



Trust Bank Ltd.

Annual Report and Consolidated Financial Statements

For the year ended 31st December 2021

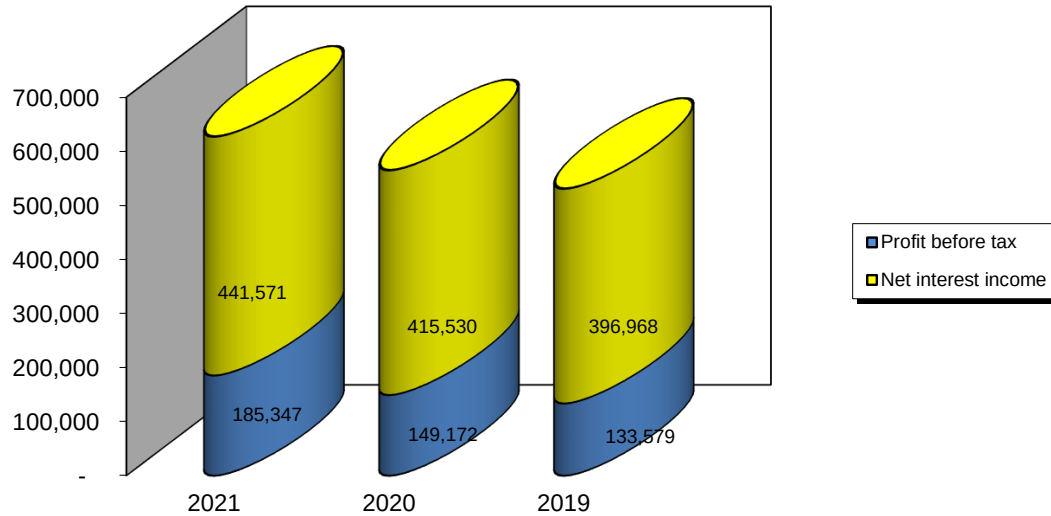
3 - 4 Ecowas Avenue
P O Box 1018
Banjul
The Gambia



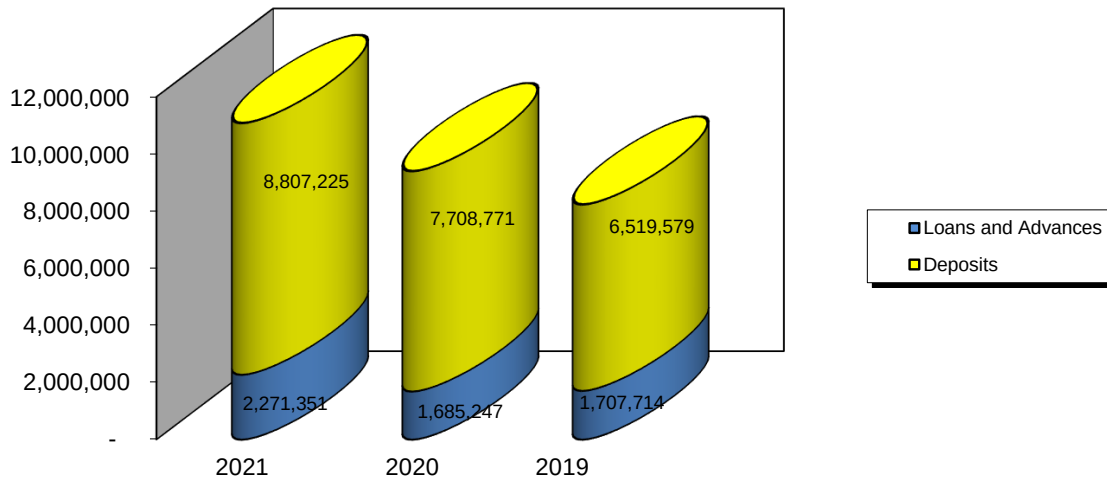
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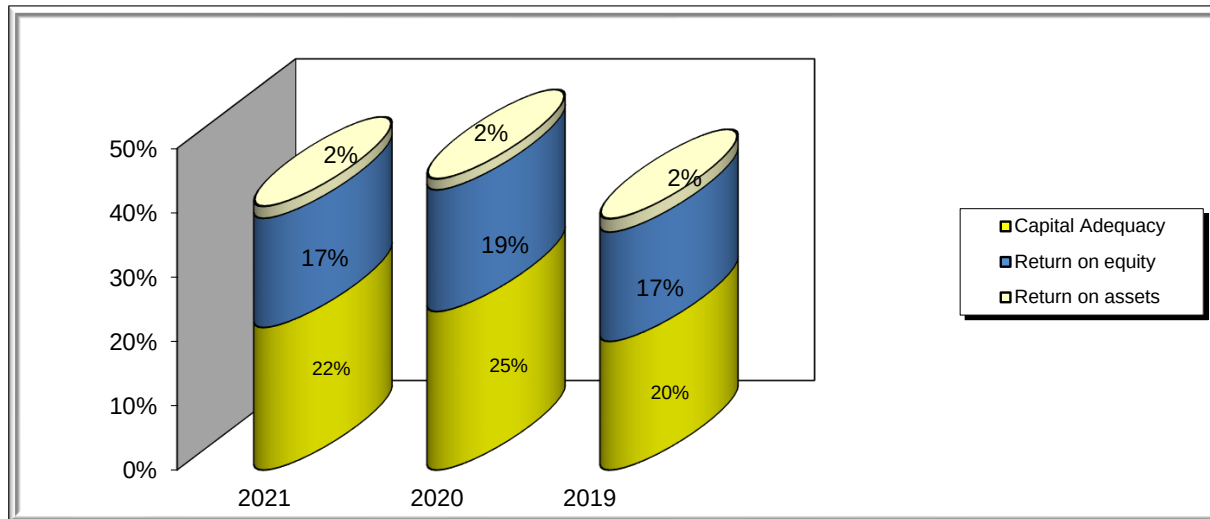
FINANCIAL HIGHLIGHTS OF THE BANK



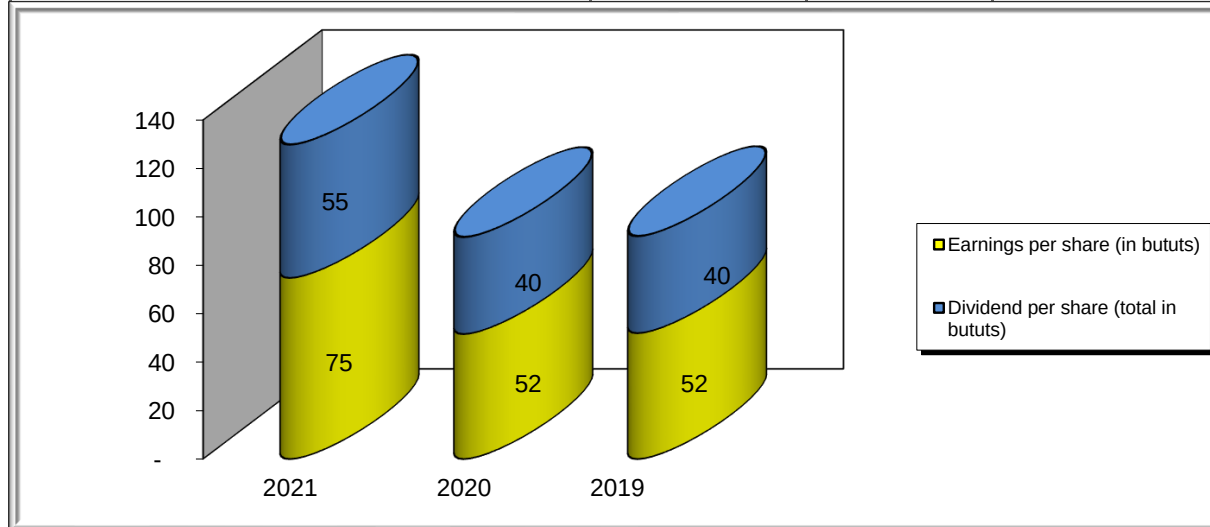
	2021	2020	2019
Profit before tax (D.000)	185,347	149,172	133,579
Net Interest income (D.000)	441,571	415,530	396,968
Operating expenses (D.000)	(461,733)	(428,848)	(450,832)
Impairment (loss)/ Gains (D.000)	(880)	(236)	13,240



	2021	2020	2019
Total Assets (D.000)	10,061,788	8,762,416	7,397,550
Loans and advances (D.000)	2,271,351	1,685,247	1,707,714
Customer deposits (D.000)	8,807,225	7,708,771	6,519,579
Equity (D.000)	1,091,428	788,359	771,986



	2021	2020	2019
Return on assets	2%	2%	2%
Return on equity	17%	19%	17%
Capital Adequacy	22%	25%	20%



	2021	2020	2019
Liquidity	62%	64%	59%
Non performing loan ratio	0.8%	1.0%	0.6%
Earnings per share (in bututs)	75	52	52
Dividend per share (total in bututs)	55	40	40



GENERAL INFORMATION**DIRECTORS**

Mr. Franklin Hayford	<i>Chairperson</i>	
Mr. Ibrahima Salla	<i>Managing Director</i>	Up to 6th December 2021
Ms. Njilan Senghore	<i>Managing Director</i>	From 7th December 2021
Mr. Pa Macoumba Njie	<i>Member</i>	
Mrs. Angela Andrews-Njie	<i>Member</i>	
Mr. Ansumana L.N. Touray	<i>Member</i>	
Mr. Abdoulie Tamedou	<i>Member</i>	
Mr. Omar Mboob	<i>Member</i>	From January 2022

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
BMCE Bank International London	Unicredit Italy
Ecobank Senegal	Aktif Yatirim Bank Turkey
Afrexim Bank Egypt	Zhejiang Chouzhou Bank China



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 2021.

