with these employees is as detailed in note 9.

DONATIONS

During the year the company made charitable donations amounting to D3,526,821 (2014 :D2,524,258).

DIRECTORS AND THEIR INTEREST

The Directors who held office during the year are as shown on page 5. The directors retiring by rotation in accordance with Article 98 of the Articles of Association are Mr. Ken Ofori-Atta, Mr. Abdoulie Cham and Mrs Angela Andrews-Njie. Being eligible, Mr. Ofori-Atta, Mr. Cham and Mrs. Andrews-Njie offer themselves for re-election.

The following Directors who held office during the year had beneficial financial interest in the shares of the company as detailed below. There have been no changes between the year end and the date of this report.

	Number of Shares held	
	31-Dec-15	31-Dec-14
Mr. Pa Macoumba Njie	**1,186,033**	1,186,033
Mr. Mustapha Njie	**66,667**	66,667
Mrs. Angela Andrews-Njie	**33,333**	33,333
Mr. Franklin Hayford	**14,620**	14,620
	1,300,653	1,300,653

CORPORATE GOVERNANCE

The company's board consists of eight members, seven of whom are non executive Directors. The board meets every quarter to review strategic matters relating to the operations of the Bank. The management team meets weekly to review progress made in implementing strategy. A credit committee consisting of senior management meets to review credit applications.

Governance Committee

A corporate governance sub committee has also been established which examines all compliance issues with both local and international legislation, regulations, and best practices which impact on the bank. The members of this committee are as follows:

- Mrs. Angela Andrews-Njie — *Chairperson*
- Mr. Ken Ofori-Atta — *Member*
- Mr. Saibatou Faal — *Member*

Additionally, in line with good corporate governance practice the board has the under mentioned committees consisting of Non Executive Directors and one Executive Director (The Managing Director):

Audit Committee

This committee has the responsibility to review and make recommendations to the Board on all matters relating to audit and financial control and reporting processes. The members are:

- Mr. Franklin A Hayford — *Chairman*
- Mr. Abdoulie Cham — *Member*
- Mrs. Angela Andrews Njie — *Member*

Strategy Committee

This committee gives strategic direction for the attainment of Trust Bank Limited's corporate vision and objectives aimed at maximizing shareholder value through growth and development. The members are:

- Mr. Ken Ofori-Atta — *Chairman*
- Mr. Mustapha Njie — *Member*
- Mr. Pa Macoumba Njie — *Co-opted Member*

Remuneration Committee

This committee has the responsibility to determine the remuneration of Executive Management and set criteria for determining general staff remuneration. The members are:

- Mr. Ken Ofori Atta — *Chairman*
- Mr. Edward Graham — *Member*
- Mr. Franklin Hayford — *Member*

Infrastructure Development Committee

This committee is responsible for all major construction works and projects undertaken by the bank. The members are:

- Mr. Mustapha Njie — *Chairman*
- Mr. Edward Graham — *Member*
- Mr. Pa Macoumba Njie — *Co-opted Member*

AUDITORS

The auditors, PKF, having indicated their willingness, will be proposed for re-appointment in accordance with Section 342(2c) of the Companies Act 2013.

By order of the Board of Directors

Company Secretary

Date: 30th March 2016

PKF

Accountants &
business advisers

Independent Auditors' Report
To the Members of Trust Bank Limited Group

We have audited the accompanying consolidated financial statements of Trust Bank Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31st December 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the financial statements

The Directors are responsible for the preparation and the fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, the Companies Act 2013 and the Banking Act 2009. This responsibility includes maintaining internal controls relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Trust Bank Limited and its subsidiaries as of 31st December 2015, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Reporting Standards and have been properly prepared in accordance with the requirements of the Companies Act 2013 and the Banking Act 2009.

Donald Charles Kaye
For and on behalf of PKF
Accountants and business advisers
Registered Auditors
Bijilo, The Gambia

Date: 30th March 2016

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Consolidated Statement of comprehensive income

For the year ended 31 December 2015

	Notes	The Group 31-Dec-15 D'000	The Group 31-Dec-14 D'000	The Bank 31-Dec-15 D'000	The Bank 31-Dec-14 D'000
Interest and similar income	5	**566,016**	558,035	**555,173**	556,327
Interest and similar expense	5	**(207,921)**	(195,030)	**(208,687)**	(195,653)
Net Interest Income		**358,095**	363,005	**346,486**	360,674
Fees and commission income	6	**112,947**	135,538	**106,029**	125,524
Fees and commission expense	6	**(2,286)**	(2,877)	**(2,268)**	(2,894)
Net fee and commission income		**110,661**	132,661	**103,761**	122,630
Gain from a bargain purchase	29	**9,797**	-	-	-
Net trading income	7	**100,392**	103,962	**75,686**	62,550
Other operating income	8	**7,146**	8,920	**31,666**	19,151
Operating income		**586,091**	608,548	**557,599**	565,005
Net impairment loss on financial asset	16	**3,001**	16,505	**5,018**	16,516
Personnel expenses	9	**(164,718)**	(147,589)	**(158,575)**	(143,652)
Depreciation and amortization	19,20	**(70,407)**	(47,112)	**(69,111)**	(46,438)
Other expenses	10	**(170,046)**	(173,442)	**(161,114)**	(165,369)
		(402,170)	(351,638)	**(383,782)**	(338,943)
Profit before income tax		**183,921**	256,910	**173,817**	226,062
Income tax expense	11	**(29,421)**	(78,076)	**(21,756)**	(64,960)
Profit for the year		**154,500**	178,834	**152,061**	161,102
Other comprehensive income, net of income tax					
Foreign currency translation difference		-	-	-	-
Net gain/loss on fair value of AFS FIs		-	-	-	-
Revaluation reserve		**193,013**	-	**193,013**	-
Other comprehensive income for the year		**193,013**	-	**193,013**	-
Total comprehensive income for the year		**347,513**	178,834	**345,074**	161,102
Profit attributable to:					
Controlling equity holders of the Bank/Group		**154,254**	178,834	**152,061**	161,102
Non controlling interest		**246**	-	-	-
Profit for the year		**154,500**	178,834	**152,061**	161,102
Total comprehensive income attributable to:					
Controlling equity holders of the Bank/Group		**347,267**	178,834	**345,074**	161,102
Non controlling interest		**246**	-	-	-
Total comprehensive income for the year		**347,513**	178,834	**345,074**	161,102
Basic/diluted earnings per share (Bututs)	12	77	89	76	81

The accompanying notes are an integral part of the financial statements

Consolidated Statement of financial position

As at 31 December 2015

	Notes	The Group 31-Dec-15 D'000	The Group 31-Dec-14 D'000	The Bank 31-Dec-15 D'000	The Bank 31-Dec-14 D'000
ASSETS					
Cash and cash equivalents	14	**1,390,025**	1,330,547	**1,386,471**	1,313,456
Trading assets	15	**1,488,753**	1,650,205	**1,472,872**	1,639,352
Loans and advances to customers	16	**1,037,104**	1,010,903	**1,006,336**	1,010,191
Investment in subsidiary	17	-	-	**20,558**	8,500
Investment in other equity securities	18	**80,812**	78,722	**80,812**	78,722
Current tax	11	**5,961**	-	**6,537**	-
Property, plant and equipment	19	**690,884**	412,682	**685,743**	407,987
Intangible assets	20	**82,918**	95,382	**82,651**	95,023
Other assets	22	**168,913**	128,482	**162,328**	109,008
TOTAL ASSETS		**4,945,370**	4,706,923	**4,904,308**	4,662,239
LIABILITIES					
Deposits from Banks	23	**12,228**	4,160	**12,228**	4,160
Deposits from Customers	24	**4,096,727**	4,092,148	**4,115,494**	4,099,345
Current tax	11	-	4,443	-	2,502
Deferred tax	21	**13,583**	37,290	**13,583**	37,290
Employee benefit obligations		**3,545**	3,003	**3,545**	3,003
Other liabilities	25	**74,206**	61,133	**57,159**	58,714
Total liabilities		**4,200,289**	4,202,177	**4,202,009**	4,205,014
EQUITY					
Stated capital	26	**200,000**	200,000	**200,000**	200,000
Income surplus		**131,356**	165,261	**98,800**	117,740
Statutory reserves		**200,000**	139,485	**200,000**	139,485
Revaluation reserve		**193,013**	-	**193,013**	-
Fair value reserve		-	-	-	-
Credit risk reserve		**10,486**	-	**10,486**	-
Total equity attributable to equity holders of the Group		**734,855**	504,746	**702,299**	457,225
Non Controlling interest		**10,226**	-	-	-
TOTAL LIABILITIES AND EQUITY		**4,945,370**	4,706,923	**4,904,308**	4,662,239

These financial statements were approved by the Board of Directors on 30th March 2016, and were signed on its behalf by:

.....*Chairman* .....*Managing Director*

.....*Director* .....*Secretary*

The accompanying notes are an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

The Bank	Attributable to equity holders of the Bank						
	Stated capital D'000	Statutory reserve D'000	Fair value reserve D'000	Credit risk reserve D'000	Revaluation reserve D'000	Income surplus D'000	Total equity D'000
At 1 January 2014	200,000	99,209	6,186	4,356	-	96,372	**406,123**
Net income for the year	-	-	-	-	-	161,102	**161,102**
Transfer from credit risk reserve	-	-	-	(4,356)	-	4,356	-
Transfer from fair value reserve	-	-	(6,186)	-	-	6,186	-
Transfer to statutory reserve	-	40,276	-	-	-	(40,276)	-
Dividend paid to equity holders	-	-	-	-	-	(110,000)	**(110,000)**
At 1 January 2015	200,000	139,485	-	-	-	117,740	**457,225**
Net income for the year	-	-	-	-	-	152,061	**152,061**
Transfer to credit risk reserve	-	-	-	10,486	-	(10,486)	-
Transfer from fair value reserve			-	-	-	-	-
Transfer to statutory reserve	-	60,515	-	-	-	(60,515)	-
Revaluation reserve	-	-	-	-	193,013	-	**193,013**
Dividend paid to equity holders	-	-	-	-	-	(100,000)	**(100,000)**
At 31 December 2015	**200,000**	**200,000**	-	**10,486**	**193,013**	**98,800**	**702,299**

The accompanying notes are an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

