



Trust Bank Ltd.

PROUDLY GAMBIAN

2019 Annual Report & Financials

Central Bank of

The Gambia

Promise to pay on demand the sum of
Twenty Dalasis

٢٠ دالاس

٢٠ دالاس

2019

Our Mission

Our 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 our shareholders.

To achieve this, we shall continue to set new standards by delivering quality services and innovative products with an inspired team dedicated to serving our Customers, Environment and Community at Large in the most caring manner.



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Notice and Agenda of Annual General Meeting

Notice is hereby given that the Twenty-Second Annual General Meeting of Trust Bank Limited will be held virtually* on 24th September 2020 at 3.00 p.m. for the following purposes:

Ordinary Business

Ordinary Resolutions

1. To receive and adopt the Annual Report and Consolidated Accounts for the year ended 31st December 2019;
2. To declare a Dividend
3. To ratify the appointment of a Director.
Mr. Abdoulie Tamedou
4. To re-elect Directors:
 - a. Mr. Pa M.M Njie
 - b. Mrs. Angela Andrews Njie
5. To approve the remuneration of Directors;
6. To appoint DT Associates as Auditors of the Bank until the conclusion of the next Annual General Meeting;
7. To authorize the Board to determine the remuneration of the Auditors;
8. To transact any other business appropriate to be dealt with at any Annual General Meeting.

Proxy

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company.

A blank proxy is attached to the Annual Report.



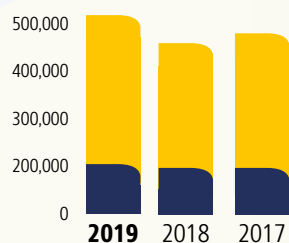
Fatou Lili Drammeh
Board Secretary

* We will be using the Zoom platform to host this year's AGM. Instructions on how to use the platform have been provided on our website (<https://www.tblgambia.com/tbl-agm/>). Also included are explanations on how to use the technology medium or platform to observe, vote, make comments and ask questions during proceedings at the meeting.

For further information and assistance kindly contact info@tblgambia.com

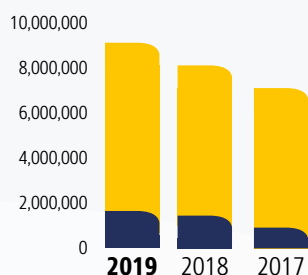
Financial Highlights

FOR THE YEAR ENDED 31 DECEMBER 2019



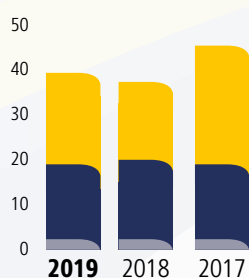
The Bank	2019	2018	2017
Profit before tax (D.000)	133,579	124,160	120,722
Net Interest income (D.000)	396,968	333,218	357,850
Operating expenses (D.000)	(450,832)	(414,978)	(438,632)
Impairment Gains (D.000)	13,240	29,198	33,297

■ Profit before tax
■ Net interest income



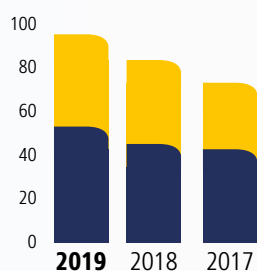
The Bank	2019	2018	2017
Total Assets (D.000)	7,397,550	6,623,105	6,154,072
Loans and advances (D.000)	1,707,714	1,537,193	941,505
Customer deposits (D.000)	6,519,579	5,838,774	5,346,373
Equity (D.000)	771,986	691,198	703,944

■ Loans and advances
■ Deposits



The Bank	2019	2018	2017
Return on assets	2%	2%	2%
Return on equity	17%	18%	17%
Capital Adequacy	20%	17%	26%

■ Return on equity
■ Capital adequacy
■ Return on assets



The Bank	2019	2018	2017
Liquidity	59%	63%	69%
Non performing loan ratio	0.6%	1%	0.4%
Earnings per share (in bututs)	52	44	42
Dividend per share (total in bututs)	40	30	30

■ Earnings per share (in bututs)
■ Dividend per share (in bututs)

Statement from the Chairman



Mr. Mohamadou Manjang

Dear Shareholders

It is indeed a privilege once again to welcome you, on behalf of the Board, Management and staff of Trust Bank Ltd to 22nd edition of our Annual General Meeting. We are truly honored that you found time to participate in this Annual General Meeting.

