



PRESS RELEASE

PR. No 100/2019

TRUST BANK LIMITED (TBL)
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENT FOR
THE YEAR ENDED 31 DECEMBER 2018

TBL has released its Annual Report and Consolidated Financial Statements for the year ended December 31, 2018 as per the attached.

Issued in Accra, this 1st
day of April, 2019

- E N D -

att'd.

Distribution:

1. All LDMS
2. General Public
3. Company Secretary, TBL, The Gambia
4. MBG Registrars, (Registrars for TBL shares)
5. Custodians
6. Central Securities Depository
7. Securities and Exchange Commission
8. GSE Council Members
9. GSE Notice Board

For enquiries, contact:

Head Listing, GSE on 0302 669908, 669914, 669935

**GA*



Trust Bank Ltd.

Annual Report and Consolidated Financial Statements

For the year ended 31st December 2018

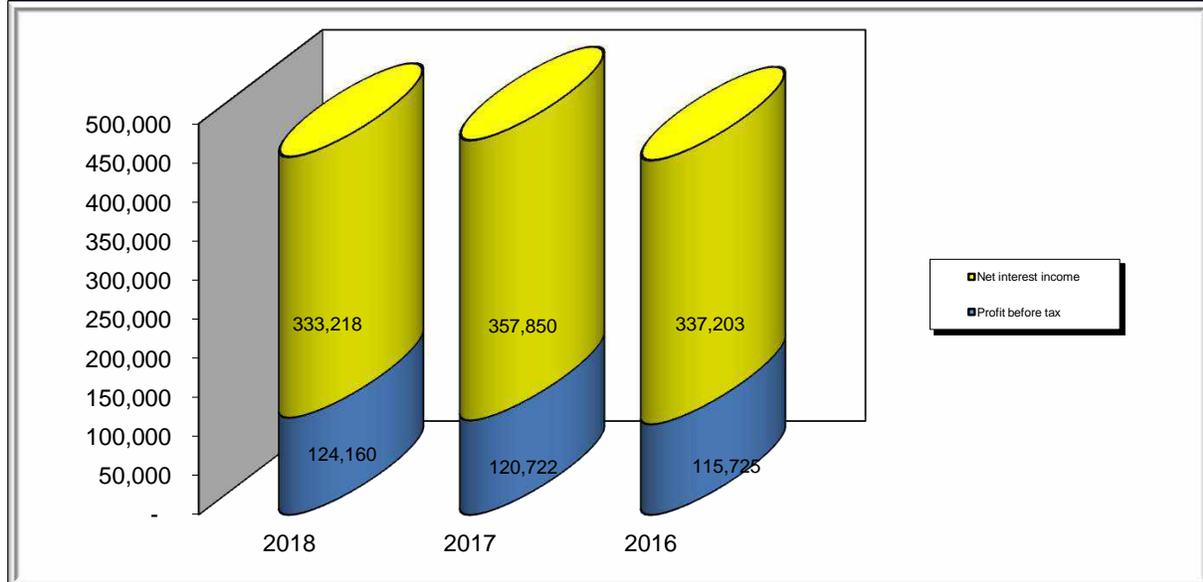
*3 - 4 Ecowas Avenue
P O Box 1018
Banjul
The Gambia*



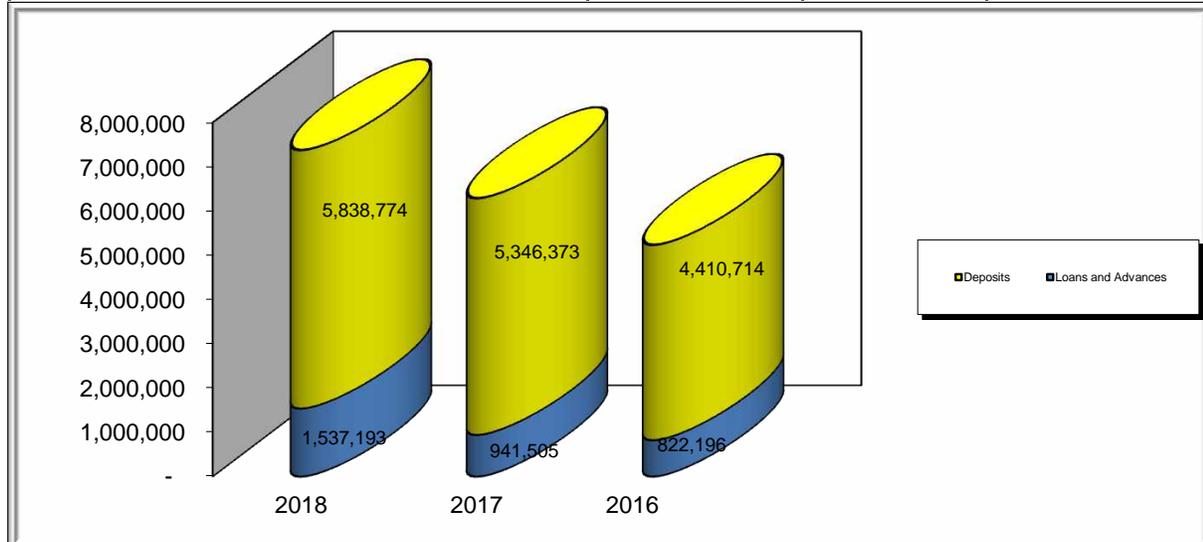
CONTENTS

	<i>Pages</i>
Financial Highlights	3 - 4
General Information	5
Report of the Directors	6 - 13
Auditors' Report	14 -19
Consolidated Statement of Comprehensive Income	20
Consolidated Statement of Financial Position	21
Consolidated Statement of Changes in Equity	22 – 23
Consolidated Statement of Cashflows	24
Notes to the Consolidated Financial Statements	25– 88

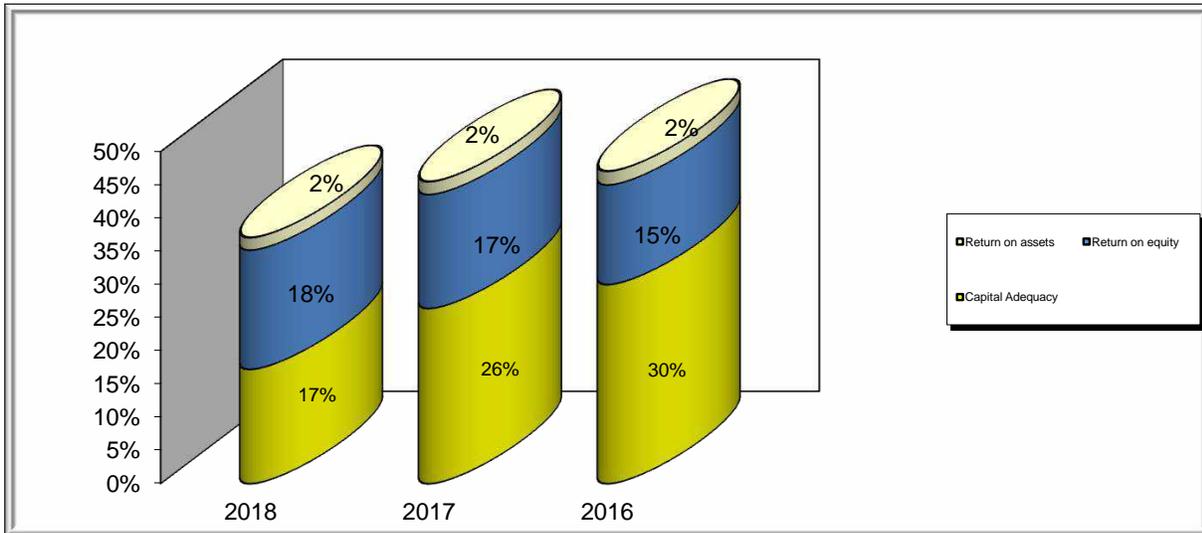
FINANCIAL HIGHLIGHTS OF THE BANK



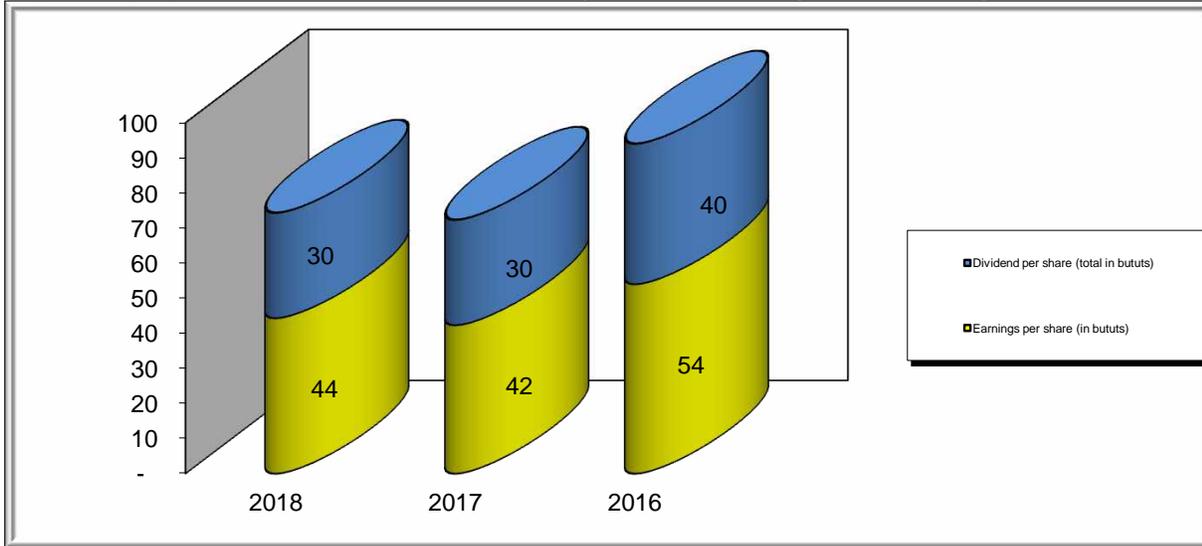
	2018	2017	2016
Profit before tax (D.000)	124,160	120,722	115,725
Net Interest income (D.000)	333,218	357,850	337,203
Operating expenses (D.000)	(414,978)	(438,632)	(423,772)
Impairment Gains (D.000)	29,198	33,297	47,895



	2018	2017	2016
Total Assets (D.000)	6,623,105	6,154,574	5,208,072
Loans and advances (D.000)	1,537,193	941,505	822,196
Customer deposits (D.000)	5,838,774	5,346,373	4,410,714
Equity (D.000)	691,198	703,944	709,321



	2018	2017	2016
Return on assets	2%	2%	2%
Return on equity	18%	17%	15%
Capital Adequacy	17%	26%	30%



	2018	2017	2016
Liquidity	63%	69%	75%
Non performing loan ratio	1%	0.4%	4%
Earnings per share (in bututs)	44	42	54
Dividend per share (total in bututs)	30	30	40



GENERAL INFORMATION

DIRECTORS

Mr. Mohamadou Manjang	<i>Chairman</i>	
Mr. Ibrahima Salla	<i>Managing Director</i>	
Mrs. Njilan Senghore-Njie	<i>Executive Director</i>	
Mr. Abdoulie Cham	<i>Member</i>	
Mr. Pa Macoumba Njie	<i>Member</i>	
Mr. Franklin Hayford	<i>Member</i>	
Mrs. Angela Andrews-Njie	<i>Member</i>	
Mr. Mustapha Njie	<i>Member</i>	(Up to May 2018)
Mr. Abdoulie Tamedou	<i>Member</i>	(up December 2018)

COMPANY SECRETARY

Ms. Fatou Lili Drammeh

AUDITORS

DT associates-The Gambia
Accountants and business advisers
1 Paradise Beach Place, Bertil Harding Highway
Kololi, The Gambia

REGISTERED OFFICE

Trust Bank Limited
3/4 Ecowas Avenue
Banjul, The Gambia

SOLICITORS

Mary Abdoulie Samba
29 Independence Drive
Banjul, The Gambia

REGISTRARS

Universal Merchant Bank Limited
123 Sethi Plaza, Adabraka,
Accra, Ghana

BANKERS

BMCE Bank International France	GCB Bank Ghana
Bank of Beirut London	Ghana International Bank UK
Central Bank of The Gambia The Gambia	Skandinaviska Enskilda Banken Sweden
Bank of Beirut Germany	Unicredit Italy
Ecobank Senegal	CBW BANK USA



REPORT OF THE DIRECTORS

The Directors present their report and the financial statements of the Bank and its subsidiaries (The Group) for the year ended 31 December 2018.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view of Trust Bank Ltd, comprising the statements of financial position at 31 December 2018 and the statements of comprehensive income, changes in equity and cashflows for the year then ended and notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act 2013 and the Banking Act 2009. In addition, the Directors are responsible for the preparation of the Directors' report.

