

## **Independent Auditor's Report To the shareholders of The Trust Bank Report on the Audit of the Consolidated and Separate Financial Statements**

### **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 2019 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 2019 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.

## Independent Auditor's Report (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>IFRS 9 Impairment</b></p>	
<p>The group impairment losses have been determined in accordance with IFRS 9 Financial Instruments.</p> <p>This was considered a key audit matter as IFRS 9 is a complex accounting standard, which requires significant judgment to determine impairment at year-end. These include:</p> <ul style="list-style-type: none"> <li>• Determining the staging of financial assets of the Bank which includes establishing groups of similar financial assets;</li> <li>• Determining criteria for significant increase in credit risk;</li> <li>• Determination of the probability of default (PD) and Loss Given Default (LGD), which includes establishing the relative weightings of forward-looking scenarios for each type of loan and the associated Expected Credit Loss (ECL);</li> <li>• 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);</li> <li>• The need to apply additional overlays to reflect current or future external factors that are not appropriately captured by the expected credit loss model.</li> </ul>	<p>In assessing impairment reserve, we performed the following procedures:</p> <p>We gained understanding of the Group's key credit processes comprising granting, booking, monitoring and provisioning.</p> <p>We read the Group's IFRS 9 based impairment provisioning policy and compared it with the requirements of IFRS 9.</p> <p>We assessed the modeling techniques and methodology against the requirements of IFRS 9.</p> <p>We checked and understood the key data sources and assumptions for data used in the Expected Credit Loss (ECL) models used by the Group to determine impairment provisions. We examined a sample of exposures and performed procedures to evaluate the:</p> <ul style="list-style-type: none"> <li>• Data used to determine the impairment, including transactional data captured at loan origination, ongoing internal credit quality assessments;</li> <li>• Expected credit loss model, including the models developed and approved, ongoing monitoring/validation, model governance and mathematical accuracy;</li> <li>• We checked the appropriateness of the Group's staging;</li> <li>• Basis for and data used to determine overlays;</li> <li>• 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;</li> <li>• 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;</li> <li>• We checked the calculation of the Loss Given Default (LGD) used by the Group in the ECL calculations, including the</li> </ul>

	<p>appropriateness of the use of collateral and the resultant arithmetical calculations;</p> <ul style="list-style-type: none"> <li>• For forward looking assumptions used by the Group's management in its ECL calculations, we held discussions with management and corroborated the assumptions using publicly available information;</li> <li>• We checked the completeness of loans and advances, off balance sheet items, investment securities, placements and other financial assets included in the ECL calculations;</li> <li>• Other key modeling assumptions adopted by the Bank; and</li> <li>• We then challenged the appropriateness of the models and management assumptions included in the ECL calculations.</li> </ul> <p>We also performed procedures to ensure the competence, objectivity and independence of the Group's consultant.</p> <p>We checked the appropriateness of the opening balance adjustments and assessed the accuracy of the disclosures in the financial statements.</p> <p>We found that the assumptions used by management were comparable with historical performance and have been assessed as reasonable. We considered the disclosure of loan impairment to be appropriate and adequate.</p> <p>We further assessed as appropriate the classifications of the Group's loans and advances in accordance with Central Bank of The Gambia's, prudential guidelines.</p>
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**Other matters**

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.

## **Independent Auditor's Report (Continued)**

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 scepticism 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.

## Independent Auditor's Report (Continued)

- 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.

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*

**DT Associates**  
Chartered Accountants  
Registered Auditors

Date: *30<sup>th</sup> April* ..... 2020