I am delighted to report that despite all the challenges, your Bank has delivered improved performance and achieved higher profits for the year.

These outstanding results are a reminder of the Bank's transformation over the past few years and its enormous potentials. The Management team has done a great job in delivering these numbers against a backdrop of stiff competition and increasing regulatory challenges.

With expected growth for the domestic economy in 2020, Trust Bank Ltd today is well positioned to seize these new realities thanks to our expansive branch network and the breadth of our products and services developed in recent years.

Trust Bank has shown how its position in the local markets and the strength of its balance sheet can deliver fantastic results. We are not complacent about the future but are confident that we will deliver another strong performance in 2020.

Banking remains a risk-based industry and we will remain prudent in our management and pricing of risk. At the same time, we are well placed to take advantage of the opportunities that will undoubtedly arise.

The Group's performance

The group balance sheet size grew by 18 % from D6.23 billion to reach D7.397 billion due largely on customers' deposits. Shareholder's funds have increased by almost 11% to reach D797million; this shows how well capitalized, sound and safe the group is.

The Board of Directors

There has been one change in the composition of the board in 2019. Mr. Abdoulie Cham left after bringing years of extensive skills and expertise to the board. Mr. Cham served the board with commitment and played a crucial role in strengthening the financial experience of the board and guiding the Bank during very turbulent times. I and my colleagues are grateful for the tremendous contribution he made to the Bank during his period on the board.

The composition of the board remains very rich in terms of quality and experience to efficiently and effectively carry out its oversight responsibilities. I wish to take this opportunity to thank the board members for their professionalism and total commitment to the course of the bank.

Supporting our customers

Ladies and gentlemen, your bank is here to serve its customers, to respond to their needs and to help them achieve their ambitions in the right way. Our results demonstrate that we are doing this.

The Bank is consistently meeting its customers' needs by creating a simpler, more responsive organization and investing in our digital capability while maintaining an expansive branch network.

The macroeconomic environment improved significantly in 2019 with the same expected for 2020. This will benefit our customers and investors. Our strong balance sheet growth will enable us to help our customers negotiate their paths within these opportunities and also deliver strong and sustainable returns for our shareholders.

Our human capital

Investing in professional development of the banks' staff to enable them to do their jobs to the best of their ability remains a priority area for the board as it is essential to our present and future success.

We continue to believe that remuneration at all levels, including senior executives, needs to motivate staff to deliver strong, sustainable growth whilst supporting the business strategy. We strongly believe in "rewards for success", properly earned not just paid by default.

Corporate Social Responsibilities (CSR)

We remain dedicated to our CSR initiatives. The Bank will continue to support our

communities in the areas of health, education, sports and environment and disaster recovery.

I am thrilled to announce that in 2019, the Bank have disbursed more than D1 million to support various courses and institutions in the health sector alone.

Implication of covid-19

COVID-19 is likely to see a spike in the non-performing assets of the entire banking sector. The resilience of banks' in 2020 hinges in part on the success of governments' monetary and fiscal policy responses. These measures are in early stages. However, the board is cognizant of the situation and working on deploying strategies that would minimize its disruption on the bank.

Acknowledgements

The year 2019 was a relatively successful year but certainly challenging as well. I will like to place on record that we have been able to achieve these impressive results due to the loyalty of our customers and their trust in our brand and the hard work of our Management team and staff who have worked tirelessly to ensure "a great experience for our customers". It is therefore with a profound sense of appreciation that I sincerely thank our customers, Management and entire staff of the Bank.

Finally, on behalf of the board, we are grateful to our shareholders for their continuous support.

Managing Director's Review



Mr. Ibrahima Salla

Dear Shareholders

The Trust Bank of today is a very different organization from the one that I joined over two decades ago. Your Bank is underpinned by a purpose and a set of values that are fundamental to our long term success.

There was urgent need recently to adapt our business model and governance to the new economic, financial, compliance and regulatory environment and to reconnect with the original values of this great institution. The journey is not yet complete. But great progress has been made on all these fronts.

By working more closely and proactively with our regulators and other partners than ever before, we will also move towards greater resilience, and sustainability.

Execution of the transformation Strategy has established a balanced and focused Bank, working on the right priorities for all our stakeholders and positioned for more sustainable growth.