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

The Directors have made an assessment of the ability of the Bank and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

The Auditor is responsible for reporting on whether the consolidated and separate financial statements give a true and fair view in accordance with the applicable financial reporting framework.

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. It also engages in the business of local and international money transfer through its wholly owned subsidiary, Bayba Financial Services Ltd.

The Bank's objective is to help The Gambia prosper. The Bank is a direct and indirect economic contributor with relationships with external stakeholders and partners, suppliers, government bodies and legislators.

The Bank combines innovative products, quality service, responsiveness to social and economic issues and a team of professional and inspired Gambians to fulfill its mission of being the best bank for customers, shareholders and the community at large.

SUBSIDIARIES

Bayba Financial Service Limited, a company incorporated in The Gambia to engage in money transfer activities, is a wholly owned subsidiary of the Bank. The Bank also holds 60% interest in Home Finance Company, a company incorporated in The Gambia, which provides mortgage loan service to eligible individuals.

RESULTS FOR THE YEAR AND DIVIDENDS

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

The Directors have recommended a final dividend of D0.15 per ordinary share for the year ended 2018. The final dividend of D0.15 per share together with the interim dividend paid of D0.15 per share, gives a total dividend of D0.30 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 an impairment 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 D2,370,565.5 (2017: D3,352,574.5)

RELATED PARTY TRANSACTIONS

The expression related party transaction shall be understood to mean any transfer of resources, services or obligations between related parties whether consideration is stipulated or not. The Bank considers a party to be a related party if:

- the party in question directly or indirectly, through subsidiaries, nominees, a third party or otherwise controls the Bank, is controlled by it or is under joint control;
- holds an equity interest in the Bank that makes it possible to exercise a significant influence over the Bank;
- exercises control over the Bank jointly with other parties;
- is an affiliated company of the Bank;
- is one of the Bank’s Directors or Statutory Auditors;
- is one of the Bank’s key management personnel;
- is an executive with strategic responsibilities of the Bank or its controlling company;
- is a member of the immediate family of one of the parties listed above

The Governance Committee is the committee responsible for reviewing related party transactions. Should a circumstance occur in which a committee member were to cease to qualify as independent, cease to be in office or hold an interest with regard to the approval of a transaction reviewed by the committee, the committee member in question shall be replaced with an independent Director designated by the Board of Directors. The Managing Director submits to the committee a report detailing any proposed transactions with related parties and the committee participates in the negotiations and information gathering and makes a recommendation to the Board for approval or otherwise depending on their opinion as to the Bank’s interest in executing the transaction and about the transaction’s suitability and substantive fairness of the transaction’s terms.

During the year, no related party transactions arose other than remuneration and loans transacted for key management personnel as disclosed in Note 30 of the financial statements.

Directors with interest in the shares of the Bank are as disclosed below.

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. Mohamadou Manjang and Mr. Franklin Hayford . Being eligible, Mr. Mohamadou Manjang and Mr. Franklin Hayford 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.

	<i>Number of Shares held</i>	
	31-Dec-18	31-Dec-17
Mr. Pa Macoumba Njie	1,236,033	1,236,033
Mrs. Angela Andrews-Njie	33,333	33,333
Mr. Franklin Hayford	14,620	14,620
	1,283,986	1,283,986



INTERNAL CONTROL SYSTEMS

The Directors have overall responsibility for the Bank's internal control systems and annually review their effectiveness, including a review of financial, operational, compliance and risk management controls.

The implementation and maintenance of the risk management and internal control systems are the responsibility of the Executive Directors and Heads of Department. The systems are designed to manage rather than eliminate risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss. The Directors have reviewed the effectiveness of the internal control systems, including controls related to financial, operational and reputational risk identified by the Group as at the reporting date and found no significant failings or weaknesses during this review.

The Audit Committee is the committee responsible for providing oversight function and consultative links between the External and Internal Auditors and the Board. They meet quarterly with the Internal Auditors and annually with the External Auditors at the end of each external audit to discuss issues arising from the Audit that require the attention of the Board.

AUDITOR

The Audit Committee has responsibility delegated from the Board of Directors for making recommendations on the appointment, reappointment, removal and remuneration of the external auditor. DT Associates were appointed as the Auditors of the bank for the financial year 2018. They do not provide any non audit services.

External auditors are appointed by the Annual General Meeting of shareholders.

DIRECTORS' PERFORMANCE EVALUATION

The performance and effectiveness of the Board of Directors ("the Board"), its committees and individual Directors is evaluated periodically. The evaluation is conducted by assessing the Board structure and committees, Board meetings and procedures; Board management relations; succession planning and training. Overall, it was noted that the board of Directors and its committees were operating in an effective manner and performing satisfactorily, with no major issues identified.

PROFESSIONAL DEVELOPMENT AND TRAINING

On appointment to the Board, Directors are provided with an induction which focuses on their key responsibilities, code of ethics, confidentiality and other expectations. No training was undergone by Directors during the reporting period.

CONFLICT OF INTEREST

The Bank has established appropriate conflict authorization procedures, under which actual or potential conflicts are regularly reviewed and authorizations sought as appropriate. During the year, no such conflicts arose and no such authorizations were sought.

BOARD BALANCE AND INDEPENDENCE

The composition of the Board of Directors and its Committees is regularly reviewed to ensure that the balance and mix of skills, independence, knowledge and experience is maintained. The Board considers the Chairman to be independent. Non-Executive Directors are independent as it pertains to the management of the company. The continuing independence and objective judgment of the Non-Executive Directors has been confirmed by the Board of Directors. The mix of Non-Executive to Executive Directors is considered sufficient. Out of the seven Board of Directors, five are Non-Executives.



One of the ways the Board puts in checks and balances is by separating the roles and responsibilities of the Managing Director and the Chairman to ensure that no single individual has an unfettered power or control of the Bank's Board of Directors and Executive Management.

CODE OF ETHICS

The Corporate Governance Charter provides guidelines on ethical standards and values for the board members and the Bank's Service Rules is used as a guide for the non-board members.

The Directors confirm that:

- There is a code of ethics for staff and this has been made available to them;
- There is a code of ethics for Directors and there are no waivers to the code of ethics or the rules governing ethical procedures for the Board.

DETERMINATION OF AND COMPOSITION OF DIRECTORS' REMUNERATION

Remuneration of members of the Board of Directors is determined each year at the Annual General Meeting by shareholders. Board members receive fixed monthly fees Board sitting allowances for sittings which they attend as well as annual bonuses.

Executive Management's remuneration is determined by the Remuneration Committee which comprises of three board members. The remuneration committee is responsible for advising the Board on the overall remuneration policies to be applied within the Bank.

TYPE AND DUTIES OF OUTSIDE BOARD AND MANAGEMENT POSITIONS

Although the board charter or regulation within the jurisdiction of the country does not limit the number of outside board positions that one can hold, the following members held more than one position. The board governance committee does not feel that this will hamper their effectiveness and performance

- Mr. Mohamadou Manjang is the Chairman of the Board of Directors of Gam petroleum and Gambia Transport Services Corporation and is the Deputy Chair of the Edward Francis Small Teaching Hospital, and Board member of CFAO, Gambia Government Revolving Loan Scheme and Housing Finance Corporation.
- Mr. Franklin Hayford is an Executive Director of Databank Financial Services Ltd. He is also the Resident Director of Databank Securities Limited The Gambia and a Director at Ghana Reinsurance Co. Ltd.
- Mr. Pa Macoumba Njie is currently the Chairman on the Board of Enterprise Life Assurance Company Limited and a Director at International Bank of Liberia.
- Mr. Ibrahim Salla is currently a Director on the Board of International Bank of Liberia. He also sits as a Director on the Boards of Bayba Financial Services Limited, Enterprise Life Assurance Company Limited and Home Finance Company Limited.
- Mrs. Njilan Senghore-Njie sits on the Boards of The West Africa Network for Peace building (WANEP), Bayba Financial Services Limited , Home Finance Company Limited and Royal insurance Co. Ltd
- Qualifications, biographical information and ages of Directors can be found on the published annual report of the group.



RISK MANAGEMENT OBJECTIVES, SYSTEM AND ACTIVITIES

Risk is at the heart of the Bank's strategy. The risk management objectives of the bank include the establishment of systems, processes and structures with a view to ensuring that risks relating to general banking, both locally and internationally are well managed. This involves the establishment of all relevant arrangements and protocols to ensure that the occurrence of all the associated risks are either eliminated or minimized as much as possible.

The Risk overview on pages 62 to 64 provides a summary of risk management within the Group. It highlights a brief overview of the Group's Risk Management Framework, the potential risks and impacts arising from the external environment and the principal risks faced by the Group and key mitigating actions.

The Risk Department, which reports to the Board Risk Oversight Subcommittee, has Risk Management policy manuals which provide an in-depth picture of how risk is managed within the Group, detailing emerging risk, risk governance, risk appetite, stress testing approach and a full analysis of the primary risk categories and how risks are identified, managed, mitigated and monitored.

CORPORATE RESPONSIBILITIES AND COMPLIANCE

The Bank's policy is to invest in local communities throughout the Country to help them prosper economically and build social cohesion. The Bank's support for local communities focuses on education, health, sports and natural disasters. A detailed report of the Bank's Corporate Social Responsibility (CRS) initiatives can be found in the Chairman's statement.

The Bank's CSR activities are not merely of charitable nature, but they also contribute to its positive image, to increased employee and customer satisfaction as well as other factors that need to be taken into account when measuring business success and sustainability.

CORPORATE GOVERNANCE

The Bank is committed to strong corporate governance practices that allocate rights and responsibilities among the Bank's shareholders, the Board and Executive Management to provide for effective oversight and management of the Bank in a manner that enhances shareholder value.

The Bank's corporate governance principles are contained in a number of corporate documents, including the Bank's regulations, the Board Charter, the Staff Service Rules and other policies issued from time to time.

ROLE OF THE BOARD

The Bank has a board that is comprised of Directors with the right mix of skills and experience to set the Bank's strategy, oversee its delivery and establish the Bank's culture, values and standards. It is the Board's responsibility to manage risk effectively, monitor financial performance and reporting and ensure that effective policies are in place. There is a formal schedule of matters reserved for the board of Directors, including approval of the Bank's annual budget and business plan, the Bank's strategy, acquisitions, disposals and capital expenditure projects above certain thresholds, treasury policies, the financial statements, the Bank's dividend policy, transactions involving the issue or purchase of the Bank's shares, borrowing powers, appointments to the Board, alterations to the memorandum and articles of association, legal actions brought by or against the Bank and the scope of delegation to Board committees, subsidiary boards and management committees. Responsibility for the development of policy and strategy and operational management is delegated to the Executive Directors and Management, which as at the date of this report includes two (2) Executive Directors and eight (8) Heads of Department.

The company's board consists of seven members, five of whom are non executive Directors. The board meets every quarter to review strategic matters relating to the operations of the Bank.

Board committee members are appointed by the Board. Each Board committee has its own written terms of reference, duties and authorities as determined by the Board.