The Group	Attributable to equity holders of the Group						
	Stated capital D'000	Statutory reserve D'000	Fair value reserve D'000	Credit risk reserve D'000	Revaluation reserve D'000	Income surplus D'000	Total equity D'000
At 1 January 2014	200,000	99,209	6,186	4,356	-	127,924	**437,675**
Net income for the year	-	-	-	-	-	178,834	**178,834**
Transfer from credit risk reserve	-	-	-	(4,356)	-	4,356	-
Transfer from fair value reserve	-	-	(6,186)	-	-	6,186	-
Transfer to statutory reserve	-	40,276	-	-	-	(40,276)	-
Dividend paid to equity holders	-	-	-	-	-	(111,763)	**(111,763)**
At 1 January 2015	200,000	139,485	-	-		165,261	**504,746**
Net income for the year	-	-	-	-	-	154,500	**154,500**
Transfer from credit risk reserve	-	-	-	10,486	-	(10,486)	-
Transfer from fair value reserve	-	-	-	-	-	-	-
Transfer to statutory reserve	-	60,515	-	-	-	(60,515)	-
Revaluation reserve	-	-	-	-	193,013	-	**193,013**
Transfer to Bayba Capital	-	-	-	-	-	(6,571)	**(6,571)**
HFC retained earnings at acquisition	-	-	-	-	-	(6,517)	**(6,517)**
Dividend paid to equity holders	-	-	-	-	-	(104,316)	**(104,316)**
At 31 December 2015	**200,000**	**200,000**	-	**10,486**	**193,013**	**131,356**	**734,855**

The accompanying notes are an integral part of the financial statements

Consolidated Statement of cashflows

For the year ended 31 December 2015

	Notes	The Group 31-Dec-15 D'000	The Group 31-Dec-14 D'000	The Bank 31-Dec-15 D'000	The Bank 31-Dec-14 D'000
CASHFLOWS FROM OPERATING ACTIVITIES					
Profit for the year before taxes		**183,921**	256,910	**173,817**	226,062
Adjustments to reconcile profit before taxes to net cash provided by operating activities:					
Depreciation and amortization	19,20	**70,407**	47,112	**69,111**	46,438
Net impairment loss on financial assets	16	**(3,001)**	(16,505)	**(5,018)**	(16,516)
Net interest income		**(358,095)**	(363,005)	**(346,486)**	(360,674)
Profit on sale of assets		**(1,898)**	(2,482)	**(1,917)**	(2,535)
Fixed assets written off		**306**	-	**-**	-
		(108,360)	(77,970)	**(110,493)**	(107,225)
Changes in trading assets		**161,452**	30,088	**166,480**	34,219
Changes in loans and advances to customers		**(23,200)**	40,539	**8,873**	44,350
Changes in other assets		**(40,431)**	114,621	**(53,320)**	123,068
Changes in deposits from banks		**8,068**	(11,622)	**8,068**	(11,622)
Changes in deposits from customers		**4,579**	32,565	**16,149**	29,182
Changes in other liabilities and provisions		**13,728**	(14,061)	**(1,013)**	(12,358)
		15,836	114,160	**34,744**	99,614
Interest and dividends received		**566,016**	558,035	**555,173**	556,327
Interest paid		**(207,921)**	(195,030)	**(208,687)**	(195,653)
Income tax paid		**(63,469)**	(106,449)	**(54,502)**	(88,875)
Net cash used in operating activities		**310,462**	370,716	**326,728**	371,413
CASHFLOWS FROM INVESTING ACTIVITIES					
Purchase of investment securities		**(5,440)**	(6,060)	**(14,148)**	(6,060)
Purchase of property and equipment	19	**(131,547)**	(70,806)	**(129,865)**	(67,816)
Proceeds from the sale of property and equipment		**2,451**	3,538	**2,432**	3,269
Purchase of intangible assets	20	**(12,132)**	(86,531)	**(12,132)**	(86,531)
Net cash used in investing activities		**(146,668)**	(159,859)	**(153,713)**	(157,138)
CASHFLOWS FROM FINANCING ACTIVITIES					
Dividends paid	26	**(104,316)**	(111,763)	**(100,000)**	(110,000)
Net cash used in investing activities		**(104,316)**	(111,763)	**(100,000)**	(110,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**59,478**	99,094	**73,015**	104,275
Cash and cash equivalents at beginning of the year		**1,330,547**	1,231,453	**1,313,456**	1,209,181
Effects of exchange rate fluctuations on cash held		**-**	-	**-**	-
CASH AND CASH EQUIVALENTS AT 31 DECEMBER 2015		**1,390,025**	1,330,547	**1,386,471**	1,313,456

The accompanying notes are an integral part of the financial statements

Notes to the financial statements

1. Reporting entity

Trust Bank Limited ("the Bank") was established in July 1997 and is domiciled in The Gambia. The address of the Bank's registered office is: 3-4 ECOWAS Avenue, Banjul, The Gambia.

The principal activities of the Bank are as follows:

- receiving deposits;
- provision of loans;
- system of payments and clearing;
- dealing in financial instruments of the money market in the Gambia and in foreign currencies exchange services;
- managing clients' receivables and securities on clients' accounts including consulting service (portfolio management);
- providing banking information;
- performing mortgage activities;

Operating income was mainly generated from the provision of banking services in the Gambia. The Bank considers that its products and services arise from one segment of business - the provision of banking and related services.

The Bank's shareholders as a percentage of subscribed registered capital is as follows:

	2015	2014
Social Security & Housing Finance Corporation	36.98%	36.98%
Databank of Ghana	22.12%	22.12%
Others	40.90%	40.90%

The Bank's ordinary shares are publicly traded on the Ghana Stock Exchange.

The Bank performs its activities in the Gambia through its 18 branches as follows:

- Banjul
- Bakau
- Serrekunda
- Kololi
- Bundung
- Yundum
- Brikama
- Farafenni
- Sinchu
- Basse
- Soma
- Bakoteh
- Lamin
- Barra
- Latrikunda
- Serrekunda Saho kunda
- Serrekunda Market
- Brusubi

The consolidated financial statements of the Group as at and for the year ended 31 December 2015 comprise the Bank and its subsidiaries (together referred to as the "Group"). The Group primarily is involved in Corporate and Retail Banking. It also engages in local and international money transfers through its subsidiary.

2. Basis of preparation

2.1 Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and current interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Additional information required under the Companies Act (2013) and the Banking Act (2009) have been included, where appropriate.

The financial statements were approved by the Board of Directors on 30th March 2016.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- financial instruments at fair value through profit or loss are measured at fair value;
- available for sale financial assets are measured at fair value;
- assets and liabilities held for trading are measured at fair value.

2.3 Functional and presentation currency

The financial statements are presented in Dalasi currency which represents the functional currency of the Bank, being the currency of the economic environment in which the Bank operates. The financial statements are rounded to the nearest thousand.

2.4 Use of estimates and judgments

The presentation of financial statements in conformity with IFRS requires the preparation of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and their reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and future changes in the economic conditions, business strategies, regulatory requirements, accounting rules or/and other factors could subsequently result in a change in estimates that could have a material impact on the reported financial position and results of operations. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments that the directors have made in the process of applying the Bank's accounting policies and that have the most significant effect on the amounts recognized in financial statements.

- Provisioning for incurred credit losses and identified contingencies involve many uncertainties about the outcome of those risks and require the management of the Bank to make many subjective judgments in estimating the loss amounts.

- The income taxes rules and regulations have recently experienced significant changes; there is no major historical precedent and interpretation judgment with respect to the extensive and complex issue affecting the banking sector.

- Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognized in the financial statements are described in Note 5.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all the periods presented in these financial statements and have been applied consistently by Group entities.

a. Basis of consolidation

The financial statements of the subsidiaries used to prepare the consolidated financial statements were prepared as of the Bank's reporting date.

(i) Subsidiaries

Subsidiaries are entities controlled by the Bank and include all entities over which the Bank has power to govern the financial and operating policies to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Bank controls another entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expense (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

b. Foreign currency

(i) Foreign currency transactions

Transactions in currencies other than Dalasi are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognized directly in equity.

c. Interest Income and Expense

Interest revenue is generally recognized when future economic benefits of the underlying assets will flow to the organization and it can be reliably measured. It is income derived from use of an entity's assets and hence the interest is mostly dependent on the underlying agreement.

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

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

Interest income and expense presented in the income statement include:

- Interest on financial assets and liabilities at amortized cost on an effective interest rate basis
- Interest on available for sale investment securities on an effective interest basis

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Bank's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

Fair value changes for other financial assets and liabilities carried at fair value through profit or loss, are presented in net income on other financial instruments carried at fair value in the income statement.

d. Fees and commissions income/expense

Fees and commissions income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income, including account servicing fees, investment management fees, placement fees and brokerage fees are recognized as the related services are performed. When a loan commitment is not expected to result in the draw down of a loan, loan commitment fees are recognized on a straight line basis over the commitment period.

Other fees and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

e. Net trading income

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realized and unrealized fair value changes, interest, dividends and foreign exchange differences.

f. Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the income statement except to the extent that it relates to items recognised directly in equity, in which case, it is recognised in equity.

(i) Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

(ii) Deferred tax

Deferred income tax is provided, using the balance sheet liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities.

The Bank recognizes corporate income tax and deferred tax on the balance sheet as "Income tax assets" or "Income tax liabilities" as appropriate.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend is recognized.

g. Financial assets

(i) Recognition

Loans and advances are recognized on the date that they are originated. Investments are recognized on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(ii) De-recognition

The Bank derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(iii) Offsetting

Financial assets and liabilities are set off and the net amount presented in the balance sheet when, and only when, the Bank has a legal right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

(iv) Amortized cost measurement

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

(v) Financial assets at fair value through profit and loss

This category comprises two sub categories: financial assets classified as held for trading and financial assets designated at fair value through profit or loss upon initial recognition.

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if part of a portfolio of identified financial instruments for which there is evidence of recent actual patterns of short term profit taking.

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets.

For all other financial instruments, fair value is determined by using valuation techniques. Valuation techniques include net present value techniques, the discounted cash flow method, comparison to similar instruments for which market observable prices exist, and valuation models.

(vi) Impairment of financial assets

Financial assets, other than those at Fair Value Through Profit and Loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

The Group considers evidence of impairment at both an individual and collective level. All individually significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are then collectively assessed for impairment by grouping together financial assets (carried out at amortized cost) with similar risk characteristics.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Group on terms that the Group would otherwise not consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

In assessing collective impairment, the Group uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and advances. Interest on the impaired asset continues to be recognised on the unimpaired portion through the unwinding of the discount.

When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through profit and loss account.

Impairment losses on Available For Sale investment securities are recognised by transferring the difference between the amortized acquisition cost and current fair value out of equity to profit or loss. When a subsequent event that can be related to the event causes the amount of impairment loss on an Available For Sale debt security to decrease, the impairment loss is reversed through profit and loss.