While we are all proud of these achievements, we recognize that this is a base for the future and not the end of the transformation journey. There are major changes in our own capabilities that we need to address in the next phase of our development to become the best Bank for customers and shareholders.

As we look back at our performance in 2019 and our prospects for 2020, I am confident that we are starting to realize that promise.

Economic outlook

Three years after the political impasse which culminated in uncertainty, the Gambian economy has returned to a level of stability. According to the Central Bank of The Gambia Monetary Policy Committee (MPC) Report of February 2020, the Gambian economy is estimated to grow by 6.2 percent in 2020 from 6.0 percent in 2019.

Global economic growth is projected to

pick up in 2020. However, the International Monetary Fund (IMF) January 2020 report, revised downward global economic growth by 0.1 percentage point to 3.3 percent in 2020 compared to 2.9 percent in 2019. However, there are significant risks to the outlook, particularly the impact of the Corona virus outbreak on the global economy.

Growth in advance economies is projected to slow to 1.6 percent in 2020, from 1.7 percent in 2019. Growth in emerging markets and developing economies is expected to recover to 4.4 percent in 2020 from 3.7 percent in 2019. In Sub-Saharan Africa, growth is projected at 3.5 percent in 2020 from 3.3 percent in 2019. However, with the effects of the COVID-19 pandemic biting into the economy, we are more likely to see GDP shrink this year.

Banking industry

The banking system remains adequately capitalized, liquid and profitable. The capital adequacy ratio of the industry stood at 31.45 percent in December 2019 higher than the statutory requirement of 10 percent. All the banks were above the minimum capital requirement. The ratio of liquid asset to total assets of the industry stood at 61.1 percent in December 2019 compared to 57.4 percent in the same period in 2019. The liquid asset to deposit ratio was 91.6 percent also higher than the statutory requirement of 30.0 percent. The ratio of non-performing loans to total loans was 4.55 percent in December 2019.

Private sector credit continued to grow. As at end of December 2019, private sector credit grew by 35.8 percent compared to a growth of 32.9 percent in December 2018.

Human Resources

I want to thank my colleagues who have worked so hard to bring the company to a point where we can look forward to the task ahead with more confidence than ever before.

Trust Bank Limited's success is dependent upon engaged and motivated staff who love serving customers. We are doing more to invest in our staff's future through training and development, competitive remuneration and better opportunities to build rewarding careers. We are positioning ourselves to win the future of Banking in the Gambia by providing a ladder of opportunity for every member of our team.

These measures are as important as the financial targets we pursue because they go

to the heart of running the Bank in a way that we all can be proud of.

We wish to once again assure you of the Bank's commitment to equal opportunity and reward for honesty, hard work and perseverance over the years.

Ladies and gentlemen, we wish to acknowledge that the 2019 financial year was one of mixed feelings. We lost one of our ebullient and promising young staff-Mr Ebrima Frazer to the cold hands of death. Mr. Frazer exuded humility, kindness, respect and charm. He played a critical role in advancing the Marketing & Sales agenda of the Bank. We will always remember him in our prayers.

We also wish to acknowledge Mr Vincent Mendy and Mr Momodou Lamin Bojang who retired during the financial year 2019. They made such a difference in training and shaping our new generation of leaders. We thank them for their invaluable contribution to the success of the Bank and also wish them the very best of luck as they transition into the next phase of their lives.

I wish to use this opportunity to thank the entire staff for their sincere commitment to the services of the bank and above all the unflinching support to steering the bank forward for an improved customer satisfaction and an enhanced shareholder value.

Operating environment

We're greatly influenced by the economic and regulatory environment, to the evolving competitive landscape, compliance and needs of our customers and other stakeholders.

The Central Bank signals it expects the economy to grow in 2020 by 6.2%. The increased growth is due to a stronger business investment by the service sector particularly tourism, trade, financial services and insurance, and telecommunication. Construction is also expected to contribute strongly to growth in 2020. Annual inflation hovered around the monetary policy committees target in 2019 at 7.4%. The Labor market remains relatively stable with salary and pension increments of 50% and 100% respectively.

According to the Monetary Policy Committee (MPC) Press release of February 2020, the Banking sector remains fundamentally strong and safe as indicated by the financial soundness indicators. The capital adequacy ratio for the industry averaged 31.45% in December 2019 higher than the statutory requirement of 10%.