Governance and Risk Committee

The corporate governance and Risk sub committee examines all compliance issues with both local and international legislation, regulations and best practices which impact on the bank. Its duties are to:

- To advise the Board on Risk and Capital Management related issues;
- To establish, review and recommend the Bank's risk appetite to the Board as well as assessing the appropriateness of the strategy with respect to risk appetites;
- To review and maintain an adequate Risk Management Framework, including risk policies;
- To review risk reports and monitor the Bank's risk exposures;
- To provide oversight of risk management activities;
- To monitor and advise on the adequacy of Asset and Liability Management and Capital Management processes;

- Review the effectiveness of conflict of interest and related party policies, guidelines and procedures and report its findings to the Board annually;
- Receive reports of, investigate, discuss and make recommendations in respect of breaches or suspected breaches of ethical standards and values as contained in the Bank's Charter;
- Review annually and recommend changes to the composition of the Board when warranted;
- Review annually and recommend changes to the Terms of Reference for all Board Sub Committees;
- Recommend to the Board any reports or activities on Corporate Governance that may be required or considered advisable;
- Review reports from Management on governance best practice and the Trust Bank Board's performance and practices compared to those standards;
- Assess the needs of the Board and Board committees regularly in terms of frequency of meetings, meeting agendas, reports, information and the conduct of all such meetings.
- Ensure that evaluations of the Board and Sub Committees are carried out, results reviewed and recommendations made to ensure continued effectiveness of the Board.
- Review the Directors' and Chairperson's compensation at least every two years and recommend changes to the Board when warranted.

The members of the committee are as follows:

<input type="checkbox"/>	Mr. Pa Macoumba Njie	<i>Chairperson</i>
<input type="checkbox"/>	Mr. Mohamadou Manjang	<i>Member</i>
<input type="checkbox"/>	Mrs. Angela Andrews-Njie	<i>Member</i>
<input type="checkbox"/>	Mr. Ibrahima Salla	<i>Member</i>

Audit and Budget Committee

The Committee carries out the duties set out below, giving full consideration to relevant laws and regulations and best practices in discharging its responsibilities:

- Reviewing the Quarterly and Annual Financial Statements with Management, including major issues regarding accounting and audit principles and practices and also the adequacy of internal controls;
- Approving the Internal Audit plans, monitoring and reviewing the effectiveness of the Bank's internal controls and Internal Audit function;
- Recommending the appointment of External Auditors and overseeing the external audit process and resolution of all issues of concern raised by the Auditors;
- In Consultation with the External Auditors and the Internal Audit Department, review the integrity of the Bank's financial reporting process;
- Consider the External Auditors' recommendations on the quality and appropriateness of the Bank's accounting principles as reflected in its financial reporting;
- Meet periodically with Management to review the Bank's major financial risk exposures and steps Management has taken to monitor and control such exposures;
- Overseeing the compliance function to ensure adherence to applicable laws and operating standards including Anti-Money Laundering and Terrorism Financing regulations;



- Reviewing the adequacy and security of the Bank's assets and employees to raise concerns about any possible wrongdoing in all matters.
- Review the Bank's annual budget and ensure Management's compliance with its implementation while also reviewing significant variances and seeking for explanations where necessary.

The members of the committee are as follows:

- Mr. Franklin A Hayford *Chairman*
- Mr. Abdoulie Cham *Member*
- Mr. Abdoulie Tamedou *Member (up to December 2018)*

Strategy Committee

This committee gives strategic direction for the attainment of the Group's corporate vision and objectives aimed at maximizing shareholder value through growth and development. Its duties are:

- To integrate the outputs from the different activities of the Bank and suggest strategic priorities and specific objectives to follow;
- To evaluate outputs, outcomes and impacts of the various strategies adopted by the Bank and make recommendations for improvement and/or change as and when necessary;
- To integrate input from the industry, market and environment and make recommendations to the Board on proactive activities to advance the strategic objectives of the Bank;
- To direct research and development and make use of the results to identify any gaps, opportunities, strengths and weaknesses and recommend changes to the Bank's strategy;

The members of the committee are as follows:

- Mr. Mohamadou Manjang *Chairman*
- Mr. Mustapha Njie *Member (up to May 2018)*
- Mr. Abdoulie Tamedou *Member (up to December 2018)*
- Mr. Ibrahima Salla *Member*

Remuneration Committee

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

- To recommend to the Board a policy and structure for remuneration of all staff;
- To review and approve, each year, the staff salaries, allowances and benefits in kind proposed in the budget for all staff;
- To ensure compliance with all contractual terms and legal issues affecting all categories of staff. This also entails ensuring that the Bank is at all times in compliance with the Labour and other relevant Acts;
- To act as Trustees of the Employee Share Ownership Trust (ESOT) of the Bank;
- To examine and approve such matters in the field of remuneration, contract terms and employment matters as the Board may delegate from time to time.

The members of the committee are as follows:

- Mr. Mohamadou Manjang *Chairman*
- Mr. Mustapha Njie *Member (up to May 2018)*
- Mr. Franklin Hayford *Member*

Infrastructure Development Committee

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

- To advise the Board on the Bank's planning of its building infrastructure projects;
- To make recommendations to the Board on the plans and program of construction for building projects, including additions and/or alterations to existing buildings;



- To make recommendations on the acquisition and disposal of freehold and leasehold property;
- To make recommendations to the Board on the program for the repair and maintenance of the Bank's buildings.

The members of the committee are as follows:

<input type="checkbox"/> Mr. Mustapha Njie	<i>Chairman</i>	(up to May 2018)
<input type="checkbox"/> Mr. Pa Macoumba Njie	<i>Chairman</i>	(from to May 2018)
<input type="checkbox"/> Mr. Abdoulie Cham	<i>Member</i>	
<input type="checkbox"/> Mr. Ibrahima Salla	<i>Member</i>	
<input type="checkbox"/> Mrs. Njilan Senghore- Njie	<i>Member</i>	

GOING CONCERN

The Directors confirm that it is appropriate to adopt the going concern basis in preparing the financial statements.

AUDITORS

The auditors, DT Associates, having indicated their willingness , will be proposed for re-appointment in accordance with section 34 2 (2c) of the companies Act 2013

By order of the Board of Directors

Company Secretary

Date: 29th March 2019



Independent Auditors’ Report

Report on the Audit of the Consolidated Financial Statements

To the shareholders of Trust Bank Limited Group

Opinion

We have audited the consolidated financial statements of Trust Bank Limited and its subsidiaries (“the Group”), which comprise the consolidated statements of financial position as at 31 December 2018 and statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018 and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act of 2013 and the Banking Act, 2009.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with other ethical requirements that are relevant to our audit of the financial statements in The Gambia and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context

We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
<p>IFRS 9 Impairment As described in note 3 to the financial statements, the impairment losses have been determined in accordance with IFRS 9 Financial Instruments reserve.</p> <ul style="list-style-type: none"> The interpretation of the requirements to determine impairment under application of IFRS 9, reflected in the Bank’s expected credit loss model. 	<p>In assessing impairment reserve, we performed the following procedures: We gained understanding of the Bank’s key credit processes comprising granting, booking, monitoring and provisioning. We read the Bank’s IFRS 9 based impairment provisioning policy and compared it with the requirements of IFRS 9; We assessed the modeling techniques and methodology against the requirements of IFRS 9.</p>



Key audit matter	How our audit addressed the key audit matter
<p>The identification of exposures with a significant deterioration in credit quality</p> <p>Assumptions used in the expected credit loss model such as the financial condition of the counterparty, expected future cash flows and forward-looking macroeconomic factors (e.g. unemployment rates, interest rates, gross domestic product growth, property prices).</p> <p>The need to apply additional overlays to reflect current or future external factors that are not appropriately captured by the expected credit loss model.</p>	<p>We checked and understood the key data sources and assumptions for data used in the Expected Credit Loss (ECL) models used by the Bank to determine impairment provisions. We examined a sample of exposures and performed procedures to evaluate the:</p> <ul style="list-style-type: none"> Data used to determine the impairment reserve, including transactional data captured at loan origination, ongoing internal credit quality assessments and interfaces to the expected credit loss model; Expected credit loss model, including the models developed and approval, ongoing monitoring/validation, model governance and mathematical accuracy; We checked the appropriateness of the Bank’s staging; Basis for and data used to determine overlays; For Probability of Default (PD) used in the ECL calculations we checked the Through the Cycle (TTC) PDs calculation and checked the appropriateness of conversion of the TTC PDs to point in time (PIT) PDs; We checked the appropriateness of determining Exposure at Default, including the consideration of prepayments and repayments in the cash flows and the resultant arithmetical calculations; We checked the calculation of the Loss Given Default (LGD) used by the Bank in the ECL calculations, including the appropriateness of the use of collateral and the resultant arithmetical calculations; For forward looking assumptions used by the Bank’s management in its ECL calculations, we held discussions with management and corroborated the assumptions using publicly available information; We checked the completeness of loans and advances, off balance sheet items, investment securities, placements and other financial assets included in the ECL Other key modeling assumptions adopted by the Bank; and We then challenged the appropriateness of the models and management assumptions included in the ECL calculations. <p>We also performed procedures to ensure the competence, objectivity and independence of the Bank’s consultant.</p>



Key audit matter	How our audit addressed the key audit matter
	<p>We involved our credit specialists in areas that required specific expertise (i.e. data reliability and the expected credit loss model).</p> <p>We checked the appropriateness of the opening balance adjustments and assessed the accuracy of the disclosures in the financial statements.</p> <p>We found that the assumptions used by management were comparable with historical performance and have been assessed as reasonable. We considered the disclosure of loan impairment to be appropriate and adequate.</p> <p>We further assessed also as appropriate the classifications of the Bank's loans and advances in accordance with Central Bank of The Gambia, prudential guidelines and the transfer of any excess provision over the IFRS computed provisions to the regulatory credit risk reserve.</p>

Other Information

The directors are responsible for the other information. The other information comprises the Chairman's Statement, Directors' Report, Audit Committee's Report, Corporate Governance report, Internal Control and Risk Management systems report. The other information does not include the financial statements and our report thereon.

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

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

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

Responsibilities of the directors for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2013, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the benefits derivable by the public from such communication.



The engagement partner on the audit resulting in this independent auditor's report is Aji Penda Sankareh.