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 2021 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 mission is to be the leading bank in The Gambia by operating a profitable banking institution, which meets the needs of all local, international, corporate and individual clients and returns excellent results to its shareholders. 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 micro finance and 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. However, in an extra ordinary general meeting of the Board of Directors of Home Finance Company on 20th October 2020, it was resolved that the company be put into voluntary liquidation. Pursuant to this resolution by the Shareholders and after approval of Central Bank of The Gambia, the company appointed a Liquidator (Donald C Kaye) and VOLUNTARY LIQUIDATION commenced at the close of business on Wednesday 3rd November 2021.

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 D0.30 per ordinary share for the year ended 2021. The final dividend of D0.30 per share together with the interim dividend paid of D0.25 per share, gives a total dividend of D0.55 for the year.


SIGNIFICANT CHANGES IN FIXED ASSETS

Tangible fixed assets are as detailed in note 20 of the financial statements. There has not been any permanent diminution in the value of the fixed assets. However, in 2021 the bank's revalued its freehold properties in an open market basis. The resulting surplus of D202M Million which is comprised of the adjustments of D151.2M and D52.2M as shown in note 20 was transferred to a revaluation reserve account.

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 D1.478M (2020: D722,800.00)

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. Abdoulie Tamedou and Mr. Pa Macoumba Nje and Mrs. Angela Andrews-Njie. Being eligible, Mr. Abdoulie Tamedou, Mr. Pa Macoumba Nje and Mrs. Angela Andrews-Njie offer themselves for re-election.

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

	Number of Shares held	
	31-Dec-21	31-Dec-20
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 2021. 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. Directors received training on Bank's compliance regime, conduct and culture.

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. 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, He is also a Director at Insurance Company of Africa [Liberia], Grace Strategic Ventures Ltd, International Bank (Liberia) Ltd, Rhun Palm Consult Ltd.
-
- Mr. Pa Macoumba Njie is currently the Chairman of the Board for both Enterprise Life Assurance Company Limited and International Bank of Liberia.
- Mr. Abdoulie Tamedou holds Directorship in Gambia Transport Services Company Ltd , Gam Petroleum Storage Co. Ltd ,Gambia Tourism and Hospitality Institute, Financial Reporting Oversight Board of the Gambia Institute of Chartered Accountants.
- Mr. Ansumana LN Touray is currently a Director on Board of GamPetroleum Company Limited and Gambia Transport Services Company Limited.
- Mr. Ibrahim Salla was a Director on the Board of International Bank of Liberia , Enterprise Life Assurance Company Limited, Home Finance Company Limited and Bayba Financial Services Limited. He retired from the services of the Bank in December 2021
- Ms. Njilan Senghore sits on the Boards of Royal Insurance Co. Ltd, GamSwitch Company Limited and International Bank of Liberia.
- Mr. Omar Mboob sits on the Board of Bayba Financials Services and Enterprise Life Assurance Company
- 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 61 to 63 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 Risk and IT 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:

☐	Mr. Pa Macoumba Njie	Chairperson	
☐	Mr. Abdoulie Tamedou	Member	
☐	Mrs. Angela Andrews-Njie	Member	
☐	Mr. Ibrahima Salla	Member	upto December,2021
☐	Ms. Njilan Sengore	Member	
☐	Mr.Omar Mboob	Member	From January,2022

Audit, Budget and Recovery 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:

☐	Mrs. Angela Andrews-Njie	Chairperson
☐	Mr. Franklin Hayford	Member
☐	Mr. Ansumana L.N. Touray	Member

**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. Franklin Hayford	<i>Chairperson</i>	
☐	Mr. Pa Macoumba Njie	<i>Member</i>	
☐	Mrs. Angela Andrews-Njie	<i>Member</i>	
☐	Mr. Abdoulie Tamedou	<i>Member</i>	
☐	Mr. Ibrahima Salla	<i>Member</i>	upto December,2021
☐	Ms. Njilan Senghore	<i>Member</i>	
☐	Mr. Ansumana L.N. Touray	<i>Member</i>	
☐	Mr.Omar Mboob	<i>Member</i>	From January,2022

Remuneration/ Infrastructure 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.
- 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:

☐	Mr. Abdoulie Tamedou	<i>Chairperson</i>	
☐	Mr. Franklin Hayford	<i>Member</i>	
☐	Mr. Ibrahima Salla	<i>Member</i>	upto 7th December,2021
☐	Ms. Njilan Senghore	<i>Member</i>	
☐	Mr.Omar Mboob	<i>Member</i>	From January,2022

Administration / Human Resource Committee

This committee has the responsibility to determine the the Human and Adminstrative issues of the Bank and set criteria for determining andmin and HR issues. Its duties are:

- Review procurement practices for compliance with procurement policy guidelines;
- Review and make recommendations in respect of recruitment at the Executive and Senior Management level
- Review, monitor and make recommendations to the Board of Directors on the Bank's human resources strategy and policies that pertaining to staffing, compensation, benefits, and related issues of strategic importance that directly
- Review any external evaluations of the Bank's human resources strategy and policies pertaining to the issues set out in (a) above and report to the Board its findings and recommendations on such issues.
- Consider with other Board Committees and Management the repercussions of recommendations of other Board Committees on the Bank's human resources strategy and polices

The members of the committee are as follows:

☐	Mr. Ansumana L.N. Touray	<i>Chairperson</i>	
☐	Mr. Abdoulie Tamedou	<i>Member</i>	
☐	Mr. Pa Macoumba Njie	<i>Member</i>	
☐	Mr. Ibrahima Salla	<i>Member</i>	upto 7th December,2021
☐	Ms. Njilan Senghore	<i>Member</i>	



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:.....2022



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 2021 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 2021 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.

IFRS 9 Impairment As described in note three (3) to the financial statements, the impairment losses have been determined in accordance with IFRS 9 Financial Instruments reserve. The interpretation of the requirements to determine impairment under application of IFRS 9, reflected in the Bank's expected credit loss model.	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.
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The identification of exposures with a significant deterioration in credit quality 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). The need to apply additional overlays to reflect current or future external factors that are not appropriately captured by the expected credit loss model.	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: - 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 - 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. We also performed procedures to ensure the competence, objectivity and independence of the Bank's consultant.
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	We involved our credit specialists in areas that required specific expertise (i.e. data reliability and the expected credit loss model). We checked the appropriateness of the opening balance adjustments and assessed the accuracy of the disclosures in the financial statements. 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. 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.
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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: 2022

**Consolidated Statement of comprehensive income**

For the year ended 31 December 2021

		The Group		The Bank	
	Notes	31-Dec-21 D'000	31-Dec-20 D'000	31-Dec-21 D'000	31-Dec-20 D'000
Interest and similar income	5	529,807	527,513	525,124	521,015
Interest and similar expense	5	(84,130)	(105,607)	(83,553)	(105,485)
Net Interest Income		445,677	421,906	441,571	415,530
Fees and commission income	6	153,470	109,315	127,777	109,315
Fees and commission expense	6	(8,104)	(7,427)	(8,104)	(7,427)
Net fee and commission income		145,366	101,888	119,673	101,888
Net trading income	7	57,319	77,102	57,319	44,340
Other operating income	8	29,881	17,892	29,397	16,498
Operating income		678,243	618,788	647,960	578,256
Net impairment loss on financial asset	16	(179)	(4,482)	(880)	(236)
Personnel expenses	9	(207,804)	(199,404)	(191,569)	(184,639)
Depreciation and amortization	20	(73,795)	(70,923)	(69,554)	(68,224)
Depreciation of Right-of-Use	19	(1,364)	(585)	(1,364)	(585)
Other expenses	10	(215,651)	(187,202)	(199,246)	(175,400)
		(498,793)	(462,596)	(462,613)	(429,084)
Profit before income tax		179,450	156,192	185,347	149,172
Income tax expense	11	(36,028)	(46,456)	(35,714)	(43,287)
Profit for the year		143,422	109,736	149,633	105,885
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 18a		28,468	-	50,844	-
Revaluation reserve 20a		202,592	-	202,592	-
Other comprehensive income for the year		231,060	-	253,436	-
Total comprehensive income for the year		374,482	109,736	403,069	105,885
Profit attributable to:					
Controlling equity holders of the Bank/Group		153,155	109,957	149,633	105,885
Non controlling interest		(9,733)	(221)	-	-
Profit for the year		143,422	109,736	149,633	105,885
Total comprehensive income attributable to:					
Controlling equity holders of the Bank/Group		384,215	109,957	149,633	105,885
Non controlling interest		(9,733)	(221)	-	-
Total comprehensive income for the year		374,482	109,736	149,633	105,885
Basic/diluted earnings per share (Bututs)	12	72	50	75	52