However, any subsequent recovery in the fair value of an impaired Available For Sale equity security is recognised directly to equity. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

h. Financial liabilities

The Bank has not classified any financial liabilities as financial liabilities at fair value through profit and loss. Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Such financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

De-recognition of financial liabilities

The Bank derecognises financial liabilities when, and only when, the Bank's obligations are discharged, cancelled or they expire.

i. Designation at fair value through profit and loss

The Group has designated financial assets and liabilities at fair value through profit or loss when either:

- the assets or liabilities are managed, evaluated and reported internally on a fair value basis;
- the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise, or
- the asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

Note 4(h) sets out the amount of each class of financial asset or liability that has been designated at fair value through profit or loss. A description of the basis for each designation is set out in the note for the relevant asset or liability class.

j. Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, balances held with the Central Bank of the Gambia (CBG), including the compulsory minimum cash reserve requirement and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Bank in the management of its short term commitments.

Cash and cash equivalents for the purpose of cash flow statement preparation comprise cash held in local and foreign currencies, local and foreign bank deposits, and cash balances with the Central Bank of The Gambia except for the statutory minimum reserve. Cash equivalents include T-bills, demand deposits with other banks, and short-term government bonds.

k. Trading assets and liabilities

Trading assets and liabilities are those assets and liabilities that the Bank or the Group acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short term profit or position taking.

Trading assets and liabilities are initially recognised and subsequently measured at fiar value in the statement of financial position with transaction costs taken directly to profit or loss. All changes in fair value are recognised as part of net trading income in profit or loss. Trading assets and liabilities are not reclassified subsequent to their initial recognition.

l. Loans and receivables

Loans and receivables represent non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Interest income is recognized by applying the effective interest rate.

(i) Loan collateral

In terms of handling collateral, the Bank places great emphasis mainly on the valuation and revaluation of real estates, determination of collateral acceptability for the purposes of credit risk mitigation and collateral enforcement, should the client be in default.

The Bank mainly accepts the following types of collateral:

- Financial collateral,
- Real estates,
- Receivables.

The value of pledged collateral is determined on a case-by-case basis for each type of collateral depending on the type of collateral and transaction, and individual risk characteristics.

m. Investment securities

Investment securities are initially measured at fair value plus incremental direct transaction costs and subsequently accounted for depending on their classification as either held to maturity, fair value through profit or loss, or available for sale.

(i) Held-to-maturity investments (HTM)

Instruments with fixed or determinable payments and fixed maturity dates that the Bank has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Repurchased bills and Bills discounted are recognised as Held-to-maturity investments and are recorded at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Bank from classifying investment securities as held-to-maturity for the current and the following two financial years. Interest income and discounts and premiums on held-to-maturity securities are accrued on a daily basis and recognised as "Interest and similar income" in the income statement.

IFRS 9 only considers fair value and amortised cost based on the business models for managing the financial asset and the contractual cash flow characteristics of the financial asset. Thus all Held to maturity assets are classified as amortised costs.

(ii) Available for Sale financial assets (AFS)

Available For Sale investments are non derivative investments that are not designated as another category of financial assets.

The AFS portfolio includes the Bank's investments in other entities, with a share of less than 20% of share capital and voting rights. The portfolio is measured at cost less impairment provisions, which are recognized as "Net profit (loss) from available-for-sale financial instruments" in the income statement, as their market price in an active market cannot be reliably measured.

The portfolio mainly includes shares in privately held companies for which no market exist. The Bank does not expect selling or otherwise disposing of its share holdings in the near future. For companies against which bankruptcy proceedings are underway, 100% provisions are created and the participation shares will be written off after the completion of the bankruptcy proceedings.

Equity investments made to Home Finance Company, International Bank of Liberia, Bayba Financial Services, Women's World Banking (Ghana) and Gamswitch Company Ltd are classified as AFS and recorded at their nominal amounts as these equity investments are not publicly traded and the Bank has assessed that there is no reasonable basis for estimating their fair values.

Dividends on these equity instruments are recognized in the profit or loss when the Bank's right to receive the dividends is established.

n. Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased softeare that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

Depreciation is determined separately for each category of asset and is charged so as to write off the cost or valuation of the assets (other than land and items under construction) to their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives of property, plant and equipment and intangible fixed assets are as follows:	Number of Years
Buildings	50
Furniture and equipment	5
Office machines	5
Computer equipment	5
Vehicles	3
Computer software	5
Right to use of Land	99

Residual values and estimated useful lives are assessed on an annual basis. Surpluses or deficits on the disposal of property and equipment are recognised in the income statement. The surplus or deficit is the difference between the net disposal proceeds and the carrying amount of the asset.

Properties in the course of construction for administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Bank's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The costs of the day to day servicing of property and equipment are recognised in profit or loss as incurred.

Impairment of property, plant and equipment and intangible assets

At each balance sheet date, the Bank reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in income statement.

o. Intangible Assets

An intangible asset is generally considered as an identifiable non monetary asset without physical substance. It is distinguished from goodwill based on the identifiability concept. It is recognised when future economic benefits will flow to the Group and it can be reliably measured. The useful life may be finite or indefinite depending on the nature and legal framework underpinning the transaction. Impairment assessment is made of all indefinite intangibles at each reporting date and the appropriate adjustments made.

Software license costs are recognized as intangible assets carried at cost less accumulated amortization. Software cost is amortized over a period of 4 years. However, purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Subsequent expenditure on software is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

p. Impairment of non financial assets

The carrying amounts of the Group's non financial assets, other than investment property and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of goodwill is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. A cash generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

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

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

q. Credit Risk Reserve

This is a reserve created to set aside the shortfalls between amounts recognised as impairment loss on loans and advances based on provisions made for bad and doubtful loans and advances calculated in accordance with IFRS and the Central Bank's prudential guidelines.

r. Provisions

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

s. Employee benefits

The Bank operates a defined contribution plan for all employees. Under the plan, fixed contributions are paid into a separate entity and the Bank will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit 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. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

t. Basic and diluted earnings per share

The Bank presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

u. Segment reporting

A segment is a distinguishable component of the Bank that is engaged either in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Operations of the Bank are managed as one business with no distinct operating segments. Accordingly, no information is presented on segment reporting.

v. Dividend

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Bank and the amount of revenue can be measured reliably).

Dividends are recognised as a liability in the period in which they are declared.

w. Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported on the balance sheet when there is a legally enforceable right of set off and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

x. Bonds, guarantees and letters of credit

Bonds, guarantees and letters of credit are considered contingent liabilities and are disclosed unless the possibility of an outflow of resources involving economic benefits is remote.

y. Comparatives

Except where a standard or interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. Comparative figures have been adjusted to conform to changes in presentation in the current year.

4 Financial risk management

(a) Introduction and overview

Effective risk management is of critical importance and key to the delivery of sustainable returns for shareholders. Risk taking is an inherent part of the Bank's business activities and is defined as the possibility of losing some or all of an original investment. Risk management systems and governance structures are designed to reduce earnings volatility and achieve an appropriate balance between risk and reward and increased profitability.

The main risks the Bank is exposed to are as follows:

- **Credit risk** this reflects the possible inability of a customer to meet his/her repayment obligations.
- **Liquidity risk** this reflects the inability to accommodate liability maturities and withdrawals, fund asset growth or meet contractual obligations.
- **Market risk** this reflects the risk of fluctuations in asset and commodity values caused by changes in market prices and yields and it includes foreign currency risk, interest rate risk and other price risks.
- **Operational risk** this reflects the potential loss result from inadequate or failed internal processes, systems, people, legal issues, external events and non compliance with regulatory issues.

These are principal risks of the Bank. The notes to the financial statements presents information about the Bank's exposure to these risk, as well as their impact on earnings and capital.

Risk management framework

The Risk management framework consists of a comprehensive set of policies, procedures and processes designed to identify, measure, monitor, mitigate and report significant risk exposure in a consistent and effect manner across the Bank. The Board of Directors has established the Asset and Liability (ALCO), Audit, Credit and Risk Management committees which are responsible for developing and monitoring the Bank's risk management policies in their specified areas.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Audit committee is responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank. The Audit committee is assisted in these functions by the Internal Audit Department, Legal and Compliance Department. These departments undertake both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit committee.

The Credit committee oversees control and management of all policies, processes and procedures relating to the Bank's lending function. The scope of risks covered by this committee includes credit risk, concentration risk and country risk.

The Asset and liability committee (ALCO) is a decision making body for developing policies relating to all asset and liability management matters.

The Risk Management department is responsible for developing and monitoring the Bank's risk management policies and procedures over specified areas on a day to day basis. It reports to the Board on its activities through the Audit Committee.

(b) **Credit risk**

Credit risk is the risk of financial loss to the bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations to pay the bank in accordance with agreed terms. Credit risk is the most important risk for the bank's business and is attributed to both on balance sheet financial instruments such as loans, overdrafts, investments and credit equivalent amounts related to off balance sheet financial items.

Management of credit risk

For risk management purposes, the bank considers and consolidates all elements of credit risk exposure. Credit risk arising on trading securities is managed independently, but reported as a component of market risk exposure.

Credit risk is managed through a framework that sets out policies and procedures covering the identification, measurement and management of credit risk. The management of credit risk is delegated to the Credit committee whose goal is to enhance a strong credit culture by:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures and compliance with regulatory and statutory requirements;
- Establishing the authorization and structure for the approval and renewal of credit facilities. Authorization limits are allocated to branch and corporate officers. Larger facilities require approval by the head of the credit committee or the Board of Directors as appropriate.
- Reviewing and assessing credit risk. The bank assesses all credit exposures in excess of designated limits prior to facilities being committed to customers. Renewals and reviews of facilities are subject to the same review process.
- Monitor credit concentration. Credit concentration is the risk of loss to the bank arising from an excessive concentration of exposure to a single counterparty, industry or sector. Large exposure limits have been established under the Central Bank of The Gambia's guidelines and concentration risk is monitored on an ongoing basis.
- Mitigate potential credit losses from any given account, customer or portfolio using a range of tools such as collateral. Risk mitigation policies determine the eligibility of collateral types.
- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product type.
- Providing advice, guidance, specialist skills and training to business units to promote best practice throughout the bank in the management of credit risk.

Exposure to credit risk

	Loans and advances to customers	Loans and advances to customers
	2015	2014
Individually impaired	D'000	D'000
Grade 6: Impaired (loss)	41,414	17,489
Grade 7: Impaired (loss)	5,220	8,470
Grade 8: Impaired (doubtful)	21,338	21,406
Gross amount	67,972	47,365
Allowance for impairment	(29,126)	(25,293)
Carrying amount	38,846	22,072
Collectively impaired		
Grade 1-3 Normal	936,712	973,061
Grade 4-5 Watch list	37,602	21,783
Gross amount	974,314	994,844
Allowance for impairment	(6,824)	(6,725)
Carrying amount	967,490	988,119
Past due but not impaired		
Grade 1-3 Normal	-	-
Grade 4-5 Watch list	37,602	21,783
Carrying amount	37,602	21,783
Past due comprises:		
30-60 days	-	-
60-90 days	-	-
90-180 days	19,592	8,042
180-360 days +	18,010	13,741
Carrying amount	37,602	21,783
Neither past due nor impaired		
Grade 1-3 Normal	936,712	973,061
Grade 4-5 Watch list	-	-
Carrying amount	936,712	973,061
Includes loans with renegotiated terms		
Total carrying amount	1,006,336	1,010,191

Impaired loans and securities

Impaired loans and securities are loans and securities for which the bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan/security agreements. Interest on these loans are calculated and treated on non-accrual basis and portions shall only be considered when payments (settlement) is made.