DT Associates

Chartered Accountants

Registered Auditors

Date: 2019



**Consolidated Statement of comprehensive income**

For the year ended 31 December 2018

	Notes	The Group		The Bank	
		31-Dec-18 D'000	31-Dec-17 D'000	31-Dec-18 D'000	31-Dec-17 D'000
Interest and similar income	5	426,480	551,606	434,349	545,962
Interest and similar expense	5	(100,990)	(188,512)	(101,131)	(188,112)
Net Interest Income		325,490	363,094	333,218	357,850
Fees and commission income	6	115,841	124,636	108,437	116,638
Fees and commission expense	6	(5,133)	(5,543)	(5,570)	(5,219)
Net fee and commission income		110,708	119,093	102,867	111,419
Net trading income	7	68,453	56,598	37,817	31,247
Other operating income	8	36,654	13,915	36,038	25,541
Operating income		541,305	552,700	509,940	526,057
Net impairment gain on financial asset	16	30,004	33,297	29,198	33,297
Personnel expenses	9	(166,694)	(165,775)	(159,366)	(158,065)
Depreciation and amortization	19,20	(93,622)	(88,351)	(92,081)	(86,899)
Other expenses	10	(174,682)	(203,891)	(163,531)	(193,668)
		(404,994)	(424,720)	(385,780)	(405,335)
Profit before income tax		136,311	127,980	124,160	120,722
Income tax expense	11	(42,176)	(42,590)	(35,536)	(36,099)
Profit for the year		94,135	85,390	88,624	84,623
Other comprehensive income, net of income tax					
Items that will not be reclassified to profit or loss:		-	-	-	-
Net gain on fair value equity instrument at FVOCI		-	-	-	-
Revaluation reserve		-	-	-	-
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		94,135	85,390	88,624	84,623
Profit attributable to:					
Controlling equity holders of the Bank/Group		93,965	85,428	88,624	84,623
Non controlling interest		170	(38)	-	-
Profit for the year		94,135	85,390	88,624	84,623
Total comprehensive income attributable to:					
Controlling equity holders of the Bank/Group		93,965	85,428	-	84,623
Non controlling interest		170	(38)	-	-
Total comprehensive income for the year		94,135	85,390	-	84,623
Basic/diluted earnings per share (Bututs)	12	47	43	44	42

The accompanying notes are an integral part of the financial statements

**Consolidated Statement of financial position**

As at 31 December 2018

	Notes	The Group		The Bank	
		31-Dec-18 D'000	31-Dec-17 D'000	31-Dec-18 D'000	31-Dec-17 D'000
ASSETS					
Cash and cash equivalents	14	1,585,168	1,753,750	1,575,267	1,739,492
Trading assets	15	2,649,506	2,482,583	2,626,094	2,469,598
Loans and advances to customers	16	1,557,533	973,244	1,537,193	941,505
Investment in subsidiaries	17	-	-	20,558	20,558
Investment in other equity securities	18	69,392	69,392	69,392	69,392
Property, plant and equipment	19	672,506	701,425	669,206	697,326
Intangible assets	20	47,099	73,330	47,016	73,247
Deferred tax	21	1,972	4,672	1,972	4,672
Other assets	22	88,689	163,895	76,407	138,784
TOTAL ASSETS		6,671,865	6,222,291	6,623,105	6,154,574
LIABILITIES					
Deposits from Banks	23	6,590	4,290	6,590	4,290
Deposits from Customers	24	5,832,311	5,341,220	5,838,774	5,346,373
Current tax	11	17,779	3,830	16,303	3,645
Employee benefit obligations		1,501	1,819	1,501	1,819
Other liabilities	25	81,150	129,123	68,739	94,503
Total liabilities		5,939,331	5,480,282	5,931,907	5,450,630
EQUITY					
Stated capital	26	200,000	200,000	200,000	200,000
Income surplus	26	95,092	108,831	66,025	82,039
Statutory reserves	26	242,866	228,746	242,040	228,746
Revaluation reserve	26	183,133	193,013	183,133	193,013
Credit risk reserve		-	146	-	146
Total equity attributable to equity holders of the Group		721,091	730,736	691,198	703,944
Non Controlling interest		11,443	11,273	-	-
TOTAL LIABILITIES AND EQUITY		6,671,865	6,222,291	6,623,105	6,154,574

These financial statements were approved by the Board of Directors on 29 th March , 2019, 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 2018

The Bank	Attributable to equity holders of the Bank						
	Stated capital D'000	Statutory reserve D'000	Credit risk reserve D'000	Revaluation reserve D'000	Equity Revaluation reserve D'000	Income surplus D'000	Total equity D'000
At 1 January 2017	200,000	216,053	4,341	193,013	-	95,914	709,321
Net income for the year	-	-	-	-	-	84,623	84,623
Transfer from credit risk reserve	-	-	(4,195)	-	-	4,195	-
Transfer to statutory reserve	-	12,693	-	-	-	(12,693)	-
Dividend paid to equity holders	-	-	-	-	-	(90,000)	(90,000)
Balance as per IAS39	200,000	228,746	146	193,013	-	82,039	703,944
Day one IFRS 9 adjustments(refer to note 33)	-	-	-	-	-	(41,370)	(41,370)
Restated balance At 1 January 2018	200,000	228,746	146	193,013	-	40,669	662,574
Net income for the year	-	-	-	-	-	88,624	88,624
Transfer from credit risk reserve	-	-	(146)	-	-	146	-
Transfer to statutory reserve	-	13,294	-	-	-	(13,294)	-
Dividend paid to equity holders	-	-	-	-	-	(60,000)	(60,000)
Transfer to retained earnings	-	-	-	(9,880)	-	9,880	-
At 31 December 2018	200,000	242,040	-	183,133	-	66,025	691,198

The accompanying notes are an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

The Group	Attributable to equity holders of the Group						
	Stated capital D'000	Statutory reserve D'000	Credit risk reserve D'000	Revaluation reserve D'000	Equity Revaluation reserve D'000	Income surplus D'000	Total equity D'000
At 1 January 2017	200,000	216,053	4,341	193,013	-	123,035	736,442
Net income for the year	-	-	-	-	-	85,390	85,390
Transfer from credit risk reserve	-	-	(4,195)	-	-	4,195	-
Transfer to statutory reserve	-	12,693	-	-	-	(12,693)	-
HFC retained earnings post acquisition	-	-	-	-	-	1,123	1,123
Dividend paid to equity holders	-	-	-	-	-	(92,219)	(92,219)
Balance as per IAS39	200,000	228,746	146	193,013	-	108,831	730,736
Day one IFRS 9 adjustments(refer to note 33)	-	-	-	-	-	(41,370)	(41,370)
At 1 January 2018	200,000	228,746	146	193,013	-	67,461	689,366
Net income for the year	-	-	-	-	-	94,135	94,135
Transfer from credit risk reserve	-	-	(146)	-	-	146	-
Transfer to statutory reserve	-	14,120	-	-	-	(14,120)	-
Dividend paid to equity holders	-	-	-	-	-	(62,240)	(62,240)
Transfer to retained earnings	-	-	-	(9,880)	-	9,880	-
Post acquisition NCI	-	-	-	-	-	(170)	(170)
At 31 December 2018	200,000	242,866	-	183,133	-	95,092	721,091
Attributable to Non-controlling interest							
At 1 January 2018	-	-	-	-	-	11,273	11,273
Post acquisition retained earnings	-	-	-	-	-	170	170
							-
At 31 December 2018	-	-	-	-	-	11,443	11,443

The accompanying notes are an integral part of the financial statements

**Consolidated Statement of cashflows**

For the year ended 31 December 2018

	Notes	The Group		The Bank	
		31-Dec-18 D'000	31-Dec-17 D'000	31-Dec-18 D'000	31-Dec-17 D'000
CASHFLOWS FROM OPERATING ACTIVITIES					
Profit for the year before taxes		136,311	127,980	124,160	120,722
Adjustments to reconcile profit before taxes to net cash provided by operating activities:					
Depreciation and amortization	19,20	93,622	88,351	92,081	86,899
Net impairment gain on financial assets	16	(30,004)	(33,297)	(29,198)	(33,297)
Net interest income		(325,490)	(363,094)	(333,218)	(357,850)
Profit on sale of assets		(4,964)	(698)	(4,968)	(395)
Fixed assets written off		60	57	60	57
		(130,465)	(180,701)	(151,083)	(183,864)
Changes in trading assets		(166,923)	(594,687)	(156,496)	(597,365)
Changes in loans and advances to customers		(554,285)	(80,649)	(566,490)	(74,592)
Changes in other assets		33,836	19,045	21,007	37,393
Changes in deposits from banks		2,300	(6,666)	2,300	(6,666)
Changes in deposits from customers		491,091	950,851	492,401	935,659
Changes in other liabilities and provisions		(48,291)	36,833	(26,082)	20,822
		(372,737)	144,026	(384,443)	131,387
Interest and dividends received		426,480	551,606	434,349	545,962
Interest paid		(100,990)	(188,512)	(101,131)	(188,112)
Income tax paid		(25,527)	(37,885)	(20,178)	(31,581)
Net cash used in operating activities		(72,774)	469,235	(71,403)	457,656
CASHFLOWS FROM INVESTING ACTIVITIES					
Purchase of property and equipment	19	(72,631)	(67,870)	(71,258)	(66,806)
Proceeds from the sale of property and equipment		42,137	633	41,510	471
Purchase of intangible assets	20	(3,074)	(13,971)	(3,074)	(13,971)
Net cash used in investing activities		(33,568)	(81,208)	(32,822)	(80,306)
CASHFLOWS FROM FINANCING ACTIVITIES					
Dividends paid	26	(62,240)	(92,219)	(60,000)	(90,000)
Net cash used in investing activities		(62,240)	(92,219)	(60,000)	(90,000)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS					
		(168,582)	295,808	(164,225)	287,350
Cash and cash equivalents at beginning of the year		1,753,750	1,457,942	1,739,492	1,452,142
Effects of exchange rate fluctuations on cash held		-	-	-	-
CASH AND CASH EQUIVALENTS AT 31 DECEMBER 2018		1,585,168	1,753,750	1,575,267	1,739,492

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:

	2018	2017
Social Security & Housing Finance	36.98%	36.98%
Databank	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:

- | | |
|---|---|
| <ul style="list-style-type: none"> • Banjul • Bakau • Westfield • Kololi • Bundung • Yundum • Brikama • Farafenni • Sinchu | <ul style="list-style-type: none"> • 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 2018 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”) issued by international Accounting standards board (IASB) 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.

2.1.1 Changes in accounting policies and disclosures:

(a) New standards, amendments and interpretations adopted by the Bank

The Bank applied IFRS 15 and IFRS 9 for the first time in 2018. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

The following amendments to standards and interpretations are effective from 1 January 2018 but do not have any impact on the Bank's financial position, performance and/or disclosures:

- IFRIC Interpretation 22 *Foreign Currency Transactions and Advance Considerations*
- Amendments to IAS 40 *Transfers of Investment Property*
- Amendments to IFRS 2 *Classification and Measurement of Share Based Payment Transactions*
- Amendments to IFRS 4 *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
- Amendments to IAS 28 *Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice*

The Bank has adopted the following new standards with initial date of application of 1 January, 2018.

2.1.2 IFRS 15: Revenue from contracts with customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, effective for periods beginning on 1 January 2018 with early adoption permitted. IFRS 15 defines principles for recognising revenue and will be applicable to all contracts with customers.

However, interest and fee income integral to financial instruments and leases will continue to fall outside the scope of IFRS 15 and will be regulated by the other applicable standards (e.g., IFRS 9, and IFRS 16 Leases). Revenue under IFRS 15 is recognised as goods and services are transferred, to the extent that the transferor anticipates entitlement to goods and services. The standard also specifies a comprehensive set of disclosure requirements regarding the nature, extent and timing as well as any uncertainty of revenue and the corresponding cash flows with customers.

Adoption of this standard does not have any significant impact on the Bank.

2.1.3 IFRS 9: Financial Instruments

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



As permitted by the transitional provisions of IFRS 9, the Bank elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in opening retained earnings and other reserves in the current period. Consequently, for notes disclosures, the consequential amendments to IFRS 7 disclosures have also only been applied to the current period. The comparative period notes disclosures repeat those disclosures made in the prior year.

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

Set out below are the specific IFRS 9 accounting policies applied in the current period. Further disclosures relating to the impact of the adoption of IFRS 9 on the Group are made in Note 33

The financial statements were approved by the Board of Directors on 29th March 2019.

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;
- financial instruments held fair value through other comprehensive income are measured at fair value;
- Non current assets whose markets values can be reliably measured at reporting dates.

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 Group's accounting policies and that have the most significant effect on the amounts recognized in financial statements.



- **Business model assessment:** Classification and measurement of financial assets depends on the results of the SPPI and the business model test (as shown in the financial assets sections of note 16). The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.
- **Significant increase of credit risk:** Expected Credit Loss (ECL) are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.
- **Establishing groups of assets with similar credit risk characteristics:** When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics of the characteristics considered in this judgement. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.
- **Models and assumptions used:** The Group uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk
- Provisioning for expected 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.

The following are key estimations that the directors have used in the process of applying the Group's accounting policies and that could have effect on the amounts recognised in financial statements:

Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and determining the forward looking information relevant to each scenario: When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.



Probability of default: PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Loss Given Default: LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Fair value measurement and valuation process: In estimating the fair value of a financial asset or a liability, the Group uses market-observable data to the extent it is available. Where such Level 1 inputs are not available the Group uses valuation models to determine the fair value of its financial instruments.