The accompanying notes are an integral part of the financial statements


Consolidated Statement of financial position
As at 31 December 2021

		The Group		The Bank	
		31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	<i>Notes</i>	D'000	D'000	D'000	D'000
ASSETS					
Cash and cash equivalents	14	3,564,187	2,945,852	3,514,355	2,913,241
Financial assets at amortised cost	15	3,009,963	3,094,587	3,009,963	3,067,974
Loans and advances to customers	16	2,296,767	1,725,748	2,271,351	1,685,247
Investment in subsidiaries	17	-	-	55,876	45,558
Investment in other equity securities	18	116,705	87,360	116,705	87,360
Property, plant and equipment	20a	794,464	622,846	782,077	604,997
Right-of-Use Assets	19	5,227	6,591	5,227	6,591
Intangible assets	20b	62,171	58,304	57,600	58,221
Deferred tax	21	16,874	3,235	16,874	3,235
Other assets	22	274,233	315,553	231,760	289,992
TOTAL ASSETS		10,140,591	8,860,076	10,061,788	8,762,416
LIABILITIES					
Deposits from Banks	23	26,984	47,301	26,984	47,301
Deposits from Customers	24	8,847,011	7,731,597	8,807,225	7,708,771
Current tax	11	4,268	13,078	4,102	9,891
Employee benefit obligations		-	1,392	-	1,392
Finance Lease Liabilities	19	3,099	2,791	3,099	2,791
Other liabilities	25	167,718	237,190	128,950	203,911
Total liabilities		9,049,080	8,033,349	8,970,360	7,974,057
EQUITY					
Stated capital	26	200,000	200,000	200,000	200,000
Income surplus	26	153,643	131,806	120,982	95,501
Statutory reserves	26	295,854	274,235	295,854	273,409
Credit Risk reserve	26	-	-	10,203	8,496
Revaluation reserve	26	385,401	182,809	385,401	182,809
Equity revaluation reserve	26	56,612	28,144	78,988	28,144
Total equity attributable to equity holders of the Group		1,091,511	816,995	1,091,428	788,359
Non Controlling interest		-	9,732	-	-
TOTAL LIABILITIES AND EQUITY		10,140,591	8,860,076	10,061,788	8,762,416

These financial statements were approved by the Board of Directors on 2022, and were signed on its behalf by:

.....Chairperson

.....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 2021

The Bank	Attributable to equity holders of the Bank						Total equity D'000
	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	
At 1 January 2020	200,000	257,526	-	182,809	57,657	73,994	771,986
Net income for the year	-	-	-	-	-	105,886	105,886
Transfer from credit risk reserve	-	-	8,496	-	-	(8,496)	-
Transfer to statutory reserve	-	15,883	-	-	-	(15,883)	-
Transfer to retained earnings	-	-	-	-	-	-	-
Revaluation on Equity investment	-	-	-	-	(29,513)	-	(29,513)
Dividend paid to equity holders	-	-	-	-	-	(60,000)	(60,000)
Balance At 31 December 2020	200,000	273,409	8,496	182,809	28,144	95,501	788,359
Net income for the year	-	-	-	-	-	149,633	149,633
Transfer from credit risk reserve	-	-	1,707	-	-	(1,707)	-
Transfer to statutory reserve	-	22,445	-	-	-	(22,445)	-
Dividend paid to equity holders	-	-	-	-	-	(100,000)	(100,000)
Revaluation on Equity investment	-	-	-	-	50,844	-	50,844
Revaluation on PPE	-	-	-	202,592	-	-	202,592
At 31 December 2021	200,000	295,854	10,203	385,401	78,988	120,982	1,091,428

The accompanying notes are an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

The Group	Attributable to equity holders of the Group					
	Stated capital D'000	Statutory reserve D'000	Revaluation reserve D'000	Equity Revaluation reserve D'000	Income surplus D'000	Total equity D'000
At 1 January 2020	200,000	258,352	182,809	57,657	98,307	797,126
Net income for the year	-	-	-	-	109,736	109,736
Transfer from credit risk reserve	-	-	-	-	-	-
Transfer to statutory reserve	-	15,883	-	-	(15,883)	-
Transfer to retained earnings	-	-	-	-	1,490	1,490
Dividend paid to equity holders	-	-	-	-	(61,844)	(61,844)
Revaluation on Equity investment	-	-	-	(29,513)	-	(29,513)
Post acquisition NCI	-	-	-	-	-	-
At 31 December 2020	200,000	274,235	182,809	28,144	131,806	816,995
Net income for the year	-	-	-	-	143,422	143,422
Transfer to statutory reserve	-	21,619	-	-	(21,619)	-
Dividend paid/returned to equity holders	-	-	-	-	(99,966)	(99,966)
Revaluation on Equity investment	-	-	-	28,468	-	28,468
Revaluation on PPE	-	-	202,592	-	-	202,592
At 31 December 2021	200,000	295,854	385,401	56,612	153,643	1,091,511
Attributable to Non-controlling interest						
At 1 January 2021	-	-	-	-	9,733	9,733
Disposal of HFC	-	-	-	-	(9,733)	(9,733)
At 31 December 2021	-	-	-	-	-	-

The accompanying notes are an integral part of the financial statements

Consolidated Statement of cashflows
For the year ended 31 December 2021

		The Group		The Bank	
		31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
		D'000	D'000	D'000	D'000
	<i>Notes</i>				
CASHFLOWS FROM OPERATING ACTIVITIES					
Profit for the year before taxes		179,450	156,192	185,347	149,172
Adjustments to reconcile profit before taxes to net cash provided by operating activities:					
Depreciation and amortization	19,20	75,159	70,923	70,918	68,809
Net impairment gain on financial assets	16	179	4,482	880	236
Net interest income		(445,677)	(421,906)	(441,571)	(415,530)
Profit on sale of assets		(3,364)	(575)	(3,364)	(547)
Fair value Gain on subsidiary				22,376	
Fixed assets written off		6,478	431	628	431
		(187,775)	(190,453)	(164,786)	(197,429)
Changes in trading assets		84,624	(355,455)	58,011	(342,937)
Changes in loans and advances to customers		(571,198)	11,215	(586,984)	22,231
Changes in other assets		41,320	(155,994)	58,232	(148,433)
Changes in deposits from banks		(20,317)	1,023	(20,317)	1,023
Changes in deposits from customers		1,115,414	1,229,036	1,098,454	1,189,192
Changes in other liabilities and provisions		(70,864)	161,999	(76,353)	148,984
		391,204	701,371	366,257	672,631
Interest and dividends received		529,807	527,513	525,124	521,015
Interest paid		(83,822)	(105,607)	(83,245)	(105,485)
Income tax paid		(58,477)	(37,078)	(55,142)	(35,000)
Net cash used in operating activities		778,712	1,086,199	752,994	1,053,161
CASHFLOWS FROM INVESTING ACTIVITIES					
changes of investment securities		(9,732)	-	(10,318)	-
Investment written-down		(1,597)	929	(1,597)	929
Lease Payment	19	-	(1,050)	-	(1,050)
addition of ROU		-	(3,703)	-	(3,703)
Purchase of property and equipment	20	(36,375)	(56,466)	(31,454)	(38,294)
Proceeds from the sale of property and equipment		10,566	1,047	10,015	573
Purchase of intangible assets	20	(23,273)	(45,908)	(18,526)	(45,908)
Net cash used in investing activities		(60,411)	(105,151)	(51,880)	(87,453)
CASHFLOWS FROM FINANCING ACTIVITIES					
Dividends paid		(99,966)	(61,844)	(100,000)	(60,000)
Net cash used in investing activities		(99,966)	(61,844)	(100,000)	(60,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS		618,335	919,204	601,114	905,708
Cash and cash equivalents at beginning of the year		2,945,852	2,026,648	2,913,241	2,007,533
Effects of exchange rate fluctuations on cash held		-	-	-	-
CASH AND CASH EQUIVALENTS AT 31 DECEMBER 2021		3,564,187	2,945,852	3,514,355	2,913,241

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:

	2021	2020
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:

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

The consolidated financial statements of the Group as at and for the year ended 31st December, 2021 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.

The financial statements were approved by the Board of Directors on 17th March 2022.

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, see 'Net trading income' and 'Net income from other financial instruments at FVTPL'.

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.

Interest income and expense in the Group's consolidated statement of profit or loss also includes the effective portion of fair value changes of derivatives designated as hedging instruments in cash flow hedges of interest rate risk. For fair value hedges of interest rate risk interest income and expense, the effective portion of fair value changes of the designated derivatives as well as the fair value changes of the designated risk of the hedged item are also included in interest income and expense.

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.