MANAGING DIRECTOR'S REPORT

There has been a great deal of change in the regulatory environment. The Central Bank of the Gambia have made good progress in improving financial stability through prudential regulations and in collaboration with the Gambia Competition and Consumer Protection Commission (GCCPC) are now putting greater emphasis on protecting consumers through conduct and competition regulation.

Distinguished ladies and gentlemen, it is gratifying to tell you that our loan portfolio has almost doubled during this period and is well diversified to weather the effects of sector contraction. Your bank is well positioned to grab the opportunities that come with these new realities thanks to our liquidity strength, expansive branch network and the breadth of our products and services.

While our financial performance is more assured, we know that there is still a lot of work to be done to achieve our ambitions to be the best bank for customers and shareholders. We are very aware that we need to further strengthen our customer due diligence and requirements relating to fighting financial and economic crime. This will augur well in our drive to grow corresponding Banking relationships.

We continue to take a number of robust measures to strengthen our management of compliance risks, support a stronger risk culture and improve operational excellence. We are committed to complying with all applicable laws, regulations and best practices in banking.

We are totally convinced that competitive advantage in banking will come from technology driven products and services that delivers a much better customer experience.

All of these developments are driven by accelerating customer demands for products and services which suit how they live their lives today. Your bank continues to leverage on technology to fully automate payment systems, enhance online banking for non-face-to-face customers, integrate overdraft request, cashpower and airtime vending on our mobile app for the convenience of our esteemed customers. Digital lending for our retail customers is live. The platform allows existing customers to apply digitally for overdraft subject to eligibility criteria. Customers are able to complete their overdraft applications within 5 minutes and usually get a decision within the day.

We have simplified and streamlined the customer experience giving our customers a rapid response, supported by the vast industry knowledge and insight of our staff.

Trust Bank is determined that no one is left behind as these digital services are rolled out. We have committed resources in upgrading our branch network and other service delivery channels to ensuring that is the case.

Your Bank's Performance

Our performance in 2019 shows that net interest income increased from D333 millions in 2018 to 396.9 Million in 2019 registering 19% growth. Total operating income increased by 12% from D509.9 million in 2018 to GMD571.6 million in 2019. Similarly, loans and advances increased from D1.537 billion in 2018 to D1.707 billion in 2019 while total expenses including loan provisioning has increased from D385.7 million to D438 million over the same period; this is largely due to revised staff payroll structure. These combined, resulted in increase in profit after tax of 16 % from D88.6 Million in 2018 to D103.2 Million in 2019.

The quality of our credit portfolio continues to be preserved at an NPL Ratio of 1 percent for both 2018 and 2019 through a more systematic credit assessment and approval process with early warnings signs developed to mitigate potential bad loans. We will continue to look for opportunities to not only increase the loan book but also further improve on the quality of credit extended to customers with viable and bankable projects.

Our equity investment for inorganic growth continues to be rewarding with dividends from both Bayba Financial Services and International Bank Liberia Limited (IBLL).

We are aware of the challenges in a dynamic industry under stiff competition with largely the same banking products and services, but we are on the right track, making good progress against our strategic targets. With every one of my colleagues in Trust Bank committed to driving performance, we can have strong confidence in our ability to deliver.

Corporate Social Responsibilities

Our commitment to society is non-negotiable and consistent in the critical areas of health, education, sports and environment. In the health sector alone, we donated over D1 million to support government health facilities across all the regions of the country.

On the Education sector, the bank continues to be committed to the promotion of good and quality education by giving awards and recognition to the most outstanding students in various educational disciplines from Upper Basic Schools, Senior Secondary Schools and Tertiary institutions in the country. The bank spent over D300, 000.00

on its flagship program-Excellence in the Millennium Award to recognize the 10 most outstanding students and Schools in the Gambia Basic Education Certificate Examination (GABECE) class of 2019 with certificates of excellence, computers and cash prizes.

We continue to reward the three most outstanding students in the Sciences, Arts and Commerce disciplines for all the senior secondary schools across the country with D5, 000.00 each during their Speech and Prize giving ceremony in the form of student savings accounts.

In the area of Youth and Sports, the Bank continued to make donations to the Gambia Cricket Association, Gambia Volley Ball Association, Gambia National Olympic Committee (GNOC), Zonal Football teams, YMCA Inter-School Sports Competition and other sporting bodies across the country.