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 consolidated financial statements incorporate the financial statements of the Bank and entities controlled by the Bank (its subsidiaries) made up to 31 December each year. Control is achieved when the Bank:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Bank has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:

- the size of the Bank's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Bank, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings



Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated profit or loss account from the date the Bank gains control until the date when the Bank ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the owners of the Bank and to the non-controlling interests (NCI). Total comprehensive income of the subsidiaries is attributed to the owners of the Bank and to the NCI even if this results in the NCI having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation, with the exception of foreign currency gains and losses on intragroup monetary items denominated in a foreign currency of at least one of the parties.

NCI in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the NCI's proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other NCI are initially measured at fair value. Subsequent to acquisition, the carrying amount of NCI is the amount of those interests at initial recognition plus the NCI's share of subsequent changes in equity.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the NCI are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the NCI are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Bank.

When the Group loses control of a subsidiary, the gain/loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any NCI. All amounts previously recognised in OCI in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

b. Foreign currency

(i) Foreign currency transactions

For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in Gambian Dalasis (GMD which is the functional currency of the Bank, and the presentation currency for the consolidated financial statements.



The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised 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 at that date. Non-monetary items 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. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under Derivative financial instruments and Hedge accounting); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in OCI and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in OCI and accumulated in a separate component of equity (attributed to NCI if appropriate)

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest become a financial asset), all of the exchange differences accumulated in a separate component of equity in respect of that operation attributable to the owners of the Bank are reclassified to profit or loss

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to NCI and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss

c. Net Interest Income

Interest income and expense for all financial instruments except for those classified as held for trading or those measured or designated as at FVTPL are recognised in 'Net interest income' as 'Interest income' and 'Interest expense' in the profit or loss account using the effective interest method. Interest on financial instruments measured as at FVTPL is included within the fair value movement during the period.

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.



The calculation of the EIR includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL transaction costs are recognised in profit or loss at initial recognition

The interest income/ interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities. For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)). For financial assets originated or purchased credit-impaired (POCI) the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

d. Fees and commissions income/expense

Fee and commission income and expense include fees other than those that are an integral part of EIR (see above). The fees included in this part of the Group's consolidated statement of profit or loss include among other things fees charged for servicing a loan, non-utilisation fees relating to loan commitments when it is unlikely that these will result in a specific lending arrangement and loan syndication fees.

Fee and commission expenses with regards to services are accounted for 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), ‘financial assets at fair value through other comprehensive income(FVTOCI)’, financial assets at amortised cost’. The classification depends on the banks business model and contractual cash flow characteristic of the financial assets.

(ii) Modification and derecognition of financial assets

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

The Group renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants. The Group has an established forbearance policy which applies for corporate and retail lending

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

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



- A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest. If the difference in present value is greater than 25% the Group deems the arrangement is substantially different leading to derecognition.

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

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

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

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

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

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.



On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

(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

The Group recognizes loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

(i) loans and advances to banks (ii) loans and advances to customers; and (iii) financial guarantee contracts issued. No impairment loss is recognized on equity investments.

With the exception of Purchased and Originated Credit Impaired (POCI) financial assets ECLs are required to be measured through a loss allowance at an amount equal to:

12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument.

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

For undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Group if the holder of the commitment draws down the loan and the cash flows that the Group expects to receive if the loan is drawn down; and for financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group expects to receive from the holder, the debtor or any other party.

The Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original Effective Interest Rate (EIR), regardless of whether it is measured on an individual basis or a collective basis.

(vii) Credit impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events: (i) significant financial difficulty of the borrower or issuer; (ii) a breach of contract such as a default or past due events; (iii) the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise considered.

It may not be possible to identify a single discrete event—instead; the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt reporting date. Instruments that are financial assets measured at amortised cost or Fair Value Through Profit or Loss (FVTOCI) are credit-impaired at each reporting date. The definition of default includes unlikelihood to pay indicators and a backstop if are overdue for 90 days or more.

(vii) Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Group considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Group; or
- the borrower is unlikely to pay its credit obligations to the Group in full.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets. Overdrafts are considered as being past due once the customer has not paid interest on his OD facility for more than three months or has been advised of a limit smaller than the current amount outstanding.

When assessing if the borrower is unlikely to pay its credit obligation, the Group takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the breach of covenants, which is not relevant for retail lending. Quantitative indicators, such as overdue status etc. . The Group uses a variety of sources of information to assess default which are either developed internally or obtained from external sources.

(ix) Significant increase in credit risk

The Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL. The Group's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience including forward-looking information.

For corporate lending, forward-looking information includes the future prospects of the industries in which the Group's counterparties operate, financial analysts etc. , as well as consideration of various internal and external sources of actual and forecast economic information. For retail, lending forward looking information includes the same economic forecasts as corporate lending with additional forecasts of local economic indicators, including internally generated information of customer payment behaviour. The Group allocates its counterparties to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime (Probability of Default) PD by: comparing:

- the remaining lifetime PD at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure.

The PDs used are forward looking and the Group uses the same methodologies and data used to measure the loss allowance for ECL.



The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However the Group still considers separately some qualitative factors to assess if credit risk has increased significantly. For corporate lending there is particular focus on assets that are included on a ‘watch list’ given an exposure is on a watch list once there is a concern that the creditworthiness of the specific counterparty has deteriorated. For retail lending the Group considers the expectation of forbearance and events such as unemployment, bankruptcy or death.

As a back-stop when an asset becomes 30 days past due, the Group considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

(x) Write-off

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

(xi) Financial liabilities and equity

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group or a contract that will or may be settled in the Group’s own equity instruments and is a non-derivative contract for which the Group is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group’s own equity instruments

(xii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs

Repurchase of the Group’s own equity instruments is recognised and deducted directly in equity. No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group’s own equity instruments.

(h) Financial liabilities

Financial liabilities are classified as either financial liabilities ‘at FVTPL’ or ‘other financial liabilities’

(i) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or



- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire hybrid (combined) contract to be designated as at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains/losses arising on remeasurement recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain/loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'net income from other financial instruments at FVTPL' line item in the profit or loss account.

However, for non-derivative financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in OCI are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

For issued loan commitments and financial guarantee contracts that are designated as at FVTPL all gains and losses are recognised in profit or loss.

In making the determination of whether recognising changes in the liability's credit risk in OCI will create or enlarge an accounting mismatch in profit or loss, the Group assesses whether it expects that the effects of changes in the liability's credit risk will be offset in profit or loss by a change in the fair value of another financial instrument measured at FVTPL. This determination is made at initial recognition

(ii) Other financial liabilities

Other financial liabilities, including deposits and borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

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 EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition



(iii) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

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.

(iv) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL and not arising from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the Group's revenue recognition policies.

Financial guarantee contracts not designated at FVTPL are presented as provisions on the consolidated statement of financial position and the remeasurement is presented in other revenue.

The Group has not designated any financial guarantee contracts as at FVTPL.



Notes to the financial statements

i. 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.

(j) 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. there was no changes in the bank's collateral policy during the year

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.

k . 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 software 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	1 to 5
Office machines	1 to 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.

(i) 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.

(ii) 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.

l. 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.

m. 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.

n. 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.

**o. 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.

p. 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.

q. 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.

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



Notes to the financial statements

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.
- this reflects the risk of fluctuations in asset and commodity values caused by changes in market prices and yields and
- **Market risk** 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.

(i) Significant increase in credit risk

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

(ii) Internal credit risk ratings

In order to minimise credit risk, the Group has tasked its credit management committee to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The Group's credit risk grading framework comprises different categories. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The nature of the exposure and type of borrower are taken into account in the analysis.

(ii) Incorporation of forward-looking information

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

The Group applies probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome and consists of information used by the Group for strategic planning and budgeting. The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The Group has not made changes in the estimation techniques or significant assumptions made during the reporting period.

The table below summarises the principal macroeconomic indicators included in the economic scenarios used at 31 December 2018 for the years 2019 to 2022, of the Gambia, which is the country where the Group operates and therefore is the country that has a material impact in ECLs.

	2019	2020	2021	2022
Inflation	5.27	4.93	4.85	4.83
Base scenario	70%	70%	70%	70%
Range of upside scenarios	15%	15%	15%	15%
Range of downside scenarios	15%	15%	15%	15%

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 5 years.



The Group has performed a sensitivity analysis on how ECL on the main portfolios will change if the key assumptions used to calculate ECL change by 15%. The table below outlines the total ECL per portfolio as at 31 December, if the assumptions used to measure ECL remain as expected (amount as presented in the statement of financial position), as well as if each of the key assumptions used change by plus or minus 15%. The change are applied to each probability weighted scenarios used to develop the estimate of expected credit losses.

Loans and advances to customers

		Average PD	Average LGD	Average LGD	ECL
	As expected	0.363	0.646	0.646	(28,599)
Inflation	+15%	0.41745	0.39836	0.39836	(32,889)
	-15%	0.30855	0.29444	0.29444	(24,309)

The Group is not able to estimate the impact on ECL of the following uncertain events/factors, despite best efforts, due to lack of reasonable and supportable information or statistically co-related:

- GDP growth;**
- Unemployment rates**
- Benchmark interest rates**
- House prices**

(iv) Measurement of ECL**The key inputs used for measuring ECL are:**

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

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

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral. The LGD models for secured assets consider forecasts of future collateral valuation taking into account sale discounts, time to realisation of collateral, cross collateralization and etc. LGD models for unsecured assets ignore time of recovery but recovery rates. The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the loan.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date and expected drawdowns on committed facilities. The Group's modeling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortization profiles, changes in utilization of undrawn commitments and credit mitigation actions taken before default. The Group uses EAD models that reflect the characteristics of the portfolios.



The Group measures ECL considering the risk of default over the contractual period over which the entity is exposed to credit risk and not a longer period, even if contract extension or renewal is common business practice. The group manages its financial instruments on a collective basis and is canceled only when the Group becomes aware of an increase in credit risk at the facility level. The longer period is estimated taking into account the credit risk management actions that the Group expects to take to mitigate ECL, e.g. reduction in limits or cancellation of the loan commitment.

The measurement of ECL is based on probability weighted average credit loss. As a result, the measurement of the loss allowance should be the same regardless of whether it is measured on an individual basis or a collective basis (although measurement on a collective basis is more practical for large portfolios of items). In relation to the assessment of whether there has been a significant increase in credit risk it can be necessary to perform the assessment on a collective basis as noted below.

(v) Groupings based on shared risks characteristics

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

- **instrument type;**
- **collateral type;**
- **industry;**
- **income bracket of the borrower;**
- **credit risk grade;**

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
	2018	2017
	D'000	D'000
stage 3 impairment		
Grade 6: Impaired (substandard)	627	11,240
Grade 7: Impaired (standard)	580	916
Grade 8: Impaired (doubtful)	4,771	4,217
Grade 9: Impaired (loss)	12,529	
Gross amount	18,507	16,373
Allowance for impairment	(2,811)	(12,374)
Carrying amount	15,696	3,999
stage 1 impairment		
Grade 1-3 Normal	1,525,847	937,421
		5,768
Gross amount	1,525,847	943,189
Allowance for impairment	(25,788)	(5,683)
Carrying amount	1,500,059	937,506
stage 2 impairment		
Grade 4-5 Watch list	21,867	5,768
Allowance for impairment	(429)	-
Carrying amount	21,438	5,768
Past due comprises:		
90-180 days	627	1,938
180-360	17,300	3,830
days +		
Carrying amount	17,927	5,768
Neither past due nor impaired		
Grade 1-3 Normal	1,525,847	937,421
Grade 4-5 Watch list	-	-
Carrying amount	1,525,847	937,421
Includes loans with renegotiated terms		
Total carrying amount	1,537,193	941,505

For further detail on IFRS 9 credit quality refer to tables below:



The following table sets out information about the credit quality of financial assets measured at amortised cost. For loan commitments and financial guarantee contracts the amounts represent amount committed and or guaranteed respectively

Credit quality analysis

Loans and advances to customers as amortised cost

		2018 Life-Time			
		12-Months ECL	ECL not credit impaired	ECL credit impaired	Total
Grade 1-3:	Normal	1,525,847	-	-	1,525,847
Grade 4-5:	Watch list	-	21,867	-	21,867
Grade 6	Substandard	-	-	627	627
Grade 7:	Standard	-	-	580	580
Grade 8:	Doubtful	-	-	4,771	4,771
Grade 9:	Loss	-	-	12,529	12,529
Loss Allowance		(25,788)	(429)	(2,811)	(29,028)
Carrying Value		1,500,059	21,438	15,696	1,537,193

Credit quality analysis

Financial gaurantees contracts

		2018 Life-Time			
		12-Months ECL	ECL not credit	ECL credit	Total
Grade 1-3:	Normal	100	-	-	100
Grade 4-5:	Watch list	-	-	-	-
Grade 6	Substandard	-	-	-	-
Grade 7:	Standard	-	-	-	-
Grade 8:	Doubtful	-	-	-	-
Grade 9:	Loss	-	-	-	-
Loss Allowance		32	-	-	-
Carrying Value		132	-	-	100

**(i) 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.

(ii) 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.