Past due or non performing but not impaired loans

Loans and securities where contractual interest or principal payments are past due or non performing are not treated as impaired when the discounted cash flows of the forced sale value of the collateral is estimated to be more than the loan.

Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the bank has made concessions that it would not otherwise consider. The status or risk grade of a restructured facility does not change until there is evidence of performance over a reasonable period of time.

Allowances for impairment

The bank establishes an allowance for impairment losses that represents the estimate of incurred losses in the loan portfolios. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

Set out below is an analysis of the gross and net (of allowance for impairment) amounts of individually impaired financial assets by risk grade.

Loans and advances

	Loans and advances to customers	
31st December 2015	Gross	Net
	D'000	D'000
Grade 6: Individually impaired	41,414	17,228
Grade 7: Individually impaired	5,220	2,026
Grade 8: Individually impaired	21,338	19,592
Total	67,972	38,846

	Loans and advances to customers	
31st December 2014	Gross	Net
	D'000	D'000
Grade 6: Individually impaired	17,489	2,404
Grade 7: Individually impaired	8,470	5,700
Grade 8: Individually impaired	21,406	13,968
Total	47,365	22,072

The bank holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral for loans and advances to banks is in the form of treasury bills. Collateral is not usually held against investment securities, and no such collateral was held at 31 December 2015 or 2014.

An estimate of the fair value of collateral and other security enhancements held against financial assets is shown below. Collateral values of impaired loans are at cash flows of the forced sale values less estimated costs of sale as discounted to present values.

	Loans and advances to customers	Loans and advances to customers
	2015	**2014**
	D'000	**D'000**
Against individually impaired		
Property	**11,080**	-
Cash	-	-
Equity	-	-
Other	-	-
Against Collectively impaired		
Property	**67,269**	112,927
Cash	**5,331**	-
Equity	-	-
Other	-	-
Against past due but not impaired		
Property	**42,252**	21,783
Cash	**20,477**	-
Equity	-	-
Other	-	-
Against neither past due nor impaired		
Property	**1,892,860**	651,732
Cash	**119,275**	115,381
Equity	**43,843**	56,070
Other	**237,400**	477,600
Total	**2,439,787**	1,435,493

Assets held for sale

The type and carrying amount of collateral that the bank has taken possession of in the period are measured at the lower of its carrying amount and fair value less costs to sell as stated below:

	Loans and advances to	Loans and advances
	2015	2014
	D'000	D'000
Against individually impaired		
Property	-	-
Cash	-	-
Equity	-	-
Total	-	-

The bank monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk at the reporting date is shown below:

	Loans and advances to	Loans and advances
	2015	2014
Carrying amount		
	D'000	D'000
Concentration by sector		
Agriculture	1,910	3,072
Manufacturing	4,640	4,021
Service Industry	118,796	148,807
Mining	-	-
Other	880,990	854,291
Total	1,006,336	1,010,191

(c) Liquidity risk

Liquidity risk is the risk that the bank will encounter difficulty in meeting obligations from its financial liabilities as they fall due. The risks arise from mismatches in cash flows.

Management of liquidity risk

Liquidity risk means a risk of possible loss of the Bank's ability to fulfill its liabilities when they become due. The Bank wishes to maintain its solvency, i.e. the ability to meet its financial liabilities in a proper manner and in time, and to manage its assets and liabilities so as to ensure continuous liquidity. Liquidity management is the responsibility of the Assets and Liabilities Committee (ALCO) and the Treasury and Investment Banking Division. Regular meetings of ALCO are held on a weekly basis, during which the Bank's liquidity is evaluated and, subsequently, decisions are taken based on the current state of affairs.

The Bank's liabilities represent primarily deposits from customers. These amounts generally bear no specific maturity date and are payable on demand. The few customer deposits maintained on fixed terms all matures with a maximum period of one year. This means the undiscounted cash flows are not materially different from the discounted ones.

The Bank is exposed to daily calls on its available cash resources from current accounts, maturing deposits, loan draw downs and guarantees. The Bank does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Bank sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of interbank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

The Integrated Risk Management function monitors the Bank's liquidity on a daily basis and reports on its development. Information on the liquidity position is reported to ALCO on a weekly basis. The Asset and Liabilities Management function submits reports on the Bank's structure of assets and liabilities to ALCO for approval.

The Bank is obliged to perform its activities so as to ensure that at any time it meets the liquidity requirements of the Central Bank of The Gambia.

Exposure to liquidity risk

The key measure used by the bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, the net liquid assets are considered as including cash and cash equivalents and investment in securities for which there is an active and liquid market less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month. Details of the reported ratio of net liquid assets to customer deposits at the reporting date and during the reporting period were as follows:

	2015	2014
At 31 December	**70.0%**	72.0%
Average for the period	**72.6%**	69.2%
Maximum for the period	**74.8%**	72.7%
Minimum for the period	**70.0%**	67.2%

Residual contractual maturities of financial liabilities

	Carrying amount	Gross nominal inflow/outflow	Less than 1 month	1 month to 3 months	3 months to 1 year	1-5 years
	D'000	D'000	D'000	D'000	D'000	D'000
31st December 2015						
Deposits from Banks	12,228	12,228	12,228	-	-	-
Deposits from Customers	4,115,494	4,115,494	3,593,616	221,622	300,256	-
	4,127,722	**4,127,722**	**3,605,844**	**221,622**	**300,256**	-
31st December 2014						
Deposits from Banks	4,160	4,160	4,160	-	-	-
Deposits from Customers	4,099,345	4,099,345	3,525,201	574,144	-	-
	4,103,505	**4,103,505**	**3,529,361**	**574,144**	-	-

(d) Market risk

The Bank is exposed to market risks. Market risks result from open positions from transactions with interest rate, cross-currency and equity products that are subject to general and specific market changes. To assess the approximate level of market risks associated with the Bank's positions, and the expected maximum amount of potential losses, the Bank uses internal reports and models for individual types of risks faced by the Bank. The Bank uses a system of limits, the aim of which is to ensure that the level of risks the Bank is exposed to at any time does not exceed the level of risks the Bank is willing and able to take. These limits are monitored on a daily basis.

For risk management purposes, market risk is regarded as the risk of potential losses the Bank may incur due to unfavorable development in market rates and prices.

The Bank primarily faces the following market risks:

- Currency risk
- Interest rate risk

Sensitivity analysis of market risks

Sensitivity analysis reflects the implications on the Bank's profit/loss arising from the movements in market parameters (interest rates, exchange rates, share prices, etc.) by predetermined values. For monitoring and limiting of risk, the Bank uses 2% for interest rates, a 5% movement in exchange rates and 20% movement in share and commodity prices.

These movements represent management's assessment of the reasonably possible change in foreign exchange and interest rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

Currency risk

Currency risk represents the potentiality of loss resulting from unfavorable movements in foreign currency exchange rates. The Bank controls this risk by the determination and monitoring of open position limits.

Open currency positions are subject to real-time monitoring through the banking information system. Limits for these positions are set in line with the CBG guidelines. Data on the Bank currency positions and on the Bank's compliance with the limits set by CBG are reported on a weekly basis.

The Bank's foreign exchange balance as of 31 December 2015 and 2014 were as follows:

	Net FX positions	
	2015	**2014**
	D'000	**D'000**
EURO	**1,717**	1,717
USD	**(61,206)**	(61,206)
GBP	**315**	315
Other	**1,842**	1,842
Total net FX balance sheet position	**(57,332)**	(57,332)

Change in the present value of assets and liabilities of the Bank following the movements in exchange rates of the selected currencies to the detriment of the Bank as of 31 December 2015:

	Present value of exchange rate	Exchange rate in sensitivity scenario	Bank's position in respective currency	Bank's loss in respective scenario
				D'000
EURO	42.00	44.10	(2,340)	(4,914)
USD	37.50	39.38	(44,500)	(83,660)
GBP	59.50	62.48	48,074	143,261
Total				**54,687**

Change in the present value of assets and liabilities of the Bank following the movements in exchange rates of the selected currencies to the detriment of the Bank as of 31 December 2014:

	Present value of exchange rate	Exchange rate in sensitivity scenario	Bank's position in respective currency	Bank's loss in respective scenario
				D'000
EURO	56.25	59.06	1,717	4,825
USD	44.50	46.73	(61,206)	(136,489)
GBP	70.00	73.50	315	1,103
Total				**(130,562)**

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The length of time for which the rate of interest is fixed on a financial instrument therefore indicates to what extent it is exposed to interest rate risk.

Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands.

The ALCO is the monitoring body for compliance with these limits and is assisted by Risk management in its day to day monitoring activities. A summary of the bank's interest rate gap position on non trading portfolios is as follows:

	Carrying amount	Less than 3 months	3-6 months	6 to 12 months	1-5 years	More than 5 years
	D'000	D'000	D'000	D'000	D'000	D'000
31st December 2015						
Cash and cash equivalents	1,386,471	1,386,471	-	-	-	-
Loans/advances to customers	1,006,336	271,274	62,799	260,097	401,985	10,181
Investment securities	1,472,872	412,637	765,165	348,663	233,617	-
	3,865,679	2,070,382	827,964	608,760	635,602	10,181
Deposits from banks	12,228	12,228	-	-	-	-
Deposits from customers	4,115,494	3,593,616	221,622	300,256	-	-
	4,127,722	3,605,844	221,622	300,256	-	-
	262,043	**1,535,462**	**(606,342)**	**(308,504)**	**(635,602)**	**(10,181)**
31st December 2014						
Cash and cash equivalents	1,313,456	1,313,456	-	-	-	-
Loans/advances to customers	1,010,191	368,535	52,283	571,547	7,505	9,667
Investment securities	1,639,352	174,436	842,305	622,611	-	-
	3,962,999	1,856,427	894,588	1,194,158	7,505	9,667
Deposits from banks	4,160	4,160	-	-	-	-
Deposits from customers	4,099,345	3,416,915	393,267	289,163	-	-
	4,103,505	3,421,075	393,267	289,163	-	-
	140,506	**1,564,648**	**(501,321)**	**(904,995)**	**(7,505)**	**(9,667)**

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various standard and non standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 100 basis point (bp) parallel fall or rise in yield curves worldwide and a 50 bp rise or fall in the greater than 12 month portion of all yield curves.