We continue to collaborate with National Disaster Management Agency and the Gambia Red Cross Society to support their initiatives to provide relief to victims of disaster. In June, we donated D100, 000.00 to National Disaster Management Agency through the office of the Vice President to the victims of the wind storm disaster in the Central River Region and Upper River Region.

Acknowledgements

We acknowledge the contributions of all stakeholders especially our staffs who have worked in the frontlines, and the back-office to make Trust Bank what it is today. It is their hard work, alignment behind our strategy and dedication that enables us to deliver on our promises.

To our cherished customers who are at the centre of our business, we could not have achieved these results without your loyalty. Your demands, challenges and feedbacks have pushed us to go ahead and improve vigorously. Our success story remains incomplete without your own success. You spread the word faster and in a way better than any of our promotional means could.

Finally, I wish to assure our stakeholders that Trust Bank is well positioned to continue to progress towards being the best Bank for our customers while delivering strong and sustainable returns for our shareholders.



General Information

DIRECTORS	<p>Mr. Mohamadou Manjang Chairman</p> <p>Mr. Ibrahima Salla Managing Director</p> <p>Ms. Njilan Senghore Executive Director</p> <p>Mr. Abdoulie Cham Member (up to November 2019)</p> <p>Mr. Pa Macoumba Njie Member</p> <p>Mr. Franklin Hayford Member</p> <p>Mrs. Angela Andrews-Njie Member</p> <p>Mr. Ansumana L.N. Touray Member (from June 2019)</p>
COMPANY SECRETARY	Ms. Fatou Lili Drammeh
AUDITORS	<p>DT associates The Gambia Accountants and business advisers 1 Paradise Beach Place, Bertil Harding Highway Kololi, The Gambia</p>
REGISTERED OFFICE	<p>Trust Bank Limited 3/4 Ecowas Avenue Banjul, The Gambia</p>
SOLICITORS	<p>Mary Abdoulie Samba 29 Independence Drive Banjul, The Gambia</p>
REGISTRARS	<p>Universal Merchant Bank Limited 123 Sethi Plaza, Adabraka, Accra, Ghana</p>
BANKERS	<p>BMCE Bank International France</p> <p>Bank of Beirut London</p> <p>Central Bank of The Gambia The Gambia</p> <p>Bank of Beirut Germany</p> <p>Ecobank Senegal</p> <p>Afrexim Bank Egypt</p> <p>Zhejiang Chouzhou Bank China</p> <p>GCB Bank Ghana</p> <p>Ghana International Bank UK</p> <p>Skandinaviska Enskilda Banken Sweden</p> <p>Unicredit Italy</p> <p>CBW BANK USA</p> <p>Aktif Yatirim Bank Turkey</p>

Directors' Report

The Directors are pleased to submit their report on the consolidated and separate financial statements of The Trust Bank for the year ended 31 December 2019.

Directors' Responsibility statement

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 2019 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 is 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 subsidiary 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

The company provides commercial banking services to the general public in accordance with the regulations of the Central Bank of The Gambia and the Banking Act 2009. It also engages in the business of local and international money transfer through its wholly owned subsidiary, Bayba Financial Services Ltd. The Bank's objective is to help The Gambia prosper. The Bank is a direct and indirect economic contributor with relationships with external stakeholders and partners, suppliers, government bodies and legislators.

The Bank combines innovative products, quality service, responsiveness to social

and economic issues and a team of professional and inspired Gambians to fulfil its mission of being the best bank for customers, shareholders and the community at large.

Subsidiary And Associate

Bayba Financial Service Limited, a company incorporated in The Gambia to engage in money transfer activities, is a wholly owned subsidiary of the Bank.

The Bank also holds 60% interest in Home Finance Company, a company incorporated in The Gambia, which provides mortgage loan service to eligible individuals.

Results for the year and dividends

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

The Directors have recommended a final dividend of D0.15 per ordinary share for the year ended 2019. The final dividend of D0.15 per share together with the interim dividend paid of D0.25 per share, gives a total dividend of D0.40 for the year.

Significant changes in fixed assets

Tangible fixed assets are as detailed in note 23 of the financial statements. There has not been any permanent diminution in the value of the fixed assets and as a result impairment has not been deemed necessary.