Investments in equity instruments are classified as at FVTOC, unless the Group designates an equity investment that is either held for trading or a contingent consideration arising from a business combination as at FVTPL on 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

(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 with 20% Credit Conversion Factor; 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

k . Property, Plant and Equipment and Right of Use

Land and buildings held for use in the production or supply of goods or services for rental to others (excluding investment properties), or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date

Any revaluation increase arising on the revaluation of such land and buildings is credited to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset. Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings

Properties in the course of construction for production, supply or 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 Group's accounting policy. Depreciation of these assets, determined on the same basis as other property assets, commences when the assets are ready for their intended use

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 . Lease (Policy applicable before 1 January 2019)

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

ii . Bank as a lessee

Leases that do not transfer to the Bank substantially all of the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Contingent rental payable is recognised as an expense in the period in which they it is incurred.

iii . Bank as a lessor

Leases where the Bank does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Rental income is recorded as earned based on the contractual terms of the lease in Other operating income. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

i . Lease (Policy applicable as at 1 January 2019)

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

ii . Bank as a lessee

The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are presented within Note 19 Right-of-use assets and are subject to impairment in line with the Bank's policy as described in Note Impairment of non-financial assets

Lease liabilities

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

Bank as a lessor

Leases in which the Bank does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(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

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

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 2020 for the years 2020 to 2023, of the Gambia, which is the country where the Group operates and therefore is the country that has a material impact in ECLs.

	2022	2023	2024	2025
Inflation	6.3	6.11	5.51	5
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 EAD	ECL
Inflation	As expected	0.08000	0.8700	0.67400	(31,717)
	+15%	0.0782	1.0005	0.7751	(36,475)
	-15%	0.0578	0.7395	0.5729	(26,959)

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
	2021	2020
	D'000	D'000
stage 3 impairment		
Grade 6: Impaired (substandard)	138	2,017
Grade 7: Impaired (standard)	-	-
Grade 8: Impaired (doubtful)	4,341	3,155
Grade 9: Impaired (loss)	13,506	17,229
Gross amount	17,985	22,401
Allowance for impairment	(376)	(3,388)
Carrying amount	17,609	19,013
stage 1 impairment		
Grade 1-3 Normal	2,248,795	1,582,675
Gross amount	2,248,795	1,582,675
Allowance for impairment	(30,882)	(15,465)
Carrying amount	2,217,913	1,567,210
stage 2 impairment		
Grade 4-5 Watch list	36,288	101,450
Allowance for impairment	(459)	(2,426)
Carrying amount	35,829	99,024
Past due comprises:		
90-180 days	138	2,017
181-360 days	17,847	20,384
Carrying amount	17,985	22,401
Neither past due nor impaired		
Grade 1-3 Normal	2,248,795	1,582,675
Grade 4-5 Watch list	-	-
Carrying amount	2,248,795	1,582,675
Includes loans with renegotiated terms		
Total carrying amount	2,271,351	1,685,247

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

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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

		2021			
			ECL not credit	ECL credit	
		12-Months ECL	impaired	impaired	Total
Grade 1-3:	Normal	2,248,795	-	-	2,248,795
		-			
Grade 4-5:	Watch list	-	36,288	-	36,288
Grade 6	Substandard	-	-	138	138
Grade 7:	Standard	-	-	-	-
Grade 8:	Doubtful	-	-	4,341	4,341
Grade 9:	Loss	-	-	13,506	13,506
Loss Allowance		(30,882)	(459)	(376)	(31,717)
Carrying Value		2,217,913	35,829	17,609	2,271,351

Credit quality analysis
Impairment of Financial guarantees contracts

		2021			
		12-Months ECL	Life-Time		Total
			ECL not credit	ECL credit	
Grade 1-3:	Normal	57	-	-	57
Grade 4-5:	Watch list	-	-	-	-
Grade 6	Substandard	-	-	-	-
Grade 7:	Standard	-	-	-	-
Grade 8:	Doubtful	-	-	-	-
Grade 9:	Loss	-	-	-	-
Loss Allowance		356	-	-	356
Closing Balance		413	-	-	413

(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
31st December 2021	D'000	D'000
Grade 6: Individually impaired	138	2,017
Grade 7: Individually impaired	-	-
Grade 8: Individually impaired	13,506	17,229
Total	13,644	19,246

	Loans and advances to customers	
	Gross	Net
31st December 2020	D'000	D'000
Grade 6: Individually impaired	2,017	1,850
Grade 7: Individually impaired	-	-
Grade 8: Individually impaired	17,229	17,085
Total	19,246	18,935



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 2020 or 2019.

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
	2021	2020
	D'000	D'000
Against stage 1 impaired		
Property	6,129,375	4,116,773
Cash	641,000	750
Equity	-	-
Other	-	-
Against stage 2 impaired		
Property	190,036	208,244
Cash	-	-
Equity	-	-
Other	-	-
Against stage 3 impaired		
Property	424,963	520,264
Cash	-	-
Equity	-	-
Other	-	-
Other	-	-
Total	7,385,374	4,846,031

(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
	2021	2020
	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
	2021	2020
	D'000	D'000
Carrying amount		
Concentration by sector		
Agriculture	3,964	5,834
Manufacturing	305	4,157
Service Industry	48,414	48,414
Construction	507,463	267,697
Energy	202,984	293,554
Tourism	227,278	295,425
Other	1,281,402	770,166
Total	2,271,810	1,685,247

(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:

	2021	2020
At 31 December	61.8%	64.0%
Average for the period	59.9%	63.1%
Maximum for the period	66.3%	65.1%
Minimum for the period	51.4%	59.8%

Residual contractual maturities of financial liabilities

	Carrying amount	Gross nominal inflow/outflow	Less than 1 month	1 month to 3 months	3 months to 1 year	1-5 years
	D'000	D'000	D'000	D'000	D'000	D'000
31st December 2021						
Deposits from Banks	26,984	26,984	-	26,984	-	-
Deposits from Customers	8,807,225	8,807,225	8,564,126	148,490	94,609	-
	8,834,209	8,834,209	8,564,126	175,474	94,609	-
31st December 2020						
Deposits from Banks	47,301	47,301	-	47,301	-	-
Deposits from Customers	7,708,771	7,708,771	7,457,383	104,687	146,701	-
	7,756,072	7,756,072	7,457,383	151,988	146,701	-

(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 2021 and 2020 were as follows:

	Net FX positions	
	2021	2020
	D'000	D'000
EURO	7,768	14,689
USD	(20,921)	79,757
GBP	882	3,131
Other	5,444	4,344
Total net FX balance sheet position	(6,827)	101,921



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 2021:

	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	60.50	63.53	7,768	23,498
USD	51.98	54.58	(20,921)	(54,374)
GBP	70.75	74.29	882	3,120
Total				(27,755)

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 2020:

	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	61.00	64.05	14,689	44,801
USD	51.90	54.50	79,757	206,969
GBP	68.50	71.93	3,131	10,724
Total				262,495

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 2021						
Cash and cash equivalents	3,514,355	3,514,355	-	-	-	-
Loans/advances to customers	2,271,351	1,367,910	140,745	246,920	362,308	153,468
Investment securities	3,009,963	582,453	758,609	1,615,295	53,606	-
	8,795,669	5,464,718	899,354	1,862,215	415,914	153,468
Deposits from banks	26,984	26,984	-	-	-	-
Deposits from customers	8,807,225	8,564,126	148,490	94,609	-	-
	8,834,209	8,591,110	148,490	94,609	-	-
	38,540	3,126,392	(750,864)	(1,767,606)	(415,914)	(153,468)
31st December 2020						
Cash and cash equivalents	2,913,241	2,913,241	-	-	-	-
Loans/advances to customers	1,685,247	996,187	17,082	125,999	292,944	253,035
Investment securities	3,067,974	113,815	1,071,619	866,305	1,016,235	-
	7,666,462	4,023,243	1,088,701	992,304	1,309,179	253,035
Deposits from banks	47,301	47,301	-	-	-	-
Deposits from customers	7,708,771	7,457,383	104,687	146,701	-	-
	7,756,072	7,504,684	104,687	146,701	-	-
	89,610	3,481,441	(984,014)	(845,603)	(1,309,179)	(253,035)

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:

	<u>Market risk type</u>		
	Carrying amount	Trading portfolios	Non-trading portfolios
2021			
Cash and cash equivalents	3,514,355	-	3,514,355
Trading assets	3,009,963	3,009,963	-
Loans and advances to customers	2,271,351	-	2,271,351
Investment in subsidiaries	55,876	-	55,876
Investment in other equity securities	116,705	-	116,705
	8,968,250	3,009,963	5,958,287
Deposits from Banks	26,984	26,984	-
Deposits from Customers	8,807,225	8,807,225	-
	8,834,209	8,834,209	-

	<u>Market risk type</u>		
	Carrying amount	Trading portfolios	Non-trading portfolios
2020			
Cash and cash equivalents	2,913,241	-	2,913,241
Trading assets	3,067,974	3,067,974	-
Loans and advances to customers	1,685,247	-	1,685,247
Investment in subsidiaries	45,558	-	45,558
Investment in other equity securities	87,360	-	87,360
	7,799,380	3,067,974	4,731,406
Deposits from Banks	47,301	47,301	-
Deposits from Customers	7,708,771	7,708,771	-
	7,756,072	7,756,072	-

(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:

	2021	2020
	D'000	D'000
Tier 1 capital		
Ordinary share capital	200,000	200,000
Statutory reserves	295,854	273,409
Retained earnings	120,982	95,501
Total tier 1 capital	616,836	568,910
Tier 2 capital		
Equity Revaluation reserves (50%)	39,494	14,072
Property Revaluation reserves (50%)	192,701	91,405
Total tier 2 capital	232,195	105,476
Total regulatory capital	849,031	674,386
Risk weighted assets		
Investment at bank	162,263	132,918
Retail bank, corporate bank and treasury	3,667,831	2,603,606
Total risk weighed assets	3,830,094	2,736,524



Capital ratios

Total regulatory capital expressed as a percentage of total risk weighted assets	22%	25%
Total tier 1 capital expressed as a percentage of risk weighted assets	16%	21%

Capital allocation

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

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

(h) Financial assets and liabilities

Accounting classifications and fair values

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

	Designated at FVPL	Designated at FVPL	Amortised cost	Total carrying amount	Fair value
	D'000	D'000	D'000	D'000	D'000
31st December 2021					
Cash and cash equivalents	3,514,355	-	-	3,514,355	3,514,355
Financial assets at amortised cost	-	-	3,009,963	3,009,963	3,009,963
Loans and advances	-	-	2,271,351	2,271,351	2,271,351
Investment in equity securities	-	172,581	-	172,581	172,581
	3,514,355	172,581	5,281,314	8,968,250	8,968,250
Trading liabilities					
Deposits from banks	-	-	26,984	26,984	26,984
Deposits from customers	-	-	8,807,225	8,807,225	8,807,225
	-	-	8,834,209	8,834,209	8,834,209
31st December 2020					
Cash and cash equivalents	2,913,241	-	-	2,913,241	2,913,241
Trading assets	-	-	3,067,974	3,067,974	1,872,233
Loans and advances	-	-	1,685,247	1,685,247	1,685,247
Investment in securities	-	132,918	-	132,918	132,918
	2,913,241	132,918	4,753,221	7,799,380	6,603,639
Trading liabilities					
Deposits from banks	-	-	47,301	47,301	47,301
Deposits from customers	-	-	7,708,771	7,708,771	7,708,771
	-	-	7,756,072	7,756,072	7,756,072



(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 less than 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	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 62.4%.
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 experience losses as a result of failed internal processes during the year amounting to D4.578M. An amount of 0.599M has been recovered whilst efforts to continue to recover the balance of D3.978M 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 , FIRCO Due Diligence Softwares and Dow Jones 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 25%.
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5. Interest income and expense

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

	The Group		The Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	D'000	D'000	D'000	D'000
Cash and cash equivalents	8,560	9,349	8,560	3,966
Loans and advances to customers	272,304	270,852	267,621	269,737
Investment securities/Treasury Bills & Bonds	248,943	247,312	248,943	247,312
Total interest income	529,807	527,513	525,124	521,015

Interest and similar expenses for the year ended consist of:

	The Group		The Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	D'000	D'000	D'000	D'000
Deposits from customers	(84,130)	(105,607)	(83,553)	(105,485)
Interbank placements	-	-	-	-
Total interest expense	(84,130)	(105,607)	(83,553)	(105,485)
Net interest income	445,677	421,906	441,571	415,530

The total interest income calculated using the EIR method for financial assets measured amortised cost is D 267.6 M during the financial year 2021 (2020: 269.7M). 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 2021 is a total of D4.2M (2020: D5.2M) 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-21	31-Dec-20	31-Dec-21	31-Dec-20
	D'000	D'000	D'000	D'000
Fees and commission income can be summarised as follows:				
Banking customer fees	59,724	56,387	59,724	56,387
Credit related fees	38,841	23,808	38,841	23,808
Foreign currency related fees and commissions	15,396	23,205	10,899	23,205
Commission on trade finance transactions	39,509	5,915	18,313	5,915
Total fees and commission income	153,470	109,315	127,777	109,315
Fees and commission expense				
Interbank transaction fees	(8,059)	(7,341)	(8,059)	(7,341)
Foreign currency related fees	(45)	(86)	(45)	(86)
Total fees and commission expense	(8,104)	(7,427)	(8,104)	(7,427)
Net fees and commission income	145,366	101,888	119,673	101,888

7. Net trading income

	The Group		The Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	D'000	D'000	D'000	D'000
Foreign currency revaluation gain	21,036	9,875	21,036	9,875
Exchange gain	36,283	67,227	36,283	34,465
Net trading income	57,319	77,102	57,319	44,340

8. Other operating income

Other income can be summarized as follows:

	The Group		The Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	D'000	D'000	D'000	D'000
Sundry Income	16,296	11,652	15,287	10,710
Ebanking related income	7,166	4,722	7,166	4,722
Profit on sale of fixed assets	3,364	575	3,364	547
Rental income	474	943	999	519
ATM related charges	2,581	-	2,581	-
Total other income	29,881	17,892	29,397	16,498

Sundry income is derived from activities unrelated to the main focus of a business or our balance sheet items. It is a single general ledger line that mainly constitutes: Sale of cheque books; Visa statement fees; commission on clearance certificate etc

Rental Income is the part of the low value lease applicable to bank's premises rented to other business including any amounts received for sub-renting spaces

9. Personnel costs

Personnel costs can be summarized as follows:

	The Group		The Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	D'000	D'000	D'000	D'000
Salaries and allowances	138,809	142,578	128,438	128,317
Contributions to defined contribution plans	23,700	22,231	23,113	22,231
staff medical expenses	7,644	7,143	7,007	7,002
Other staff costs	11,008	5,443	6,973	5,443
Staff Bonus	12,999	10,000	12,999	10,000
Staff Leave allowance	1,331	1,207	1,140	1,207
Cashiers efficiency allowance	2,605	2,664	2,605	2,664
Weekend duty allowance	4,534	4,084	4,534	4,084
Directors fees	5,174	4,344	4,760	3,981
Increase/(decrease) in liability for leave arrears	-	(290)	0	(290)
Total personnel costs	207,804	199,404	191,569	184,639

The total number of employees as at 31 December 2021 was 369 of which 46 employees are directors and senior management of the Bank (2020: 348 and 46 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 D7.315M as of 31 December 2021 (2020: D7.039M).

9a . relates to staff expenses that are not directly within the scope of payroll , such as fringe Benefit Tax paid during the year , staff over time expenses and injury compensation cost etc



10. Other expenses

General and administration expenses can be summarized as follows:

		The Group		The Bank	
		31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
		D'000	D'000	D'000	D'000
Advert/publicity		6,313	4,473	5,995	2,624
Audit fees		1,416	1,559	1,100	1,223
Consultancy fees		813	215	813	215
Electricity and water		14,211	14,733	13,163	14,094
Insurance premium		10,429	9,708	10,133	9,388
Legal and professional fees		3,454	7,388	2,622	7,208
Losses and charge offs	10a	19,149	1,711	13,152	747
Motor vehicle expenses		10,962	9,632	10,533	9,346
National education levy		100	100	100	100
Other office expenses	10c	9,337	5,056	8,507	5,056
Postage and DHL		63	29	63	26
Printing and stationery		15,395	13,519	14,847	13,078
Rent and rates		4,366	4,519	3,020	2,618
Repairs and maintenance property/equipment		26,145	21,802	23,680	20,629
Security		6,660	6,607	5,988	6,042
Software and Hardware maintenance		66,235	69,174	65,641	66,927
Staff training		4,122	1,466	3,691	1,466
Stock exchange expenses		730	439	730	439
Subscriptions and donations		3,202	1,995	3,202	1,995
Telephone/Telex/Swift		6,092	6,289	5,940	6,123
CBG Penalties	10b	100	250	100	250
Trade license		5,610	5,173	5,508	5,126
Travel cost		747	1,365	718	680
Total general and admin expenses		215,651	187,202	199,246	175,400

10a Provisions for General Losses reporting under note 25b are estimations of potential losses that the Bank may experience due to frauds and other losses. The provision is treated as an expense in the Group's income statement as losses and charge offs and shown in note 10 while the credit entry goes to provision for general losses in the statement of financial position until time of full write off.

10b. This relates to a penalty charge of D0.1M imposed for non compliance with the Central Bank of The Gambia straight through process payment system as further disclosed in note 31.