Overall non trading interest rate risk positions are managed by Assets and Liabilities Management, which uses investment securities, advances to banks and deposits from banks to manage the overall position arising from the bank's non trading activities.

Exposure to other market risks - non trading portfolios

The Bank is not exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Bank does not actively trade these investments.

(e) Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. As in the case of other types of risks, operational risk is managed by applying the standard principle including the separation of functions in risk management and controlling.

The Bank puts the accent on process quality improvement and operational risk mitigation actions. The essential assumption of set goals is based on operational risk awareness and operational risk bank culture.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall bank standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions.
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

Compliance with bank standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of internal audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the bank.

The Bank is also active in preparing Business Continuity plans. The plans aim at minimizing impacts of unexpected events on the Bank's operation. The next objective of the Bank is to implement an advanced operational risk management model.

(f) Other risks

Simultaneously, in terms of implementation of internal process of capital adequacy determination, the Bank monitors and develops quantification and management methods aimed at other risks, in particular:

- Strategic risk;
- Reputation risk;
- Other risks factors.

Trust Bank has prepared itself to fulfill requirements subject to the capital adequacy with special emphasis on the fulfillment of local legislative requirements as per the Banking Act 2009 and other directives of the Central Bank of the Gambia.

The Bank is embarking on projects designed to ensure the most accurate assessment and proper management of credit, market, and operation risks. The achievement of this objective is based, among others, on the appropriate collection and archiving of all comprehensive data or potential comprehensive data, on the development of a reliable measurement methodology for individual types of risks, on the maintenance of effective and well-developed processes for the prudent management of individual types of risks, on the maintenance of quality and secure IT systems for the automation of processes, data collection, data analysis, calculations, and provisions.

(g) Capital management

Regulatory capital

The Central Bank of The Gambia sets and monitors capital requirements for the bank as a whole.

In implementing current capital requirements, The Central Bank of The Gambia requires the bank to maintain a prescribed ratio of total capital to total risk weighted assets. The bank is also required to maintain a credible capital plan to ensure that capital level of the bank is maintained in consonance with the bank's risk appetite.

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

- Tier 1 capital, which includes ordinary share capital, share premium, retained earnings, translation reserve and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.
- Tier 2 capital, which includes qualifying subordinated liabilities, and the elements of the fair value reserve relating to unrealised gains on equity instruments classified as available for sale.

Various limits are applied to elements of the capital base, qualifying tier 2 capital cannot exceed tier 1 capital; and qualifying subordinated loan capital may not exceed 50 percent of tier one capital. Other deductions from capital include the carrying amounts of investments in subsidiaries that are not included in the regulatory consolidation, investments in the capital of banks and certain other regulatory items.

Risk weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off balance sheet exposures.

The bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the bank recognizes the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The bank has complied with all externally imposed capital requirements throughout the period.

There has been no material change in the bank's management of capital during the period.

The bank's regulatory capital position at 31 December was as follows:

	2015	2014
	D'000	D'000
Tier 1 capital		
Ordinary share capital	**200,000**	200,000
Statutory reserves	**200,000**	139,485
Retained earnings	**98,800**	117,740
Total tier 1 capital	**498,800**	457,225
Tier 2 capital		
Revaluation reserve	**96,507**	-
Total tier 2 capital	**96,507**	-
Total regulatory capital	**595,307**	457,225
Risk weighted assets		
Investment at bank	**1,141,308**	985,562
Retail bank, corporate bank and treasury	**1,178,370**	1,166,051
Total risk weighed assets	**2,319,678**	2,151,613
Capital ratios		
Total regulatory capital expressed as a percentage of total risk weighted assets	**26%**	21%
Total tier 1 capital expressed as a percentage of risk weighted assets	**22%**	21%

Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimization of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation, by bank, and is subject to review by the bank's credit committee or ALCO as appropriate.

Although maximization of the return on risk adjusted capital is the principal basis used in determining how capital is allocated within the bank to particular operations or activities, it is not the sole basis used for decision making. Consideration also is made of the synergies with other operations and activities, the availability of management and other resources, and the capability of the activity with the bank's longer term strategic objectives. The bank's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

(h) Financial assets and liabilities

Accounting classifications and fair values

The table below sets out the Bank's classification of each class of financial assets and liabilities, and their fair value (excluding accrued interest).

31st December 2015	Designated at fair value D'000	Trading D'000	Held to Maturity D'000	Loans and receivables D'000	Available for sale D'000	Other amortised cost D'000	Total carrying amount D'000	Fair value D'000
Cash and cash equivalents	1,386,471	-	-	-	-	-	**1,386,471**	**1,386,471**
Trading assets	-	-	-	-	1,472,872	-	**1,472,872**	**1,472,872**
Loans and advances	-	-	-	1,006,336	-	-	**1,006,336**	**1,006,336**
Investment in securities					101,370		**101,370**	**101,370**
	1,386,471	-	-	1,006,336	1,574,242	-	**3,967,049**	**3,967,049**
Trading liabilities								
Deposits from banks	-	-	-	-	-	12,228	**12,228**	**12,228**
Deposits from customers	-	-	-	-	-	4,115,494	**4,115,494**	**4,115,494**
	-	-	-	-	-	4,127,722	**4,127,722**	**4,127,722**
31st December 2014								
Cash and cash equivalents	1,209,181	-	-	-	-	-	**1,209,181**	**1,209,181**
Trading assets	-	-	-	-	1,679,757	-	**1,679,757**	**1,673,571**
Loans and advances	-	-	-	1,038,025	-	-	**1,038,025**	**1,038,025**
Investment in securities					81,162		**81,162**	**81,162**
	1,209,181	-	-	1,038,025	1,760,919	-	**4,008,125**	**4,001,939**
Trading liabilities								
Deposits from banks	-	-	-	-	-	15,782	**15,782**	**15,782**
Deposits from customers	-	-	-	-	-	4,070,163	**4,070,163**	**4,070,163**
	-	-	-	-	-	4,085,945	**4,085,945**	**4,085,945**

(i) Risk Overview

Principal Risks	Narration	Key Mitigating actions	Commentary on current status
Credit Risk	As a provider of credit facilities to customers, any adverse changes in the economy or market in which the Group operates, or the credit quality and behavior of borrowers would reduce the value of the Group's assets and increase the allowances for impairment losses, thereby impacting profitability.	Credit policies incorporate prudent lending guidelines, oversight board control on risk appetite	Through effective risk management, Non performing loans continue to be managed within acceptable levels. Although NPL ratio has increased from 2% to 4%, Net impairment charge shows a recovery of D3M. In addition, the account that was responsible for the increase in the ratio has been substantially recovered post balance sheet date.
Liquidity Risk	The primary objective of liquidity risk management is to provide a planning mechanism for unanticipated changes in the demand or needs for liquidity created by customer behavior or abnormal market conditions.	The ALCO committee emphasizes the maximization and preservation of customer deposits and other funding sources. ALCO monitors deposit rates, levels, trends and significant changes.	A substantial portion of the Bank's assets are funded by customer deposits widely diversified by type and maturity. Lending is fully funded by Deposits, usually in the same currency and a loan to deposit ratio of not more than 50% is maintained. The Bank also maintains significant levels of Treasury Bills with widely diversified maturity periods. These provide a large pool of primary assets to meet cash outflows. The Bank's liquidity ratio has, on average, remained around 70%.
Market Risk	The Group faces a number of market risks including interest rate risk and foreign exchange risks. The Bank's exposure to market risk arises principally from customer driven transactions.	Market Risk is managed by the Bank's Retail and Corporate units both of which are supervised by ALCO to ensure that all regulatory ratios are met.	The Bank has throughout the year maintained an FX exposure position of ±10% to guard against adverse movements in FX rates. The ALCO committee has also maintained oversight over interest rate gaps by ensuring appropriate match between assets and liabilities.

Operational Risk	The Group faces a number of key operational risks including fraud losses and failings in customer processes. The availability, resilience and security of the core IT systems is the most significant.	Operational Risk is inherent in the Group's business activities and is managed through an overall framework designed to balance strong corporate oversight with independent risk management.	The Bank's core banking system is robust, readily available and secure from cyber attacks. There were no IT related frauds or attacks committed in the year. However, the Bank suffered from staff related fraudulent activities amounting to D1M as a result of failed internal processes but this has since been recovered in full.
Compliance and Regulatory Risk	This includes the Risk of non compliance with regulatory requirements.	This risk is managed by the Group's Compliance Department. They are responsible for establishing and maintaining the appropriate framework of Compliance policies and procedures.	The Bank generally complied with regulatory requirements.
Capital Management	The Group's policy is to maintain a strong capital base so as to maintain investor and market confidence and sustain future development of the Business.	Capital Adequacy and the use of regulatory capital are monitored daily by management. The required information is filed with the Central Bank on a monthly basis. The Central Bank requires all banks to hold a minimum regulatory capital of D200 Million and maintain a ratio of total regulatory capital to risk weighted assets plus risk weighted off-balance sheet assets above a required minimum of 10%.	The Bank complied with the statutory capital requirements throughout the period. Share Capital was D200M throughout the year and the capital adequacy ratio was maintained at an average level of 20%.

5. Interest income and expense

Interest and other similar income for the year ended consist of:

	The Group		The Bank	
	31-Dec-15	31-Dec-14	**31-Dec-15**	31-Dec-14
	D'000	D'000	**D'000**	D'000
Cash and cash equivalents	**9,366**	7,396	**9,366**	7,036
Loans and advances to customers	**208,524**	266,390	**202,425**	266,439
Investment securities	**348,126**	284,249	**343,382**	282,852
Total interest income	**566,016**	558,035	**555,173**	556,327

Interest and similar expenses for the year ended consist of:

	The Group		The Bank	
	31-Dec-15	31-Dec-14	**31-Dec-15**	31-Dec-14
	D'000	D'000	**D'000**	D'000
Deposits from customers	**(206,713)**	(194,993)	**(207,479)**	(195,616)
Interbank placements	**(1,208)**	(37)	**(1,208)**	(37)
Total interest expense	**(207,921)**	(195,030)	**(208,687)**	(195,653)
Net interest income	**358,095**	363,005	**346,486**	360,674

Included within various captions under interest income for the year ended 31 December 2015 is a total of D12.2M (2015: D10.9M) accrued on impaired financial assets.

There is no component of interest income and expense reported above that relate to financial assets or liabilities carried at fair value through profit or loss.