(iii) 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.

(iv) Allowances for impairment

The bank establishes an allowance for impairment losses that represents the estimate of expected 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	
	Gross	Net
	D'000	D'000
31st December 2018		
Grade 6: Individually impaired	627	460
Grade 7: Individually impaired	580	421
Grade 8: Individually impaired	12,529	12,385
Total	13,736	13,266

	Loans and advances to customers	
	Gross	Net
	D'000	D'000
31st December 2017		
Grade 6: Individually impaired	37,757	788
Grade 7: Individually impaired	3,191	801
Grade 8: Individually impaired	5,808	2,410
Total	46,756	3,999



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 2018 or 2017.

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
	2018	2017
	D'000	D'000
Against stage 1 impaired		
Property	2,142,940	4,416
Cash	5,861	-
Equity	-	-
Other	-	-
Against stage 2 impaired		
Property	160,147	663,153
Cash	-	91,254
Equity	-	-
Other	-	-
Against stage 3 impaired		1800
Property	131,966	91,254
Cash	-	-
Equity	-	-
Other	-	1,800
Other	-	-
Total	2,440,914	853,677



(vii) 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 customers	Loans and advances to customers
	2018	2017
	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 customers	Loans and advances to customers
	2018	2017
	D'000	D'000
Carrying amount		
Concentration by sector		
Agriculture	6,510	1,969
Manufacturing	4,524	9,248
Service Industry	1,156,712	554,441
Mining	-	-
Other	369,447	375,847
Total	1,537,193	941,505

(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 fulfil 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 Department. 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:

	2018	2017
At 31 December	63.1%	68.9%
Average for the period	68.1%	73.8%
Maximum for the period	70.3%	78.0%
Minimum for the period	63.1%	68.9%

Residual contractual maturities of financial liabilities

	Carrying amount	Gross nominal inflow/outflow	Less than 1 1 month to 3 3 months to 1 1-5 years			
			month	months	year	
	D'000	D'000	D'000	D'000	D'000	D'000
31st December 2018						
Deposits from Banks	6,590	6,590	-	6,590	-	-
Deposits from Customers	5,838,774	5,838,774	5,480,195	211,307	147,272	-
	5,845,364	5,845,364	5,480,195	217,897	147,272	-
31st December 2017						
Deposits from Banks	4,290	4,290		4,290	-	-
Deposits from Customers	5,346,373	5,346,373	4,689,842	218,265	438,266	-
	5,350,663	5,350,663	4,689,842	222,555	438,266	-

(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 2018 and 2017 were as follows:

	Net FX positions	
	2018	2017
	D'000	D'000
EURO	4,859	(1,277)
USD	(9,404)	(11,836)
GBP	35,310	1,223
Other	4,600	2,799
Total net FX balance sheet position	35,365	(9,091)



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 2018:

	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	56.00	58.80	4,859	13,605
USD	49.40	51.87	(9,404)	(23,228)
GBP	63.75	66.94	35,310	112,551
Total				102,928

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 2017:

	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	56.00	58.80	(1,277)	(3,576)
USD	47.75	50.14	(11,836)	(28,258)
GBP	64.00	67.20	1,223	3,914
Total				(27,920)

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 2018						
Cash and cash equivalents	1,575,267	1,575,267	-	-	-	-
Loans/advances to customers	1,537,193	1,166,833	13,429	50,183	292,380	14,829
Investment securities	2,626,094	245,850	592,754	479,969	1,289,652	17,869
	5,738,554	2,987,950	606,183	530,152	1,582,032	32,698
Deposits from banks	6,590	6,590	-	-	-	-
Deposits from customers	5,838,774	5,480,195	211,307	147,272	-	-
	5,845,364	5,486,785	211,307	147,272	-	-
	106,810	2,498,835	(394,876)	(382,880)	(1,582,032)	(32,698)
31st December 2017						
Cash and cash equivalents	1,739,492	1,739,492	-	-	-	-
Loans/advances to customers	941,505	541,030	111,535	27,009	252,611	9,320
Investment securities	2,469,598	453,400	569,125	962,073	485,000	-
	5,150,595	2,733,922	680,660	989,082	737,611	9,320
Deposits from banks	4,290	10,956	3,005	-	-	-
Deposits from customers	5,346,373	4,689,842	218,265	438,266	-	-
	5,350,663	4,700,798	221,270	438,266	-	-
	200,068	1,966,876	(459,390)	(550,816)	(737,611)	(9,320)

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 and trading portfolio**

The following table sets out the allocation of the carrying value of assets and liabilities subject to market risk between trading and non-trading portfolios:

2018	<u>Market risk type</u>		
	Carrying amount	Trading portfolios	Non-trading portfolios
Cash and cash equivalents	1,739,492	-	1,739,492
Trading assets	2,469,598	2,469,598	-
Loans and advances to customers	941,505	-	941,505
Investment in subsidiaries	20,558	-	20,558
Investment in other equity securities	69,392	-	69,392
	5,240,545	2,469,598	2,770,947
Deposits from Banks	6,590	6,590	-
Deposits from Customers	5,838,774	5,838,774	-
	5,845,364	5,845,364	-

2017

	Carrying amount	Trading portfolios	Non-trading portfolios
Cash and cash equivalents	1,739,492	-	1,739,492
Trading assets	2,469,598	2,469,598	-
Loans and advances to customers	941,505	-	941,505
Investment in subsidiaries	20,558	-	20,558
Investment in other equity securities	69,392	-	69,392
	5,240,545	2,469,598	2,770,947
Deposits from Banks	6,590	6,590	-
Deposits from Customers	5,838,774	5,838,774	-
	5,845,364	5,845,364	-



(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.

(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 fulfil requirements subject to the capital adequacy with special emphasis on the fulfilment of local legislative requirements as per the Banking Act 2009 and other directives of the Central Bank of the Gambia.

(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:

	2018	2017
	D'000	D'000
Tier 1 capital		
Ordinary share capital	200,000	200,000
Statutory reserves	242,040	228,746
Retained earnings	66,025	82,039
Total tier 1 capital	508,065	510,785
Tier 2 capital		
Revaluation reserve	91,567	96,507
Total tier 2 capital	91,567	96,507
Total regulatory capital	599,632	607,292
Risk weighted assets		
Investment at bank	882,579	1,033,755
Retail bank, corporate bank and treasury	2,597,968	1,266,261
Total risk weighed assets	3,480,547	2,300,016



Capital ratios

Total regulatory capital expressed as a percentage of total risk weighted assets	17%	26%
Total tier 1 capital expressed as a percentage of risk weighted assets	15%	22%

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). 2017 was based on IAS39

	Designated at PVPL D'000	Trading D'000	Held to Maturity D'000	Loans and receivables D'000	Available for sale D'000	Amortised cost D'000	Total carrying amount D'000	Fair value D'000
31st December 2018								
Cash and cash equivalents	1,575,267	-	-	-	-	-	1,575,267	1,575,267
Trading assets	-	-	-	-	-	2,626,094	2,626,094	2,626,094
Loans and advances	-	-	-	-	-	1,537,193	1,537,193	1,537,193
Investment in securities	-	-	-	-	89,950	-	89,950	89,950
	1,575,267	-	-	-	89,950	4,163,287	5,828,504	5,828,504
Trading liabilities								
Deposits from banks	-	-	-	-	-	6,590	6,590	6,590
Deposits from customers	-	-	-	-	-	5,838,774	5,838,774	5,838,774
	-	-	-	-	-	5,845,364	5,845,364	5,845,364
31st December 2017								
Cash and cash equivalents	1,739,492	-	-	-	-	-	1,739,492	1,739,492
Trading assets	-	-	-	-	2,469,598	-	2,469,598	1,872,233
Loans and advances	-	-	-	941,505	-	-	941,505	941,505
Investment in securities	-	-	-	-	89,950	-	89,950	89,950
	1,739,492	-	-	941,505	2,559,548	-	5,240,545	4,643,180
Trading liabilities								
Deposits from banks	-	-	-	-	-	4,290	4,290	4,290
Deposits from customers	-	-	-	-	-	5,346,373	5,346,373	5,346,373
	-	-	-	-	-	5,350,663	5,350,663	5,350,663



(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. NPL ratio is currently at 1%.
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 68.1%.
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 $\pm 15\%$ 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 continues to upgrade and secure all its major IT platforms	The Bank suffered from staff related fraudulent activities as a result of failed internal processes during the year amounting to D2.137M. An amount of 1.375M has been recovered whilst efforts to continue to recover the balance of D0.762. is ongoing.
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 has invested in FIRCOSOFT and FIRCO Due Diligence Softwares for improved KYC processes.	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 above 17%.

5. Interest income and expense

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

	The Group		The Bank	
	31-Dec-18 D'000	31-Dec-17 D'000	31-Dec-18 D'000	31-Dec-17 D'000
Cash and cash equivalents	775	2,769	775	2,769
Loans and advances to customers	193,443	190,547	189,703	187,372
Investment securities	232,262	358,290	243,871	355,821
Total interest income	426,480	551,606	434,349	545,962

Interest and similar expenses for the year ended consist of:

	The Group		The Bank	
	31-Dec-18 D'000	31-Dec-17 D'000	31-Dec-18 D'000	31-Dec-17 D'000
Deposits from customers	(100,990)	(188,347)	(101,131)	(187,947)
Interbank placements	-	(165)	-	(165)
Total interest expense	(100,990)	(188,512)	(101,131)	(188,112)
Net interest income	325,490	363,094	333,218	357,850

The total interest income calculated using the EIR method for financial assets measured amortised cost is D 189.7 M during the financial year 2018 (2017: 187M) there was no interest expense calculated using the EIR method for financial liabilities measured at amortised cost for both current and prior year

Included within various captions under interest income for the year ended 31 December 2018 is a total of D5.4M (2017: D6.9M) 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-18 D'000	31-Dec-17 D'000	31-Dec-18 D'000	31-Dec-17 D'000
Fees and commission income can be summarised as follows:				
Banking customer fees	52,084	57,784	52,084	57,784
Credit related fees	24,604	19,504	24,604	19,504
Foreign currency related fees and commissions	31,940	38,876	24,536	30,878
Commission on trade finance transactions	7,213	8,472	7,213	8,472
Total fees and commission income	115,841	124,636	108,437	116,638
Fees and commission expense				
Interbank transaction fees	(4,922)	(5,234)	(5,359)	(4,910)
Foreign currency related fees	(211)	(309)	(211)	(309)
Total fees and commission expense	(5,133)	(5,543)	(5,570)	(5,219)
Net fees and commission income	110,708	119,093	102,867	111,419

7. Net trading income

	The Group		The Bank	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	D'000	D'000	D'000	D'000
Foreign exchange	68,453	56,598	37,817	31,247
Net trading income	68,453	56,598	37,817	31,247

8. Other operating income

Other income can be summarized as follows:

	The Group		The Bank	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	D'000	D'000	D'000	D'000
Sundry Income	13,493	10,203	13,358	9,048
Profit on sale of fixed assets	4,964	338	4,968	338
Rental income	1,327	560	842	560
Dividends received on equity investments	16,870	2,814	16,870	15,595
Total other income	36,654	13,915	36,038	25,541

9. Personnel costs

Personnel costs can be summarized as follows:

	The Group		The Bank	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	D'000	D'000	D'000	D'000
Salaries and allowances	112,742	110,188	106,272	103,495
Contributions to defined contribution plans	13,723	13,058	13,522	13,058
staff medical expenses	7,003	6,999	7,003	6,999
Other staff costs	30,839	31,882	30,439	31,882
Directors fees	2,705	4,151	2,448	3,134
Increase/(decrease) in liability for leave arrears	(318)	(503)	(318)	(503)
Total personnel costs	166,694	165,775	159,366	158,065

The total number of employees as at 31 December 2018 was 360 of which 42 employees are directors and senior management of the Bank (2017: 358 and 40 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 D6.5M as of 31 December 2018 (2017: D6.2M).