10c . This line captures small expenses that do not necessarily have any specific GL by virtue of their nature and office consumable /assets or supplies that do not meet the capitalisation threshold

11. Income taxes

		The Group		The Bank	
		31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
		D'000	D'000	D'000	D'000
Income tax expense					
Current tax expense		49,667	45,396	49,353	42,227
Overprovision in prior year		-	-	-	-
		49,667	45,396	49,353	42,227
Deferred tax expense					
Origination/reversal of temporary differences		(13,639)	1,060	(13,639)	1,060
Total income tax		36,028	46,456	35,714	43,287

Legal entities in the Gambia must individually report taxable income and remit corporate income taxes thereon to the appropriate authorities at higher of 1% on revenue or 27% on profit

Reconciliation of effect tax rate

	The Group		The Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	D'000	D'000	D'000	D'000
Profit before income tax	179,450	135,277	185,347	149,172
Income tax using enacted corporation tax rate	48,452	36,525	50,044	40,276
Non deductible expenses	16,576	17,555	15,912	17,555
Capital Allowances	(15,362)	(8,683)	(16,604)	(15,604)
Differed tax	(13,638)	1,060	(13,638)	1,060
Total income tax expense in income statement	36,028	46,456	35,714	43,287

Reconciliation of effective tax rate

			%	%
Domestic tax rate	27	27	27	27
Non deductible expenses	9.24	12.98	8.59	11.77
Capital Allowances	(8.56)	(6.42)	(8.96)	(10.46)
Over provided in prior year	-	-	-	-
Total income tax expense in income statement	27.69	33.56	26.63	28.31

Income tax liability

	The Group		The Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	D'000	D'000	D'000	D'000
Balance at the beginning of the year	13,078	7,002	9,891	2,664
Adjustment	-	(2,242)	-	-
Current tax expense	49,667	45,396	49,353	42,227
Tax paid during the year	(58,477)	(37,078)	(55,142)	(35,000)
Tax liability at the end of the year	4,268	13,078	4,102	9,891

The adjustment relates to the correction of over provision of tax liability in one of our subsidiaries which was erroneously corrected through other liabilities instead of tax liability.

Deferred tax assets and liabilities as of 31 December 2020 and as of 31 December 2021 relate to the following items:

	The Group		The Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	D'000	D'000	D'000	D'000
Opening balance	(3,235)	(4,295)	(3,235)	(4,295)
Charged to income (non current tangible assets)	(13,639)	1,060	(13,639)	1,060
Tax (asset) at the end of the year	(16,874)	(3,235)	(16,874)	(3,235)

12. Earnings per share

The calculation of basic earnings per share at 31 December 2021 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-21	31-Dec-20	31-Dec-21	31-Dec-20
	D'000	D'000	D'000	D'000
Profit attributable to ordinary shareholders	143,422	109,736	149,633	105,886
Weighted average number of ordinary shares	200,000	200,000	200,000	200,000
Earnings per ordinary share (dalasis)	0.72	0.50	0.75	0.52

Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2021 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-20	31-Dec-19	31-Dec-20	31-Dec-19
	D'000	D'000	D'000	D'000
Profit attributable to ord. shareholders (diluted)	143,422	100,565	149,633	103,258
Weighted average no. of ord. shares (diluted)	200,000	200,000	200,000	200,000
Earnings per ordinary share (dalasis)	0.72	0.50	0.75	0.52

13. Dividend per share

At the Annual General Meeting to be held in June 2022, a final dividend in respect of the year ended 31 December 2021 of D0.30 (2020: D0.25) for every ordinary share will be proposed. An interim dividend of D0.25 (2020: D0.25) for every ordinary share was declared and paid during the year. This will bring the total dividend for the year to D0.55 (2020: D0.50).

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


14. Cash and cash equivalents

	The Group		The Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	D'000	D'000	D'000	D'000
Cash and balances with banks	2,309,701	1,185,476	2,259,869	1,152,865
Unrestricted balances with the Central Bank	1,254,486	1,696,381	1,254,486	1,696,381
Treasury bills with maturity periods of < 3 months	-	63,995	-	63,995
Total cash and cash equivalents	3,564,187	2,945,852	3,514,355	2,913,241

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 2021 is 13% of average deposits.

15. Financial Assets at Amortised Cost

	The Group		The Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	D'000	D'000	D'000	D'000
Treasury Bills	2,086,578	2,078,352	2,086,578	2,051,739
Treasury Bonds	923,385	1,016,235	923,385	1,016,235
Total financial assets at Amortised Cost	3,009,963	3,094,587	3,009,963	3,067,974

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-21	31-Dec-20	31-Dec-21	31-Dec-20
	D'000	D'000	D'000	D'000
Loans	948,347	678,929	911,787	634,182
Overdrafts	1,301,937	947,263	1,301,937	947,263
Nawec Bond	89,344	125,081	89,344	125,081
Total loans and advances at amortised cost	2,339,628	1,751,273	2,303,068	1,706,526
Less:				
Stage 3 impairment	(1,077)	(7,634)	(376)	(3,388)
Stage 2 impairment	(609)	(825)	(459)	(2,426)
Stage 1 impairment	(41,175)	(17,066)	(30,882)	(15,465)
Total loans and advances	2,296,767	1,725,748	2,271,351	1,685,247



An analysis of loans by customer group is as follows:

	The Group		The Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	D'000	D'000	D'000	D'000
Corporate Clients	1,612,148	1,194,568	1,612,148	1,194,568
Retail Clients	727,480	556,705	690,920	511,958
Total loans and advances	2,339,628	1,751,273	2,303,068	1,706,526

Allowance for impairment

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

	The Group		The Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	D'000	D'000	D'000	D'000
Balance at the beginning of the year	10,954	11,744	3,388	2,759
Impairment loss for the year				
Charge for the year	(17,096)	(218)	(10,231)	(185)
Recoveries	12,237	3,830	12,237	3,830
Write offs	(5,018)	(4,402)	(5,018)	(3,016)
Balance at the end of the year	1,077	10,954	376	3,388

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

	The Group		The Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	D'000	D'000	D'000	D'000
Balance at the beginning of the year	22,170	18,399	17,891	18,399
Impairment loss for the year				
Charge for the year	19,614	3,771	13,450	(508)
Balance at the end of the year	41,784	22,170	31,341	17,891
Portfolio allowance for financial assets	(2,339)	929	(2,339)	929
Total impairment charge	179	4,482	880	236

Explanation of the term 12 months ECL , life time ECL and credit impaired are included in notes under impairment



17. Investment in subsidiaries

	% of ordinary shares	The Group		The Bank	
		31-Dec-21 D'000	31-Dec-20 D'000	31-Dec-21 D'000	31-Dec-20 D'000
Bayba Financial Services Limited	100%	-	-	33,500	33,500
Home Finance Company Gambia I	60%	-	-	0	12,058
Fair Value gain on Bayba				22,376	
As at 31 December		-	-	55,876	45,558

Home Finance Company of the Gambia Limited (HFC), is a mortgage company in the Gambia that specializes in the provision of Home Purchase Loans. HFC was incorporated as a private limited liability company in 2001 and licensed by the Central Bank of the Gambia (CBG) as a non-bank financial institution specializing in mortgages.

At the extra ordinary general meeting of the Board of Directors of Home Finance Company on 20th October 2020, it was resolved that the company be put into voluntary liquidation. Pursuant to this resolution by the Shareholders and after approval of Central Bank of The Gambia, the company appointed a Liquidator (Donald C Kaye) and **VOLUNTARY LIQUIDATION** commenced at the close of business on Wednesday 3rd November 2021.

Since inception of Home Finance, the company experienced a lot of constraints and was seen as an unprofitable, Management were not able to offer any return on shareholders' investment throughout and recorded significant financial and capital deficiencies. Consequently, the shareholders decided not to invest further capital in order to bring its unimpaired capital to the minimum of D 50 million being the minimum capital requirement of a Non-Bank Financial Institution (NBFI) as directed by the Regulator in September 2019 .

As a consequence of this Voluntary Liquidation, the shareholders of which Trust Bank Limited had 60% shares, no longer substantially retained all risks and rewards and therefore not expected to recognize the asset. All rights, obligations, controls and rewards from the Liquidation are strictly that of Liquidator whose main responsibility is to secure and realize all the Company's assets then meet all expenses of the liquidation, pay all creditors and thereafter distribute residual funds to Shareholders.

According to the liquidator's report, the net liquidation proceeds to Trust Bank is expected to exceed the carrying amount of the net assets and accordingly a fair value gain of D2.3M has been recognized under 16 as per summary below

	D,000
Cash and Bank	5,831
Investments-Treasury Bills	3,978
Fixed asset	575
Loans	17,700
Staff Debtors	360
Realizable value of assets	28,444
Payables	(4,449)
Net Assets	23,995
TBL share of the net assets 60%	14,397
Carrying amount of the investment	12,058
Fair Value gain	2,339


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

		The Group		The Bank	
		31-Dec-20 D'000	31-Dec-19 D'000	31-Dec-20 D'000	31-Dec-19 D'000
	% of ordinary shares				
International Bank of Liberia	12.97%	93,925	77,145	93,925	77,145
Gamswitch Co	5%	2,906	2,029	2,906	2,029
Enterprise Life Assurance Co	25%	19,874	8,186	19,874	8,186
As at 31 December		116,705	87,360	116,705	87,360

	International Bank of Liberia	Gamswitch Co	Enterprise Life Assurance Co
	D'000	D'000	D'000
Opening Balance	77145	2029	8186
Fair Value Gain	16780	877	11688
As at 31 December	93,925	2,906	19,874

A professional valuer, Talent Factory Africa Limited in February 2022 revalued the bank's Equity investments on a Price Earning (P/E) ratio basis. The resulting surplus of D28,468M was recognised in OCI and an impairment reversal of D877K was recognised in the Income Statement

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.