6. Net fee and commission income

Fees and commission income

	The Group		The Bank	
	31-Dec-15	31-Dec-14	**31-Dec-15**	31-Dec-14
Fees and commission income can be summarised as follows:	**D'000**	D'000	**D'000**	D'000
Banking customer fees	**34,696**	55,558	**35,168**	53,892
Credit related fees	**13,909**	15,661	**13,847**	15,661
Foreign currency related fees and commissions	**57,150**	54,193	**49,822**	45,845
Commission on trade finance transactions	**7,192**	10,126	**7,192**	10,126
Total fees and commission income	**112,947**	135,538	**106,029**	125,524
Fees and commission expense				
Interbank transaction fees	**(1,595)**	(2,708)	**(1,577)**	(2,725)
Foreign currency related fees	**(691)**	(169)	**(691)**	(169)
Total fees and commission expense	**(2,286)**	(2,877)	**(2,268)**	(2,894)
Net fees and commission income	**110,661**	132,661	**103,761**	122,630

7. Net trading income

	The Group		The Bank	
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
	D'000	D'000	D'000	D'000
Foreign exchange	100,392	103,962	75,686	62,550
Net trading income	**100,392**	103,962	**75,686**	62,550

8. Other operating income

Other income can be summarized as follows:

	The Group		The Bank	
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
	D'000	D'000	D'000	D'000
Sundry Income	1,127	5,916	978	5,894
Profit on sale of fixed assets	1,898	2,482	1,917	2,535
Rental income	403	522	403	522
Dividends received on equity investments	3,718	-	28,368	10,200
Total other income	7,146	8,920	31,666	19,151

9. Personnel costs

Personnel costs can be summarized as follows:

	The Group		The Bank	
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
	D'000	D'000	D'000	D'000
Salaries and allowances	101,726	93,331	96,561	89,607
Contributions to defined contribution plans	17,853	16,041	17,525	15,894
staff medical expenses	7,117	6,799	7,004	6,799
Other staff costs	33,854	29,306	33,634	29,300
Directors fees	3,626	2,076	3,309	2,016
Increase in liability for leave arrears	542	36	542	36
Total personnel costs	164,718	147,589	158,575	143,652

The total number of employees as at 31 December 2015 was 347 of which 39 employees are directors and senior management of the Bank (2014: 357 and 30 respectively). Pursuant to The Gambian legal regulations, an employer is obliged to pay contributions to the Social Security and Housing Finance Corporation based on a percentage of basic salary. These expenses are charged to the income statement in the period in which the employee was entitled to salary.

The Bank contributes to a supplementary pension plan administered internally, based on the employment period of the employee. No liabilities arise to the Bank from the payment of pensions to employees in the future. Supplementary pension contribution expenses amounted to D5.8M as of 31 December 2015 (2014: D5.3M).

10. General and administration expenses

General and administration expenses can be summarized as follows:

	The Group		The Bank	
	31-Dec-15	31-Dec-14	**31-Dec-15**	31-Dec-14
	D'000	D'000	**D'000**	D'000
Advert/publicity	**11,035**	14,004	**8,551**	11,678
Audit fees	**1,165**	933	**800**	735
Consultancy fees	**519**	358	**519**	358
Electricity and water	**10,260**	8,324	**9,801**	8,008
Entertainment expenses	**-**	24	**-**	24
Insurance premium	**7,066**	5,731	**6,881**	5,609
Legal and professional fees	**1,470**	1,537	**1,355**	1,537
Losses and charge offs	**836**	9,798	**629**	8,870
Motor vehicle expenses	**8,395**	7,829	**7,888**	7,417
National education levy	**80**	50	**50**	50
Other office expenses	**5,340**	5,951	**5,006**	5,198
Postage and DHL	**171**	185	**164**	175
Printing and stationery	**10,114**	10,773	**9,512**	10,041
Rent and rates	**3,132**	3,089	**2,132**	2,275
Repairs and maintenance property/equipment	**18,863**	26,332	**18,503**	25,970
Security	**5,838**	5,208	**5,455**	4,911
Software and Hardware maintenance	**56,409**	44,927	**55,726**	44,416
Staff training	**12,579**	13,635	**12,425**	13,635
Stock exchange expenses	**566**	646	**566**	646
Subscriptions and donations	**4,630**	3,641	**4,485**	3,583
Telephone/Telex/Swift	**5,399**	4,113	**5,139**	4,012
Trade license	**3,959**	3,893	**3,830**	3,831
Travel cost	**2,220**	2,461	**1,697**	2,390
Total general and admin expenses	**170,046**	173,442	**161,114**	165,369

Administrative costs associated with IT increased due to projects being performed in the Bank. The most important include the implementation of Flex cube (the core banking system) upgrade requirements.

11. Income taxes

Income tax expense

	The Group		The Bank	
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
	D'000	D'000	D'000	D'000
Current tax expense	55,195	80,618	47,572	67,502
Overprovision in prior year	(2,067)	-	(2,109)	-
	53,128	80,618	45,463	67,502
Deferred tax expense				
Origination/reversal of temporary differences	(23,707)	(2,542)	(23,707)	(2,542)
Total income tax	29,421	78,076	21,756	64,960

Legal entities in the Gambia must individually report taxable income and remit corporate income taxes thereon to the appropriate authorities. In 2015 the corporate income tax rate amounted to 31% (2014: 32%).

Reconciliation of effect tax rate

	The Group		The Bank	
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
	D'000	D'000	D'000	D'000
Profit before income tax	183,921	256,910	173,817	226,062
Income tax using enacted corporation tax rate	57,016	82,211	53,883	72,340
Non deductible expenses	17,866	14,844	17,766	14,612
Capital Allowances	(24,173)	(19,717)	(24,077)	(19,450)
Over provided in prior year	-	-	(2,109)	-
Total income tax expense in income statement	50,708	77,339	45,463	67,502
			%	%
Reconciliation of effective tax rate				
Domestic tax rate	31.00	32.00	31.00	32.00
Non deductible expenses	9.71	5.78	10.22	6.46
Capital Allowances	(13.14)	(7.67)	(13.85)	(8.60)
Over provided in prior year	-	-	(1.21)	-
Total income tax expense in income statement	27.58	30.11	26.16	29.86

Income tax (asset)/liability

	The Group		The Bank	
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
	D'000	D'000	D'000	D'000
Balance at the beginning of the year	4,443	30,274	2,502	23,875
Adjustment	(63)	-	-	-
Current tax expense	53,128	80,618	45,463	67,502
Tax paid during the year	(63,469)	(106,449)	(54,502)	(88,875)
Tax (asset)/ liability at the end of the year	(5,961)	4,443	(6,537)	2,502

Deferred tax assets and liabilities as of 31 December 2015 and as of 31 December 2014 relate to the following items:

	The Group		The Bank	
	31-Dec-15	31-Dec-14	**31-Dec-15**	31-Dec-14
	D'000	D'000	**D'000**	D'000
Opening balance	**37,290**	39,832	**37,290**	39,832
Charged to income (non current tangible assets)	**(23,707)**	(2,542)	**(23,707)**	(2,542)
Tax liability at the end of the year	**13,583**	37,290	**13,583**	37,290

12. Earnings per share

The calculation of basic earnings per share at 31 December 2015 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding as shown below:

	The Group		The Bank	
	31-Dec-15	31-Dec-14	**31-Dec-15**	31-Dec-14
	D'000	D'000	**D'000**	D'000
Profit attributable to ordinary shareholders	**154,500**	178,834	**152,061**	161,102
Weighted average number of ordinary shares	**200,000**	200,000	**200,000**	200,000
Earnings per ordinary share (dalasis)	0.77	0.89	0.76	0.81

Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2015 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares as shown below:

	The Group		The Bank	
	31-Dec-15	31-Dec-14	**31-Dec-15**	31-Dec-14
	D'000	D'000	**D'000**	D'000
Profit attributable to ord. shareholders (diluted)	154,500	178,834	**152,061**	161,102
Weighted average no. of ord. shares (diluted)	200,000	200,000	**200,000**	200,000
Earnings per ordinary share (dalasis)	0.77	0.89	0.76	0.81

13. Dividend per share

At the Annual General Meeting to be held in April 2016, a final dividend in respect of the year ended 31 December 2015 of D0.40 (2014: D0.30) for every ordinary share will be proposed. An interim dividend of D0.20 (2014: D0.30) for every ordinary share was declared and paid during the year. This will bring the total dividend for the year to D0.60 (2014: D0.60).

Payment of dividends is subject to withholding tax at the rate of 15%.

14. Cash and cash equivalents

	The Group		The Bank	
	31-Dec-15	31-Dec-14	**31-Dec-15**	31-Dec-14
	D'000	D'000	**D'000**	D'000
Cash and balances with banks	**589,321**	580,808	**586,767**	570,708
Unrestricted balances with the Central Bank	**654,704**	451,135	**654,704**	451,135
Treasury bills with maturity periods of < 3 months	**136,000**	228,604	**135,000**	221,613
Money market placements	**10,000**	70,000	**10,000**	70,000
Total cash and cash equivalents	**1,390,025**	1,330,547	**1,386,471**	1,313,456

The minimum obligatory reserve is maintained as a non interest bearing deposit under the regulations of the Central Bank of The Gambia. The amount of the reserve depends on the level of deposits accepted by the Bank. The Bank's ability to withdraw the reserve is not restricted by statutory legislation but will be subject to the payment of a penalty.

15. Trading assets

	The Group		The Bank	
	31-Dec-15	31-Dec-14	**31-Dec-15**	31-Dec-14
	D'000	D'000	**D'000**	D'000
Treasury Bills	**1,490,116**	1,651,451	**1,474,235**	1,640,587
Less portfolio allowances for impairment	**(1,363)**	(1,246)	**(1,363)**	(1,235)
Total trading assets	**1,488,753**	1,650,205	**1,472,872**	1,639,352

16. Loans and advances to customers at amortised cost

An analysis of loans and advances to customers is as follows:

	The Group		The Bank	
	31-Dec-15	31-Dec-14	**31-Dec-15**	31-Dec-14
	D'000	D'000	**D'000**	D'000
Loans	**505,399**	643,643	**472,614**	642,931
Overdrafts	**282,462**	399,276	**282,462**	399,276
Government bonds	**287,210**	-	**287,210**	-
Total loans and advances at amortised cost	**1,075,071**	1,042,919	**1,042,286**	1,042,207
Less:				
Individual allowance for impairment	**(31,143)**	(25,301)	**(29,126)**	(25,301)
Collective allowance for impairment	**(6,824)**	(6,715)	**(6,824)**	(6,715)
Total loans and advances	**1,037,104**	1,010,903	**1,006,336**	1,010,191

An analysis of loans by customer group is as follows:

	The Group		The Bank	
	31-Dec-15	31-Dec-14	**31-Dec-15**	31-Dec-14
	D'000	D'000	**D'000**	D'000
Corporate Clients	**825,230**	865,062	**825,230**	865,062
Retail Clients	**249,841**	177,857	**217,056**	177,145
Total loans and advances	**1,075,071**	1,042,919	**1,042,286**	1,042,207

Allowance for impairment

The movement in individual allowances for impairment is as follows:

	The Group		The Bank	
	31-Dec-15	31-Dec-14	**31-Dec-15**	31-Dec-14
	D'000	D'000	**D'000**	D'000
Balance at the beginning of the year	**25,301**	34,694	**25,301**	34,694
Impairment loss for the year				
Charge for the year	**(4,473)**	(22,523)	**(6,490)**	(22,523)
Recoveries	**16,610**	23,966	**16,610**	23,966
Write offs	**(6,295)**	(10,836)	**(6,295)**	(10,836)
Balance at the end of the year	**31,143**	25,301	**29,126**	25,301

The movement in collective allowances for impairment is as follows:

	The Group		The Bank	
	31-Dec-15	31-Dec-14	**31-Dec-15**	31-Dec-14
	D'000	D'000	**D'000**	D'000
Balance at the beginning of the year	**6,715**	1,943	**6,715**	1,943
Impairment loss for the year				
Charge for the year	**109**	4,772	**109**	4,772
Balance at the end of the year	**6,824**	6,715	**6,824**	6,715
Portfolio allowance for treasury bill investments	**1,363**	1,246	**1,363**	1,235
Total impairment charge	**(3,001)**	(16,505)	**(5,018)**	(16,516)

17. Investment in subsidiaries

		The Group		The Bank	
		31-Dec-15	31-Dec-14	**31-Dec-15**	31-Dec-14
	% of ordinary shares	**D'000**	D'000	**D'000**	D'000
Bayba Financial Services Limited	**100%**	-	-	**8,500**	8,500
Home Finance Company Gambia Ltd	**60%**	-	-	**12,058**	-
As at 31 December		-	-	**20,558**	8,500

18. Investment in other equity securities

		The Group		The Bank	
		31-Dec-15	31-Dec-14	**31-Dec-15**	31-Dec-14
		D'000	D'000	**D'000**	D'000
	% of ordinary shares				
Home Finance Company Gambia Ltd	10%	-	3,350	-	3,350
International Bank of Liberia Ltd	12.97%	**48,645**	48,645	**48,645**	48,645
Women's World Banking Ghana Ltd	10%	**20,667**	20,667	**20,667**	20,667
Gamswitch Company Ltd	5%	**6,060**	6,060	**6,060**	6,060
Enterprise Life Assurance Company	25%	**5,440**	-	**5,440**	-
As at 31 December		**80,812**	78,722	**80,812**	78,722

These equity investments were not recorded at fair value as they do not represent listed investments and the directors of the bank have concluded that there are no alternative reliable basis for determining their fair values.

19. Property, plant and equipment

The Group and The Bank	Work in Progress	Land and buildings	Furniture & Fittings	Machines & equipment	Motor vehicles	Total The Bank	Total The Group
	D'000	D'000	D'000	D'000	D'000	D'000	D'000
Cost							
At 01-Jan-14	48,455	287,762	38,055	167,633	38,608	**580,513**	**583,546**
Additions	39,894	424	5,275	12,300	9,923	**67,816**	**70,806**
Transfers	(29,660)	-	567	29,093	-	-	-
Adjustment	-	-	-	-	(29)	**(29)**	**(29)**
Disposal	-	(56)	(413)	(402)	(4,990)	**(5,861)**	**(6,275)**
At 31-Dec-14	**58,689**	**288,130**	**43,484**	**208,624**	**43,512**	**642,439**	**648,048**
Additions	96,385	375	3,931	11,875	17,299	**129,865**	**131,547**
Transfers	(13,919)	13,126	93	700	-	-	-
Revaluation	-	160,649	-	-	-	**160,649**	**160,649**
Disposal/write offs	-	-	(274)	(2,458)	(9,087)	**(11,819)**	**(10,228)**
At 31-Dec-15	**141,155**	**462,280**	**47,234**	**218,741**	**51,724**	**921,134**	**930,016**
Depreciation							
At 01-Jan-14	-	(28,412)	(24,548)	(129,090)	(20,590)	**(202,640)**	**(203,065)**
Depreciation expense	-	(7,160)	(4,686)	(16,031)	(9,091)	**(36,968)**	**(37,550)**
Adjustment	-	-	-	-	29	**29**	**29**
Disposals	-	-	53	84	4,990	**5,127**	**5,220**
At 31-Dec-14	-	**(35,572)**	**(29,181)**	**(145,037)**	**(24,662)**	**(234,452)**	**(235,366)**
Depreciation expense	-	(7,106)	(5,044)	(20,752)	(11,705)	**(44,607)**	**(45,811)**
Revaluation	-	32,364	-	-	-	**32,364**	**32,364**
Disposal/write offs	-	-	206	2,458	8,640	**11,304**	**9,681**
At 31-Dec-15	-	**(10,314)**	**(34,019)**	**(163,331)**	**(27,727)**	**(235,391)**	**(239,132)**
Carrying amount							
At 31-Dec-14	58,689	252,558	14,303	63,587	18,850	407,987	412,682
At 31-Dec-15	**141,155**	**451,966**	**13,215**	**55,410**	**23,997**	**685,743**	**690,884**

A professional valuer, Francis Thomas Jones Associates, revalued the bank's freehold and leasehold properties on an open market basis. The resulting surplus of D193 Million which is comprised of the adjustments of D160.6M and D32.3M shown above was transferred to a revaluation reserve account as shown in the statement of financial position.

20. Intangible assets

The Group and The Bank	Purchased software	Total The Bank	Total The Group
	D'000	D'000	D'000
At 01-Jan-14	105,602	105,602	106,214
Additions	86,531	86,531	86,531
At 31-Dec-14	**192,133**	**192,133**	**192,745**
Additions	12,132	12,132	12,132
At 31-Dec-15	**204,265**	**204,265**	**204,877**
Accumulated amortisation			
At 01-Jan-14	-87,640	(87,640)	(87,801)
Amortisation expense	(9,470)	(9,470)	(9,562)
At 31-Dec-14	**(97,110)**	**(97,110)**	**(97,363)**
Amortisation expense	(24,504)	(24,504)	(24,596)
At 31-Dec-15	**(121,614)**	**(121,614)**	**(121,959)**
Carrying amount			
At 31-Dec-14	95,023	95,023	95,382
At 31-Dec-15	**82,651**	**82,651**	**82,918**

Intangible assets represent licences for computer software.

21. Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	The Group		The Bank	
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
	D'000	D'000	D'000	D'000
Property, plant, equipment and software	13,583	37,290	13,583	37,290
Net tax assets	13,583	37,290	13,583	37,290

Movements during the year

2015	Opening	Recognised in P/L	Recognised in equity	Closing
	D'000	D'000	D'000	D'000
Property, plant, equipment and software	37,290	(23,707)	-	13,583
	37,290	(23,707)	-	13,583

Movements during the year

2014	Opening	Recognised in P/L	Recognised in equity	Closing
	D'000	D'000	D'000	D'000
Property, plant, equipment and software	39,832	(2,542)	-	37,290
	39,832	(2,542)	-	37,290

22. Other assets

	The Group		The Bank	
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
	D'000	D'000	D'000	D'000
Bills discounted	76,834	19,562	76,834	19,562
Prepayments	19,544	9,272	19,519	8,547
Western Union clearing	23	1,782	23	1,782
Stationery Stock	10,569	11,040	10,357	11,025
Others	61,943	86,826	55,595	68,092
	168,913	128,482	162,328	109,008

23. Deposits from banks

	The Group		The Bank	
	31-Dec-15	31-Dec-14	**31-Dec-15**	31-Dec-14
	D'000	D'000	**D'000**	D'000
Money market deposits	**12,228**	4,160	**12,228**	4,160
Total deposits from banks	**12,228**	4,160	**12,228**	4,160

24. Deposits from customers

Deposits from customers by product group are as follows:

	The Group		The Bank	
	31-Dec-15	31-Dec-14	**31-Dec-15**	31-Dec-14
	D'000	D'000	**D'000**	D'000
Time deposits	**633,515**	683,876	**642,876**	687,076
Current accounts	**1,088,191**	1,105,286	**1,093,291**	1,105,695
Savings accounts	**2,375,021**	2,302,986	**2,379,327**	2,306,574
Total deposits from customers	**4,096,727**	4,092,148	**4,115,494**	4,099,345

The amounts shown as deposits above are all current. The Bank does not hold deposits to be settled after 12 months.

25. Other liabilities

	The Group		The Bank	
	31-Dec-15	31-Dec-14	**31-Dec-15**	31-Dec-14
	D'000	D'000	**D'000**	D'000
Other creditors and accruals	**74,206**	61,133	**57,159**	58,714
Other liabilities	**74,206**	61,133	**57,159**	58,714

26. Statement of changes in equity

Share capital	The Group		The Bank	
	31-Dec-15	31-Dec-14	**31-Dec-15**	31-Dec-14
	D'000	D'000	**D'000**	D'000
On issue at 1 January	**200,000**	200,000	**200,000**	200,000
Exercise of options	**-**	-	**-**	-
On issue at 31 December	**200,000**	200,000	**200,000**	200,000

Share capital consists of 200 Million ordinary shares with a fair value of D1 each (2014: 200M ordinary shares of D1 each). The structure of shareholders is included in the "General Information" section.

Description of rights:

Each holder of the equity share is the Company's shareholder. Each shareholder enjoys its fundamental shareholder rights resulting from the Bank's Articles, namely:

- The right to share in the Company's profit (dividend), based on the proportion of total face value of their shares to the total face value of all shareholders;
- The right to attend the General Meeting, vote at the General Meeting, ask for information thereon and explanations regarding the Company's issues and/or issues concerning the controlled entities and related to the agenda of the General Meeting, make motions at the General Meeting;
- The right to share in the liquidation balance.

Each holder of preferred shares enjoys similar rights; the only difference is that the preferred shares are not equipped with the right of voting at a General Meeting, except for cases for which the law assigns voting power to such shares. Preferred shares are assigned a preferential right applicable to dividends, i.e. if the Company generates minimum net profit equal to the number of issued preferred shares, a minimum dividend of D1 per preferred share will be paid to the preferred shares holders.

Equity shares are publicly traded on the securities market, while preferred shares are non-publicly traded.

Statutory reserves

This represents amounts set aside as a non-distributable reserve from annual profits in accordance with Section 19 of the Banking Act 2009, Guideline 3.

Credit risk reserve

Credit risk reserve represents the amount required to meet the Central Bank of The Gambia guidelines for allowances on impairment. This is not distributable and represents the excess of loan provisions computed in accordance with the Central Bank of The Gambia prudential guidelines over the impairment of loans and advances arrived at in accordance with IAS39.