10. General and administration expenses

General and administration expenses can be summarized as follows:

	The Group		The Bank	
	31-Dec-18 D'000	31-Dec-17 D'000	31-Dec-18 D'000	31-Dec-17 D'000
Advert/publicity	5,083	9,893	5,046	7,091
Audit fees	1,473	1,675	1,100	1,260
Consultancy fees	466	58	400	-
Electricity and water	12,754	11,669	12,643	10,909
Entertainment expenses	12	58	12	4
Insurance premium	8,095	7,085	8,079	6,866
Legal and professional fees	521	727	282	487
Losses and charge offs	4,951	24,178	4,951	24,028
Motor vehicle expenses	9,394	9,308	9,167	9,017
National education levy	130	204	100	150
Other office expenses	14,436	6,490	5,087	5,618
Postage and DHL	185	202	185	199
Printing and stationery	10,838	11,165	10,723	10,826
Rent and rates	2,523	3,805	2,388	2,374
Repairs and maintenance property/equipment	18,194	25,805	18,183	24,972
Security	6,904	6,382	6,904	5,862
Software and Hardware maintenance	60,178	58,053	60,178	57,985
Staff training	3,007	9,445	3,007	9,445
Stock exchange expenses	869	629	869	629
Subscriptions and donations	3,998	4,407	3,860	4,264
Telephone/Telex/Swift	5,447	5,701	5,348	5,400
CBG Penalties	-	409	-	409
Trade license	4,116	4,220	4,080	4,080
Travel cost	1,108	2,323	939	1,793
Total general and admin expenses	174,682	203,891	163,531	193,668

11. Income taxes

Income tax expense	The Group		The Bank	
	31-Dec-18 D'000	31-Dec-17 D'000	31-Dec-18 D'000	31-Dec-17 D'000
Current tax expense	39,476	40,136	32,836	33,645
Overprovision in prior year	-	-	-	-
	39,476	40,136	32,836	33,645
Deferred tax expense				
Origination/reversal of temporary differences	2,700	2,454	2,700	2,454
Total income tax	42,176	42,590	35,536	36,099

Legal entities in the Gambia must individually report taxable income and remit corporate income taxes thereon to the appropriate authorities at a rate of 27%.

**Reconciliation of effect tax rate**

	The Group		The Bank	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	D'000	D'000	D'000	D'000
Profit before income tax	136,311	127,980	124,160	120,722
Income tax using enacted corporation tax rate	36,804	38,394	33,523	36,217
Non deductible expenses	-	17,314	-	17,314
Capital Allowances	-	(19,885)	-	(19,885)
Over provided in prior year	-	-	-	-
Total income tax expense in income statement	36,804	35,823	33,523	33,645
Reconciliation of effective tax rate			%	%
Domestic tax rate	27	30	27	30
Non deductible expenses	-	13.53	-	14.34
Capital Allowances	-	(15.54)	-	(16.47)
Over provided in prior year	-	-	-	-
Total income tax expense in income statement	27.01	27.99	27.00	27.87

Income tax liability

	The Group		The Bank	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	D'000	D'000	D'000	D'000
Balance at the beginning of the year	3,830	2,806	3,645	1,581
Adjustment		(1,227)	-	-
Current tax expense	39,476	40,136	32,836	33,645
Tax paid during the year	(25,527)	(37,885)	(20,178)	(31,581)
Tax liability at the end of the year	17,779	3,830	16,303	3,645

Deferred tax assets and liabilities as of 31 December 2018 and as of 31 December 2017 relate to the following items:

	The Group		The Bank	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	D'000	D'000	D'000	D'000
Opening balance	(4,672)	(7,126)	(4,672)	(7,126)
Charged to income (non current tangible assets)	2,700	2,454	2,700	2,454
Tax (asset) at the end of the year	(1,972)	(4,672)	(1,972)	(4,672)

12. Earnings per share

The calculation of basic earnings per share at 31 December 2018 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-18 D'000	31-Dec-17 D'000	31-Dec-18 D'000	31-Dec-17 D'000
Profit attributable to ordinary shareholders	94,135	85,390	88,624	84,623
Weighted average number of ordinary shares	200,000	200,000	200,000	200,000
Earnings per ordinary share (dalasis)	0.47	0.43	0.44	0.42

Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2018 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-18 D'000	31-Dec-17 D'000	31-Dec-18 D'000	31-Dec-17 D'000
Profit attributable to ord. shareholders (diluted)	94,135	85,390	88,624	84,623
Weighted average no. of ord. shares (diluted)	200,000	200,000	200,000	200,000
Earnings per ordinary share (dalasis)	0.47	0.43	0.44	0.42

13. Dividend per share

At the Annual General Meeting to be held in May 2019, a final dividend in respect of the year ended 31 December 2018 of D0.15 (2017: D0.15) for every ordinary share will be proposed. An interim dividend of D0.15 (2017: D0.15) for every ordinary share was declared and paid during the year. This will bring the total dividend for the year to D0.30 (2018: D0.30).

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

**14. Cash and cash equivalents**

	The Group		The Bank	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	D'000	D'000	D'000	D'000
Cash and balances with banks	645,736	500,464	635,835	486,206
Unrestricted balances with the Central Bank	904,432	1,100,589	904,432	1,100,589
Treasury bills with maturity periods of < 3 months	35,000	152,697	35,000	152,697
Total cash and cash equivalents	1,585,168	1,753,750	1,575,267	1,739,492

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. The prevailing Cash Reserve Requirement rate as at 31st December 2018 is 15% of average deposits.

15. Trading assets

	The Group		The Bank	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	D'000	D'000	D'000	D'000
Treasury Bills	2,148,877	1,950,728	2,125,465	1,937,743
Treasury Bonds	485,000	485,000	485,000	485,000
Gains on portfolio	15,629	46,855	15,629	46,855
Total trading	2,649,506	2,482,583	2,626,094	2,469,598

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-18	31-Dec-17	31-Dec-18	31-Dec-17
	D'000	D'000	D'000	D'000
Loans	391,349	435,038	371,009	403,299
Overdrafts	998,227	323,969	998,227	323,969
Nawec bonds	196,556	232,294	196,556	232,294
Total loans and advances at amortised cost	1,586,132	991,301	1,565,792	959,562
Less:				
Stage 1 impairment	(2,811)	(12,374)	(2,811)	(12,374)
Stage 2 and 3 impairment	(25,788)	(5,683)	(25,788)	(5,683)
Total loans and advances	1,557,533	973,244	1,537,193	941,505



An analysis of loans by customer group is as follows:

	The Group		The Bank	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	D'000	D'000	D'000	D'000
Corporate Clients	1,096,054	671,693	1,096,054	671,693
Retail Clients	490,078	319,608	469,738	287,869
Total loans and advances	1,586,132	991,301	1,565,792	959,562

Allowance for impairment

The movement in stage 3 allowances for impairment is as follows:

	The Group		The Bank	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	D'000	D'000	D'000	D'000
Balance at the beginning of the year	12,374	12,374	12,374	16,626
IFRS 9 impact	(4,562)	-	(4,562)	-
Balance at the 1/1/18	7,812	12,374	7,812	16,626
Impairment loss for the year				
Charge for the year	(25,109)	(23,162)	(25,109)	(23,162)
Recoveries	21,759	22,635	21,759	22,635
Write offs	(1,651)	(3,725)	(1,651)	(3,725)
Balance at the end of the year	2,811	8,122	2,811	12,374

The movement in stage 1 & 2 allowances for impairment is as follows:

	The Group		The Bank	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	D'000	D'000	D'000	D'000
Balance at the beginning of the year	5,683	5,683	5,683	5,302
IFRS 9 impact	8,565	-	8,565	-
Balance at the 1/1/18	14,248	5,683	14,248	5,302
Impairment loss for the year				
Charge for the year	10,734	381	11,540	381
Balance at the end of the year	39,230	6,064	25,788	5,683
Portfolio allowance for financial assets	(15,629)	(10,516)	(15,629)	(10,516)
Total impairment charge	(30,004)	(33,297)	(29,198)	(33,297)

For further detail on IFRS 9 impairment staging refer to table below:

The table below shows reconciliation from opening to closing balance of the loss allowance by class of financial instrument . Explanation of the term 12 months ECL , life time ECL and credit impaired are included in notes under impairment

**Loans and advances to customers as amortised cost
2018**

	12-Months ECL	ECL not credit impaired	Life-Time ECL credit impaired	Guarantees	Total
As at 1/1/18	12,997	1,151	7,812	100	22,060
12 months	12,230			32	12,262
Trf to Stage 2		(722)			(722)
Trf to Stage 3			(5,001)		(5,001)
	25,227	429	2,811	132	28,599

17. Investment in subsidiaries

	% of ordinary shares	The Group		The Bank	
		31-Dec-18 D'000	31-Dec-17 D'000	31-Dec-18 D'000	31-Dec-17 D'000
Bayba Financial Services Limited	100%	-	-	8,500	8,500
Home Finance Company Gambia I	60%	-	-	12,058	12,058
As at 31 December		-	-	20,558	20,558

18a. Fair value of the Group's financial assets that are measured at fair value on a recurring basis

	% of ordinary shares	The Group		The Bank	
		31-Dec-18 D'000	31-Dec-17 D'000	31-Dec-18 D'000	31-Dec-17 D'000
International Bank of Liberia	12.97%	48,645	48,645	48,645	48,645
Women's World Banking Ghana	10%	9,247	20,667	9,247	20,667
Gamswitch Co	5%	6,060	6,060	6,060	6,060
Enterprise Life Assurance Co	25%	5,440	5,440	5,440	5,440
less impairment on WWBG			(11,420)	-	(11,420)
As at 31 December		69,392	69,392	69,392	69,392

During the year 2017, regulatory inspection revealed that significant loans given to prime customers in WWBG were non-performing and required full provisions to be made. As a result of these provisions, there has been significant diminution in WWBG's reserves.. Consequently, Directors feel it prudent to accordingly impair the value of our equity investment in WWBG by D11.4M.