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 discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.	long term revenue growth taking into account management's experience and knowledge of market conditions of the specific industries, ranging from 2 to 5 per cent	The higher the revenue growth rate, the higher the fair value. If the revenue growth was 3.5 per cent higher/lower while all other variables were held constant, the carrying amount would increase/decrease by D4.8.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 9 per cent	The higher the pre-tax operating margin, the higher the fair value. If the pre-tax operating margin was 6.0 per cent higher/lower while all other variables were held constant, the carrying amount would increase/ decrease by D7.0 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
		Weighted average cost of capital, determined using a Capital Asset Pricing Model, ranging from 7 to 16 per cent Discount for lack of marketability, determined by reference to the share price of listed entities in similar industries, ranging from 5 to 10 per cent	The higher the weighted average cost of capital, the lower the fair value. If the weighted average cost of capital was 12.1 per cent higher/lower while all other variables were held constant, the carrying amount would decrease/increase by D 14.1M 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 D5.8M


19. Right of Use assets
Leasing

	31-Dec-21 D'000	31-Dec-20 D'000
Finance costs		
Interest expense on lease liabilities	308	102
Total finance costs	<u>308</u>	<u>175</u>
Depreciation Charge		
Depreciation of right-of-use-assets	1,364	585
Total depreciation and amortisation expense	<u>1,364</u>	<u>432</u>

Right-of-use assets

The Bank leases several assets which includes buildings for commercial and residential purposes.
The average lease term is 5 years (2020: 5 years).

	31-Dec-21 D'000	31-Dec-20 D'000
At 1 January 2021	7,608	3,905
Additions	-	3,703
Terminated contracts	-	-
As at 31 December, 2021	<u>7,608</u>	<u>7,608</u>
Depreciation Charge		
At 1 January 2021	1,017	432
Charge for the period	1,364	585
As at 31 December, 2021	<u>2,381</u>	<u>1,017</u>
Carrying amount		-
At 31 December, 2020	6,591	3,473
At 31 December, 2021	<u>5,227</u>	<u>6,591</u>

There was no expired lease contract in the current year

	31-Dec-21 D'000	31-Dec-20 D'000
Amounts recognised in profit or loss		
Depreciation expense on right-of-use assets	1,364	585
Income from subleasing right-of-use assets	-	-
As at 31 December, 2021	<u>1,364</u>	<u>432</u>

Lease Liability

	31-Dec-21 D'000	31-Dec-20 D'000
At 1 January 2020	2,791	1,758
Addition during the year	-	931
Interest expense for the period	308	102
Payment during the year	-	-
As at 31 December, 2021	<u>3,099</u>	<u>2,791</u>

Lease Liability

Lease prepaid for the Period	-	1,050
Total cash outflows as at 31 December	<u>-</u>	<u>1,050</u>

	31-Dec-21 D'000	31-Dec-20 D'000
Maturity Analysis of lease liability		
Not more than one year		
Over one year but less than five years	3,099	2,791
More than five years	<u>3,099</u>	<u>2,791</u>


20a. 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
Cost	D'000	D'000	D'000	D'000	D'000	D'000	D'000
At 01-Jan-20	18,209	558,201	91,078	333,017	28,846	1,029,351	1,040,908
Additions	30,751	-	0	0	7,543	38,294	56,466
Transfers	(34,430)	-	4,388	30,042	-	-	-
Disposal	-	-	(5,969)	(13,454)	(8,047)	(27,470)	(28,234)
At 31-Dec-20	14,530	558,201	89,497	349,605	28,342	1,040,175	1,069,140
Additions	25,604	-	-	-	5,850	31,454	36,375
Transfers	(33,548)	-	12,700	20,848	-	-	-
Revaluation	-	151,185	-	-	-	151,185	151,185
Disposal/write offs	(4,231)	-	(2,783)	(3,355)	(3,588)	(13,957)	(22,106)
Disposal Group	-	-	-	-	-	-	-
Reclassification	-	-	-	-	(4,242)	(4,242)	(4,242)
At 31-Dec-21	2,355	709,386	99,414	367,098	26,362	1,204,615	1,230,352
Depreciation							
At 01-Jan-20	-	(46,092)	(66,730)	(272,864)	(22,672)	(408,358)	(417,524)
Depreciation expense	-	(9,598)	(10,119)	(28,950)	(5,166)	(53,833)	(56,532)
Disposal/write offs	-	-	5,896	13,071	8,046	27,013	27,762
At 31-Dec-20	-	(55,690)	(70,953)	(288,743)	(19,792)	(435,178)	(446,294)
Depreciation expense	-	(9,776)	(8,594)	(26,864)	(5,173)	(50,407)	(54,389)
Transfers	-	-	-	-	-	-	-
Revaluation	-	52,127	-	-	-	52,127	52,127
Disposal	-	-	2,232	2,652	1,794	6,678	8,426
Reclassification	-	-	-	-	4,242	4,242	4,242
At 31-Dec-21	-	(13,339)	(77,315)	(312,955)	(18,929)	(422,538)	(435,888)
Carrying amount							
At 31-Dec-20	14,530	502,511	18,544	60,862	8,550	604,997	622,846
At 31-Dec-21	2,355	696,047	22,099	54,143	7,433	782,077	794,464

A professional valuer, Francis Thomas Jones Associates, in 2021 revalued the bank's freehold and leasehold properties on an open market basis. The resulting surplus of D202M Million which is comprised of the adjustments of D151.2M and D52.2M shown above was transferred to a revaluation reserve account as shown in the statement of financial position.


20b. 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-20	260,572	260,572	261,184
Additions	45,908	45,908	45,908
At 31-Dec-20	306,480	306,480	307,092
Additions	18,526	18,526	23,273
At 31-Dec-21	325,006	325,006	330,365
Accumulated amortisation			
At 01-Jan-20	(233,868)	(233,868)	(234,397)
Amortisation expense	(14,391)	(14,391)	(14,391)
At 31-Dec-20	(248,259)	(248,259)	(248,788)
Amortisation expense	(19,147)	(19,147)	(19,406)
At 31-Dec-21	(267,406)	(267,406)	(268,194)
Carrying amount			
At 31-Dec-20	58,221	58,221	58,304
At 31-Dec-21	57,600	57,600	62,171

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-20	31-Dec-20	31-Dec-20	31-Dec-20
	D'000	D'000	D'000	D'000
Property, plant, equipment and software	(16,873)	(3,235)	(16,873)	(4,295)
Net tax (assets)/liabilities	(16,873)	(3,235)	(16,873)	(4,295)

Movements during the year

2021	Opening	Recognised in P/L	Recognised in equity	Closing
	D'000	D'000	D'000	D'000
Property, plant, equipment and software	(4,295)	(12,578)	-	(16,873)
	(4,295)	(12,578)	-	(16,873)

Movements during the year

2020	Opening	Recognised in P/L	Recognised in equity	Closing
	D'000	D'000	D'000	D'000
Property, plant, equipment and software	(4,295)	1,060	-	(3,235)
	(4,295)	1,060	-	(3,235)

22. Other assets

	The Group		The Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	D'000	D'000	D'000	D'000
Bills discounted	54,682	38,007	54,682	38,007
Prepayments	29,954	26,638	29,954	26,638
MTO clearing	44,160	26,612	1,200	2,010
Stationery Stock	16,316	13,707	16,316	12,890
Travelex receivable	53,469	160,406	53,469	160,406
Assets on order	1,574	3,227	1,574	3,227
Unpaid shares	12,364	18,769	12,364	18,769
Lease Vehicle	24,645	21,882	24,645	21,882
Bond premium	13,000	-	13,000	-
Receivable from liquidator	14,397	-	14,397	-
Others	9,672	6,305	10,159	6,163
	274,233	315,553	231,760	289,992

**23. Deposits from banks**

	The Group		The Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	D'000	D'000	D'000	D'000
Money market deposits	26,984	47,301	26,984	47,301
Total deposits from banks	26,984	47,301	26,984	47,301

24. Deposits from customers

Deposits from customers by product group are as follows:

	The Group		The Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	D'000	D'000	D'000	D'000
Time deposits	243,099	251,388	243,099	251,388
Current accounts	2,713,519	2,455,622	2,713,519	2,432,796
Savings accounts	5,890,393	5,024,587	5,850,607	5,024,587
Total deposits from customers	8,847,011	7,731,597	8,807,225	7,708,771

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-21	31-Dec-20	31-Dec-21	31-Dec-20
	D'000	D'000	D'000	D'000
Accounts payable	39,518	55,886	34,282	35,770
Provision for general losses	13,194	4,741	13,194	4,741
Provision for staff bonus	13,019	11,947	13,019	11,947
Building loan suspense	719	1,314	719	1,314
Dividend payable	15,442	5,897	15,442	5,897
Due to MTO Partners	33,532	12,040	-	-
Other creditors and accruals	5,231	4,175	5,231	3,052
Due to other Banks	47,063	141,190	47,063	141,190
Other liabilities	167,718	237,190	128,950	203,911

25a The Group records revenue and expense when they are earned regardless of when the money is received or paid. As such, Accounts Payable reporting under 25a includes services that are provided to the Group and recorded in the books but there was no actual cash payment based on the terms of the agreement.