Reconciliation between IAS 39 and the Prudential Guidelines

	The Group		The Bank	
	31-Dec-15	31-Dec-14	**31-Dec-15**	31-Dec-14
	D'000	D'000	**D'000**	D'000
Provisions as per Prudential Guidelines	**30,207**	30,207	**46,436**	30,207
Provisions as per IAS 39	**(35,950)**	(32,026)	**(35,950)**	(32,026)
	(5,743)	(1,819)	**10,486**	(1,819)

Dividends

The following dividends were declared and paid by the Group for the year ended 31 December:

	2015 D'000	2014 D'000
D0.20 per ordinary share (2014:D0.30)	**40,000**	60,000
	40,000	60,000

After 31 December 2015, the following dividends were proposed by the directors in respect of 2015. The dividends have not been provided for and there are no income tax consequences.

	2015 D'000	2014 D'000
D0.40 per ordinary share (2014: D0.30)	**80,000**	60,000
	80,000	60,000

27. Off-balance sheet contingencies and commitments

In the ordinary course of business, the bank conducts business involving guarantees, acceptances and performance bonds. These facilities are offset by corresponding obligations of third parties. At the year end, the contingencies were as follows:

	The Group		The Bank	
	31-Dec-15 D'000	31-Dec-14 D'000	**31-Dec-15 D'000**	31-Dec-14 D'000
Bonds and guarantees	**272,579**	133,922	**272,579**	133,922
Letters of credit, acceptances and other documentary credits	**1,397**	56,155	**1,397**	56,155
	273,976	190,077	**273,976**	190,077

Derivatives/Commitments

The bank does not engage in any derivative financial instruments to hedge risk exposures for any purpose.

Nature of contingent liabilities

Guarantees are generally written by a bank to support performance by a customer to third parties. The bank will only be required to meet these obligations in the event of the customer's default.

Letters of credit commit the bank to make payments to third parties, on production of documents, which are subsequently reimbursed by customers.

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The bank expects most acceptances to be presented and reimbursement by the customer is almost immediate.

28. Other contingencies

In the ordinary course of business, the Bank is subject to legal actions and complaints. Based on legal advice, the Directors do not expect the ultimate liability, if any, arising from such actions or complaints to have a material effect on the financial situation or the results of the future operations of the Bank.

29. Significant subsidiaries

	Country of incorporation	Ownership interest 2015	2014
Bayba Financial Services Limited	The Gambia	100%	100%
Home Finance Company Limited	The Gambia	60%	10%

Bayba Financial Services Ltd and Home Finance Company Ltd operate accounts with the bank. Interest accrues on these accounts and placements are at normal commercial rates.

Gain on bargain purchase resulted from the value of the identifiable net assets exceeding the value of the purchase consideration of our subsidiary Home Finance Company Ltd.

30. Related parties

Transactions with key management personnel

Key management personnel and their immediate relatives have transacted with the bank during the period as follows:

	The Group		The Bank	
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
	D'000	D'000	D'000	D'000
Gross amount at 1 January	34,926	74,242	34,926	74,242
Interest charged	5,692	13,477	5,692	13,477
Loan disbursed	1,519	500	1,519	500
Cash received	(25,974)	(53,728)	(25,974)	(53,728)
Net movement in overdraft balances	(377)	435	(377)	435
Net amount at 31 December	15,786	34,926	15,786	34,926

For Directors and companies in which they have equity in, interest rates charged on balances outstanding are the same as that which would be charged in an arm's length transaction. However, interest has been suspended for non performing accounts amounting to Nil (2014: D4 Million).

Impairment losses of Nil have been recorded against balances outstanding from Directors (2014: D3.2 Million).

Included within loans and advances as at 31st December 2015 is Nil (2014: Nil) due from our subsidiaries. Interest and charges received on advances granted during the year amounted to D0.019 Million (2014: D0.049 Million).

Included in deposits as at 31st December is D18.7 Million (2014: D7.1 Million) due to our subsidiary companies. Interest paid on these deposits during the year amounted to D0.766 Million (2014: D0.623 Million).

Loans and advances to employees

	The Group		The Bank	
	31-Dec-15	31-Dec-14	**31-Dec-15**	31-Dec-14
	D'000	D'000	**D'000**	D'000
Balance at 1 January	**30,996**	27,888	**28,629**	27,176
Loans advanced during the year	**23,748**	16,883	**22,698**	16,282
Loan repayments received	**(18,883)**	(15,430)	**(17,972)**	(14,829)
Balance at 31 December	**35,861**	29,341	**33,355**	28,629

For Senior Management and all other staff, interest rates charged on balances outstanding are a quarter of the rates that would be charged in an arm's length transaction.

Impairment losses of D0.336 Million have been recorded against balances outstanding from Staff (2014: D0.038Million)

Key management personnel compensation for the period comprised:

	The Group		The Bank	
	31-Dec-15	31-Dec-14	**31-Dec-15**	31-Dec-14
	D'000	D'000	**D'000**	D'000
Directors board fees	**2,840**	1,584	**2,606**	1,584
Directors sitting fees	**772**	492	**703**	432
Senior Management salaries	**8,948**	8,763	**8,330**	8,213
Senior Management pension contributions	**2,044**	1,928	**1,759**	1,807
	14,604	12,767	**13,398**	12,036

31. Penalties

There were no penalty charges imposed by the Central Bank and other Regulatory bodies during the year (2014: Nil)

32. Events after statement of financial position date

The Bank has no events after the financial position date which would materially impact on its financial position or results.

33. New standards, interpretations and amendments to existing standards that are not yet effective

Standard issued but not yet effective

IFRS 9 Financial instruments

The version of IFRS 9 issued in 2014 supersedes all previous versions and is mandatorily effective for periods beginning on or after 1 January 2018 with early adoption permitted.

Key requirements:

Classification and measurement of financial assets

- All financial assets are measured at fair value on initial recognition. Debt instruments may be subsequently measured at amortised cost, if the fair value option (FVO) is not invoked, and:

  (i) The asset is held within a business model that has the objective to hold the assets to collect the contractual cashflows.

  ii) The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

- All other debt instruments are subsequently measured at fair value.

- Equity instruments are measured at fair value through either other comprehensive income (OCI) or profit or loss. Entities have an irrevocable choice to recognise changes in the fair value of non trading instruments either in OCI or profit or loss by instrument. However, equity instruments held for trading must be measured at fair value through profit or loss.

Classification and measurement of financial liabilities

- For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss.

- All other IAS 39 classification and measurement requirements for financial liabilities have been carried forward into IFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

- Hedge accounting
  Hedge effectiveness testing must be done prospectively and can be qualitative, depending on the complexity of the hedge

- A risk component of a financial or non-financial instrument may be designated as the hedged item if the risk component is separately identifiable and reliably measureable

Transition

Entities may elect to early apply only the accounting requirements for gains and losses from own credit risk without applying the other requirements of IFRS 9 (2014) at the same time. These provisions require an entity to present in OCI the changes in the fair value of non-derivative financial liabilities designated at fair value through profit or loss that are attributable to the entity's own credit risk.

Impact

The application of the completed version of IFRS 9 will likely result in significant changes to an entity's current accounting, systems and processes. For entities considering early application, there are a number of benefits and challenges that should be considered. Careful planning for this transition will be necessary.

IFRS 15 Revenue from contracts with customers

IFRS 15 was issued in May 2014 and applies to an annual reporting period beginning on or after 1 January 2018.

Key requirements

IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five step model to be applied to all contracts with customers.

Transition

The standard should be applied in an entity's IFRS financial statements for annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted. An entity that chooses to apply IFRS 15 earlier than 1 January 2018 should disclose this fact in its relevant financial statements.

When applying IFRS 15, entities should apply the standard in full for the current period, including retrospective application to all contracts that were not yet complete at the beginning of that period. In respect of prior periods, the transition guidance allows an option to either apply IFRS 15 in full to prior periods or retain prior period figures as reported under the previous standards, recognising the cumulative effect of applying IFRS 15 as an adjustment to the opening balance of equity as at the date of initial application.

Impact

Almost all entities that generate revenue will be affected by the issue of this new standard as it may result in substantial changes to the timing and measurement of revenue recognition and introduces significantly revised disclosure requirements.

Amendments to standards

Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations

The interpretations committee recommended to the IASB that new guidance, as part of a limited scope project, was developed on IFRS 11 on accounting for the acquisition of an interest in a joint operation, in circumstances in which the activity of the joint operation constitutes a business as defined in IFRS 3 (a joint operation that is a business) on the basis of the business combinations guidance in IFRS 3 and other IFRSs.

Accounting for acquisitions of interests in joint operations (amendments to IFRS 11) was issued in May 2014 and effective for annual periods beginning on or after 1 January 2016.

The amendments apply retrospectively to acquisitions of interests in joint operations in which the activities of joint operations constitute businesses, as defined in IFRS 3, for those acquisitions occurring from the beginning of the first period in which the amendments apply. Amounts recognised for acquisitions of interests in joint operations occurring in prior periods are not adjusted.

Amendments to IAS 16 and IAS 38 Clarification of acceptable methods of depreciation and amortisation

The committee considered a request to clarify the meaning of the term "consumption of the expected future economic benefits embodied in the asset" when determining the appropriate amortisation method for intangible assets under IAS 38 intangible assets. The specific request related to the amortisation of service concession arrangements within the scope of IFRIC 12 Service Concession Arrangements.

Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38) was issued in May 2014 and is effective for annual periods beginning on or after 1 January 2016.

Amendments to IAS 1 Presentation of Financial statements

The IASB formally added a short term initiative on disclosure to its work program to explore opportunities to see how those applying IFRS can improve and simplify disclosures within existing disclosure requirements.

Disclosure initiatives (amendments to IAS 1) was published in December 2014 and is effective for annual periods beginning on or after 1 January 2016 with early adoption permitted.

VALUE ADDED STATEMENT

33. Value Added Statement for the year ended 31 December 2015

	The Group		The Bank	
	31-Dec-15 D'000	31-Dec-14 D'000	**31-Dec-15 D'000**	31-Dec-14 D'000
Interest earned and other operating income	**779,355**	797,535	**736,888**	744,401
Direct cost of services	**(210,207)**	(197,907)	**(210,955)**	(198,547)
Value added by banking services	**569,148**	599,628	**525,933**	545,854
Non banking income	**7,146**	8,920	**31,666**	19,151
Impairments	**3,001**	16,505	**5,018**	16,516
Value added	**579,295**	625,053	**562,617**	581,521
Distributed as follows:				
To employees:				
Directors (without executives)	**3,626**	2,076	**3,309**	2,016
Executive Management	**10,992**	10,691	**10,089**	10,020
Other Employees	**150,100**	134,822	**145,177**	131,616
To Government:				
Income Tax	**53,128**	80,618	**45,463**	67,502
To providers of capital:				
Dividends to Shareholders	**104,316**	111,763	**100,000**	110,000
To expansion and growth:				
Depreciation and amortisation	**70,407**	47,112	**69,111**	46,438
Retained earnings	**131,356**	165,261	**98,800**	117,740