18b. Fair value of the Group’s financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group’s financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used)

Financial assets/ financial liabilities	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship and sensitivity of unobservable inputs to fair value
--	---	-----------------------------------	---

Investments in unlisted shares (note 18)

Income approach – in this approach, the long term revenue growth taking into discounted cash flow method was used to account management’s experience and capture the present value of the expected future knowledge of market conditions of the economic benefits to be derived from the specific industries, ranging from 2 to ownership of these investees. 5 per cent

The higher the revenue growth rate, the higher the fair value. If the revenue growth was 4.2 per cent higher/lower while all other variables were held constant, the carrying amount would increase/decrease by D1.8.M

Long-term pre-tax operating margin taking into account management’s experience and knowledge of market conditions of the specific industries, ranging from 3 to 20 per cent

The higher the pre-tax operating margin, the higher the fair value. If the pre-tax operating margin was 10.3 per cent higher/lower while all other variables were held constant, the carrying amount would increase/ decrease by D4.6 M



Financial assets/ financial liabilities	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship and sensitivity of unobservable inputs to fair value
--	---	-----------------------------------	---

The higher the weighted average cost of capital, the lower the fair value. If the weighted average cost of capital was determined using a Capital Asset Pricing Model, ranging from 7 to 16 per cent 12.1 per cent higher/lower while all other variables were held constant, the carrying amount would decrease/increase by D 5.4M

the higher the discount, the lower the fair value. If the discount was 5 per cent higher/lower while all other variables were held constant, the carrying amount would decrease/increase by D 2.2M



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
<i>Cost</i>	D'000	D'000	D'000	D'000	D'000	D'000	D'000
At 01-Jan-17	43,876	551,308	66,330	254,310	54,781	970,605	979,974
Additions	26,424	1,543	6,591	12,686	19,562	66,806	67,870
Transfers	(15,276)	1,765	450	13,061	-	-	-
Disposal				(191)	(11,135)	(11,326)	(11,419)
At 31-Dec-17	55,024	554,616	73,371	279,866	63,208	1,026,085	1,036,425
Additions	37,184	267	13,479	8,137	12,191	71,258	72,631
Transfers	(59,237)	40,729	711	17,797	-	-	-
Disposal/write offs	-	(38,080)	(22)	-	(9,621)	(47,723)	(48,114)
At 31-Dec-18	32,971	557,532	87,539	305,800	65,778	1,049,620	1,060,942
Depreciation							
At 01-Jan-17	-	(18,970)	(41,273)	(186,823)	(35,313)	(282,379)	(287,353)
Depreciation expense	-	(9,355)	(8,521)	(27,356)	(12,341)	(57,573)	(58,933)
Disposal/write offs	-			133	11,060	11,193	11,286
At 31-Dec-17	-	(28,325)	(49,794)	(214,046)	(36,594)	(328,759)	(335,000)
Depreciation expense	-	(10,011)	(9,399)	(29,190)	(14,176)	(62,776)	(64,317)
Disposal		1,684	22		9,415	11,121	10,881
At 31-Dec-18	-	(36,652)	(59,171)	(243,236)	(41,355)	(380,414)	(388,436)
Carrying amount							
At 31-Dec-17	55,024	526,291	23,577	65,820	26,614	697,326	701,425
At 31-Dec-18	32,971	520,880	28,368	62,564	24,423	669,206	672,506

A professional valuer, Francis Thomas Jones Associates, in 2015 revalued the bank's freehold and leasehold properties on an open market basis.

**20. Intangible assets**

The Group and The Bank	Purchased software	Total The Bank	Total The Group
cost	D'000	D'000	D'000
At 01-Jan-17	236,312	236,312	236,924
Additions	13,971	13,971	13,971
At 31-Dec-17	250,283	250,283	250,895
Additions	3,074	3,074	3,074
At 31-Dec-18	253,357	253,357	253,969
<i>Accumulated amortisation</i>			
At 01-Jan-17	(147,710)	(147,710)	(148,147)
Amortisation expense	(29,326)	(29,326)	(29,418)
At 31-Dec-17	(177,036)	(177,036)	(177,565)
Amortisation expense	(29,305)	(29,305)	(29,305)
At 31-Dec-18	(206,341)	(206,341)	(206,870)
<i>Carrying amount</i>			
At 31-Dec-17	73,247	73,247	73,330
At 31-Dec-18	47,016	47,016	47,099

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-18	31-Dec-17	31-Dec-18	31-Dec-17
	D'000	D'000	D'000	D'000
Property, plant, equipment and software	(1,972)	(4,672)	(1,972)	(4,672)
Net tax (assets)/liabilities	(1,972)	(4,672)	(1,972)	(4,672)

Movements during the year

2018	Opening	Recognised in P/L	Recognised in equity	Closing
	D'000	D'000	D'000	D'000
Property, plant, equipment and software	(4,672)	2,700	-	(1,972)
	(4,672)	2,700	-	(1,972)

Movements during the year

2017	Opening	Recognised in P/L	Recognised in equity	Closing
	D'000	D'000	D'000	D'000
Property, plant, equipment and software	(4,672)	2,700	-	(1,972)
	(4,672)	2,700	-	(1,972)

22. Other assets

	The Group		The Bank	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	D'000	D'000	D'000	D'000
Bills discounted	-	57,892	-	57,892
Prepayments	23,870	22,283	22,956	22,175
MTO clearing	11,904	7,368	643	546
Dividend receivable	12,750	-	12,750	-
Stationery Stock	9,403	10,010	9,335	9,734
Interest receivable	25	17,535	-	7,217
Assets on order	1,378	10,699	1,378	10,699
Unpaid shares	26,743	30,014	26,743	30,014
Others	2,616	8,094	2,602	507
	88,689	163,895	76,407	138,784

**23. Deposits from banks**

	The Group		The Bank	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	D'000	D'000	D'000	D'000
Money market deposits	6,590	4,290	6,590	4,290
Total deposits from banks	6,590	4,290	6,590	4,290

24. Deposits from customers

Deposits from customers by product group are as follows:

	The Group		The Bank	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	D'000	D'000	D'000	D'000
Time deposits	356,166	656,531	358,579	656,531
Current accounts	1,583,354	1,321,316	1,583,354	1,324,420
Savings accounts	3,892,791	3,363,373	3,896,841	3,365,422
Total deposits from customers	5,832,311	5,341,220	5,838,774	5,346,373

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-18	31-Dec-17	31-Dec-18	31-Dec-17
	D'000	D'000	D'000	D'000
Accounts payable	49,709	83,875	49,709	76,725
Provision for general losses	2,700	20,715	2,700	2,100
Provision for staff bonus	8,500	8,500	8,500	8,500
Dividend payable	2,062	2,170	2,062	2,170
Due to partners	11,817	-	-	-
Other creditors and accruals	6,362	13,863	5,768	5,008
Other liabilities	81,150	129,123	68,739	94,503

26. Statement of changes in equity

Share capital	The Group		The Bank	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	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 par value of D1 each (2017: 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 IFRS 9.

Reconciliation between IFRS 9 and the Prudential Guidelines

	The Group		The Bank	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	D'000	D'000	D'000	D'000
Provisions as per Prudential Guidelines	23,385	18,203	23,385	18,203
Provisions as per IFRS 9	(28,599)	(18,057)	(28,599)	(18,057)
	(5,214)	146	(5,214)	146

**Dividends**

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

	2018	2017
	D'000	D'000
D0.15 per ordinary share (2017:D0.15)	30,000	30,000
	30,000	30,000

After 31 December 2018, the following dividends were proposed by the directors in respect of 2018. The dividends have not been provided for and there are no income tax consequences.

	2018	2017
	D'000	D'000
D0.15 per ordinary share (2017: D0.15)	30,000	30,000
	30,000	30,000

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-18	31-Dec-17	31-Dec-18	31-Dec-17
	D'000	D'000	D'000	D'000
Bonds and guarantees	149,948	136,742	149,948	136,742
Letters of credit, acceptances and other documentary credits	117,797	35,685	117,797	35,685
	267,745	172,427	267,745	172,427

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	
		2018	2017
Bayba Financial Services Limited	The Gambia	100%	100%
Home Finance Company Limited	The Gambia	60%	60%

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.

30. Related parties**Transactions with key management personnel**

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

	The Group		The Bank	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	D'000	D'000	D'000	D'000
Gross amount at 1 January	1,374	7,296	1,374	7,296
Interest charged	65	2,849	65	2,849
Loan disbursed	500	1,167	500	1,167
Cash received	(659)	(8,990)	(659)	(8,990)
Net movement in overdraft balances	35	(948)	35	(948)
Net amount at 31 December	1,315	1,374	1,315	1,374

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 (2017: Nil).

Impairment losses of Nil have been recorded against balances outstanding from Directors (2017: Nil).

Included within loans and advances as at 31st December 2018 is Nil (2017: Nil) due from our subsidiaries. Interest and charges received on advances granted during the year amounted to D0.140(2017: 0.152).

Included in deposits as at 31st December 2018 is D6.463Million (2017: D5.154Million) due to our subsidiary companies. Interest paid on these deposits during the year amounted to D0.433 Million (2017: D0.501 Million).

**Loans and advances to employees**

	The Group		The Bank	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	D'000	D'000	D'000	D'000
Balance at 1 January	34,843	34,522	32,308	31,877
Loans advanced during the year	22,778	21,414	22,778	20,458
Loan repayments received	(19,963)	(21,093)	(19,963)	(20,027)
Balance at 31 December	37,658	34,843	35,123	32,308

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 D0.496 Million have been recorded against balances outstanding from Staff (2017: D0.239Million)

Key management personnel compensation for the period comprised:

	The Group		The Bank	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	D'000	D'000	D'000	D'000
Directors board fees	1,979	2,861	1,895	2,611
Directors sitting fees	775	603	523	523
Senior Management salaries	8,466	8,057	8,466	8,057
Senior Management pension contributions	1,868	1,751	1,868	1,751
	13,088	13,272	12,752	12,942

31. Penalties

There were no penalty charges imposed by the Central Bank of The Gambia for the year 2018. However, an amount of D0.409M was charged in 2017 relating to violation of Fit and Proper requirements of Guideline 12.

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. Impact of IFRS 9 (issued in 2014) on Retained Earning**

The following table analyses the impact of transition to IFRS 9 on retained earnings. The impact relates to retained earnings. There is no impact on other components of equity

Retained earnings	Group D'000	Bank D'000
Closing balance under IAS 39 (31 December 2017)	730,736	703,944
Recognition of expected credit losses under IFRS 9:		
Loans and advances (and other assets)	3,803	3,803
Treasury bills	17,083	17,083
Off balance sheet exposure	100	100
Bonds	20,384	20,384
Opening balance under IFRS 9 (1 January 2018)	689,366	662,574

34. New standards, interpretations and amendments to existing standards that are not yet effective**Standard issued but not yet effective**

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below:

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemption for leases- Leases of 'low-value assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately ;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities ;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates ;
- How an entity considers changes in facts and circumstances .

Standard issued but not yet effective

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are ‘solely payments of principal and interest on the principal amount outstanding’ (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. These amendments have no impact on the consolidated financial statements of the Group.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Group will apply these amendments when they become effective.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income. The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted.

Standard issued but not yet effective

Annual Improvements 2015-2017 Cycle (issued in December 2017) These improvements include:

• IFRS 3 Business Combinations

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation. An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments will apply on future business combinations of the Group.



• IFRS 11 Joint Arrangements

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured. An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments are currently not applicable to the Group but may apply to future transactions.

• IAS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.



VALUE ADDED STATEMENT

35. Value Added Statement for the year ended 31 December 2018

	The Group		The Bank	
	31-Dec-18 D'000	31-Dec-17 D'000	31-Dec-18 D'000	31-Dec-17 D'000
Interest earned and other operating income	610,774	732,840	580,603	693,847
Direct cost of services	(106,123)	(194,055)	(106,701)	(193,331)
Value added by banking services	504,651	538,785	473,902	500,516
Non banking income	36,654	13,915	36,038	25,541
Impairment gains	30,004	33,297	29,198	33,297
Value added	571,309	585,997	539,138	559,354
Distributed as follows:				
To employees:				
Directors (without executives)	2,705	4,151	2,448	3,134
Executive Management	10,334	9,808	10,334	9,808
Other Employees	153,655	151,816	146,584	145,123
To Government:				
Income Tax	39,476	40,136	32,836	33,645
To providers of capital:				
Dividends to Shareholders	62,240	92,219	60,000	90,000
To expansion and growth:				
Depreciation and amortisation	93,622	88,351	92,081	86,899
Retained earnings	95,092	108,831	66,025	82,039