25b Provisions for General Losses reporting under note 25b are estimations of potential losses that the Bank may experience due to frauds. The provision is treated as an expense in the Group's income statement as losses and charge offs and shown in note 10 while the credit entry goes to provision for general losses in the statement of financial position until time of full write off.

25c Included in the Staff building suspense reporting under note 25c are building loans granted to staff but not yet fully disbursed. The undisbursed part of the loans goes to this account if the property is not an outright purchase but for building a new property or completing property that has not reached the certification level for further disbursement. The certification payment is done based on the advice of recognized and certified property appraisers.

25d Due from MTO partners are remittances paid on behalf of our Money Transfer Partners with pending reimbursements based on the contractual terms as shown in note 25d.

**26. Statement of changes in equity**

Share capital	The Group		The Bank	
	31-Dec-21 D'000	31-Dec-20 D'000	31-Dec-21 D'000	31-Dec-20 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 (2020: 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.

Income surplus	The Group		The Bank	
	31-Dec-21 D'000	31-Dec-20 D'000	31-Dec-21 D'000	31-Dec-20 D'000
At 1 January	131,806	98,307	95,501	73,994
Profit for the year	143,422	109,736	149,633	105,886
Transfer to other reserves	-	-	(1,707)	(8,496)
Transfer to statutory reserve	(21,619)	(15,883)	(22,445)	(15,883)
Post acquisition NCI	-	1,490	-	-
Dividends paid	(99,966)	(61,844)	(100,000)	(60,000)
Balance at 31 December	153,643	131,806	120,982	95,501

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-21 D'000	31-Dec-20 D'000	31-Dec-21 D'000	31-Dec-20 D'000
Provisions as per Prudential Guidelines	33,738	29,775	33,424	29,775
Provisions as per IFRS 9	(32,172)	(30,264)	(31,717)	(21,279)
	1,566	(489)	1,707	8,496

**Revaluation reserve**

A professional valuer, Francis Thomas Jones Associates, in 2021 revalued the bank's freehold and leasehold properties on an open market basis. The amount shown in these financial statements is the difference between the open market value and the book value.

Equity revaluation reserve

The Group's equity investments are measured at fair value at the end of each reporting period. The reserve account shows the difference between the book value and the fair value as at the reporting period.

Dividends

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

	2021	2020
	D'000	D'000
D0.25 per ordinary share (2020:D0.15)	50,000	30,000
	50,000	30,000

After 31 December 2021, the following dividends were proposed by the directors in respect of 2021. The dividends have not been provided for and there are no income tax consequences.

	2021	2020
	D'000	D'000
D0.25 per ordinary share (2020: D0.25)	50,000	50,000
	50,000	50,000

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-21	31-Dec-20	31-Dec-21	31-Dec-20
	D'000	D'000	D'000	D'000
Bonds and guarantees	37,703	51,883	37,703	51,883
Letters of credit, acceptances and other documentary credits	661,388	105,866	661,388	105,866
	699,091	157,749	699,091	157,749

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	
		2021	2020
Bayba Financial Services Limited	The Gambia	100%	100%
Home Finance Company Limited	The Gambia	0%	60%

Bayba Financial Services Ltd operates 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-21	31-Dec-20	31-Dec-21	31-Dec-20
	D'000	D'000	D'000	D'000
Gross amount at 1 January	1,026	829	754	829
Interest charged	52	43	31	43
Loan disbursed	1,489	1,302	1,100	1,302
Cash received	(803)	(1,421)	(656)	(1,421)
Net movement in overdraft balances	-	(314)	-	(314)
Net amount at 31 December	1,764	439	1,229	439

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 (2020: Nil).

Impairment losses of Nil have been recorded against balances outstanding from Directors (2020: Nil).

Included within loans and advances as at 31st December 2021 is Nil (2020: Nil) due from our subsidiaries. Interest and charges received on advances granted during the year amounted to D0.461M (2020: 0.126M).

Included in deposits as at 31st December 2021 is D21.3Million (2020: D17.02 Million) due to our subsidiary companies. Interest paid on these deposits during the year amounted to D0.462 Million (2020: D0.126 Million).

**Loans and advances to employees**

	The Group		The Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	D'000	D'000	D'000	D'000
Balance at 1 January	45,266	44,492	43,649	44,492
Loans advanced during the year	25,794	22,721	22,175	22,721
Loan repayments received	(49,837)	(23,564)	(48,042)	(23,564)
Balance at 31 December	21,223	43,649	17,782	43,649

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

Impairment losses of D0.389 Million have been recorded against balances outstanding from Staff (2020: D0.985 Million)

Key management personnel compensation for the period comprised:

	The Group		The Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	D'000	D'000	D'000	D'000
Directors board fees	3,541	2,870	3,127	2,822
Directors sitting fees	1,634	1,408	1,634	1,159
Senior Management salaries	11,374	10,834	8,425	8,466
Senior Management pension contributions	1,961	2,656	1,862	1,868
	18,510	17,768	15,048	14,315

31. Penalties

There was a penalty charge of D0.1M imposed by The Central Bank of The Gambia for non compliance with the straight through process payment system. However, this violation was subsequently remedied.

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.

However, Included within note 22 is an amount of D53.4M (2020: D160.4M). This amount relates to foreign currency notes shipped through Travelex Banknotes Ltd. on our behalf and on behalf of our customers for onward credit to our Nostro accounts. The shipment coincided with Travelex's bankruptcy and as a result they failed to fund the bank's account on the due date. Travelex Banknotes Ltd. has subsequently been restructured and has started settlement plan of 12 monthly instalments of €239,769.50 beginning 27th May 2021, and on the 15th of every month thereafter to settle the outstanding balance of 53.4 out of which D47.06M as shown in note 25 will correspondingly be transferred to customers on whose behalf we shipped. Travelex has paid each installment as due and the final installment is expected on the 15th April, 2022

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

New and amended standards and interpretations

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments were issued on 23rd January 2020. This affects only the presentation of liabilities in the statement of financial position not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:

clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;

clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and

make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are effective for annual reporting periods being on or after 1st January 2023.

Reference to the Conceptual Framework (Amendments to IFRS 3)

IFRS 3 establishes principles and requirements for how an acquirer in a business combination. On 14th May 2020 amendments were issued the reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

The changes in Reference to the Conceptual Framework (Amendments to IFRS 3):

update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;

add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and

add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for annual reporting periods being on or after 1st January 2022.

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

Amendments to the standard was issued on 14th May 2020.

The amendment is to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendment is effective for annual reporting periods being on or after 1st January 2022.

Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)

IAS 37 Provisions, Contingent Liabilities and Contingent Assets, , this standard outlines the accounting and disclosure requirements for provisions, contingent assets and liabilities . On 14th May 2020 amendments were issued relating to Onerous contracts

The changes in Onerous Contracts -Cost of Fulfilling a Contract (Amendments to IAS 37)

specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments are effective for annual reporting periods being on or after 1st January 2022.

Definition of Accounting Estimates (Amendments to IAS 8)

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. Amendments were made on 12th February 2021.

The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.

Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.

The Board clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of

The Board clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense

The amendments are effective for annual reporting periods beginning on or after 1st January 2023.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

On 7th May 2021, amendments were issued for IAS 12.

The main change in Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) is an exemption from the initial recognition exemption provided in IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. This is also explained in the newly inserted paragraph IAS 12.22A.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Early adoption is permitted.

35. Subsequent events

Events subsequent to the reporting date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material. The Group's Subsequent event has been disclosed below:

Government white paper

The Bank operates in a regulatory and legal environment that by nature has some element of litigation risk inherent in its operations. As a result, the Bank is involved in various but insignificant arbitration proceedings in the Gambia. The Bank has formal controls and policies for managing legal claims. Based on professional legal advice, the Bank provides and/or discloses amounts in accordance with its regulatory requirements and IFRS.

The only significant legal claim against the Bank is in respect of The Gambia Government White paper pronouncement on the financial dealings of the former President, Yahya Jammeh. The Bank's legal counsel's opinion is that it is possible, but not probable, that the court ruling may be in favor of the claimant. Accordingly, no provision for any claims has been made in these financial statements


VALUE ADDED STATEMENT
35. Value Added Statement for the year ended 31 December 2021

	The Group		The Bank	
	31-Dec-21 D'000	31-Dec-20 D'000	31-Dec-21 D'000	31-Dec-20 D'000
Interest earned and other operating income	740,596	713,930	710,220	674,670
Direct cost of services	(92,234)	(113,034)	(91,657)	(112,912)
Value added by banking services	648,362	600,896	618,563	561,758
Non banking income	29,881	17,892	29,397	16,498
Impairment gains	(179)	(4,482)	(880)	(236)
Value added	678,064	614,306	647,080	578,020
Distributed as follows:				
To employees:				
Directors (without executives)	5,174	4,344	4,760	3,981
Executive Management	13,335	13,490	10,287	10,334
Other Employees	189,295	181,570	176,522	170,324
To Government:				
Income Tax	49,667	45,396	49,353	42,227
To providers of capital:				
Dividends to Shareholders	99,966	61,844	100,000	60,000
To expansion and growth:				
Depreciation and amortisation	73,795	70,923	69,554	68,224
Retained earnings	153,643	131,806	120,982	95,501