Employees

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

Donation

During the year the company made charitable donations amounting to D1,927,440.00 (2018: D2,370,565.5)

Related Party Transactions

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

- the party in question directly or indirectly, through subsidiaries, nominees, a third party or otherwise controls the Bank, is controlled by it or is under joint control;
- holds an equity interest in the Bank

that makes it possible to exercise a significant influence over the Bank;

- exercises control over the Bank jointly with other parties;
- is an affiliated company of the Bank;
- is one of the Bank's Directors or Statutory Auditors;
- is one of the Bank's key management personnel;
- is an executive with strategic responsibilities of the Bank or its controlling company;
- is a member of the immediate family of one of the parties listed above.

The Governance Committee is the committee responsible for reviewing related party transactions. Should a circumstance occur in which a committee member where 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 1. The directors retiring by rotation in accordance with Article 98 of the Articles of Association are Mr. Pa MM Njie and Mrs. Angela Andrews-Njie. Being eligible, Mr. Pa MM Njie and Mrs. Angela Andrews-Njie offer themselves for re-election.

The following Directors who held office during the year had beneficial financial

DIRECTORS' REPORT

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-19	31-Dec-18
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
Total	1,283,986	1,283,986

Internal control systems

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

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

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

Auditor

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

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

Directors' performance evaluation

The performance and effectiveness of

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

Professional development and training

On appointment to the Board, Directors are provided with an induction which focuses on their key responsibilities, code of ethics, confidentiality and other expectations. Directors received training on Bank 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. Mohamadou Manjang is the Chairman of the Board of Directors of Gam petroleum and Gambia Transport Services Corporation and is the Deputy Chair of the Edward Francis Small Teaching Hospital, and Board member of CFAO, Gambia Government Revolving Loan Scheme and Housing Finance Corporation.
- Mr. Franklin Hayford is an Executive Director of Databank Financial Services Ltd. He is also the Resident Director of Databank Securities Limited The Gambia and a Director at Ghana Reinsurance Co. Ltd.
- Mr. Pa Macoumba Njie is currently the Chairman on the Board of Enterprise Life Assurance Company Limited and a Director at International Bank of Liberia. He is also the chairman of the institute of Bankers of The Gambia
- Mr. Ibrahim Salla is currently a Director on the Board of International Bank of Liberia. He also sits as a Director on the Boards of Bayba Financial Services Limited, Enterprise Life Assurance Company Limited and Home Finance Company Limited.
- Ms. Njilan Senghore sits on the Boards of Bayba Financial Services Limited, Home Finance Company Limited and Royal insurance Co. Ltd

DIRECTORS' REPORT

- Qualifications, biographical information and ages of Directors can be found on the published annual report of the Group.

Risk management objectives, system and activities

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

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

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

Corporate responsibilities and compliance

The Bank's policy is to invest in local communities throughout the Country to help them prosper economically and build social cohesion. The Bank's support for local communities' focuses on education, health, sports and natural disasters. A detailed report of the Bank's Corporate Social Responsibility (CSR) 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 seven (7) 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 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
- 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. Mohamadou Manjang Member
Mrs. Angela Andrews-Njie Member
Mr. Ibrahim Salla Member
Ms. Njilan Sengore Member

Audit and Budget Committee

- The Committee carries out the duties set out below, giving full consideration to relevant laws and regulations and

best practices in discharging its responsibilities:

- Reviewing the Quarterly and Annual Financial Statements with Management, including major issues regarding accounting and audit principles and practices and also the adequacy of internal controls;
- Approving the Internal Audit plans, monitoring and reviewing the effectiveness of the Bank's internal controls and Internal Audit function;
- Recommending the appointment of External Auditors and overseeing the external audit process and resolution of all issues of concern raised by the Auditors;
- In Consultation with the External Auditors and the Internal Audit Department, review the integrity of the Bank's financial reporting process;
- Consider the External Auditors' recommendations on the quality and appropriateness of the Bank's accounting principles as reflected in its financial reporting;
- Meet periodically with Management to review the Bank's major financial risk exposures and steps Management has taken to monitor and control such exposures;
- Overseeing the compliance function to ensure adherence to applicable laws and operating standards including Anti-Money Laundering and Terrorism Financing regulations;
- Reviewing the adequacy and security of the Bank's assets and employees to raise concerns about any possible wrongdoing in all matters.
- Review the Bank's annual budget and ensure Management's compliance with its implementation while also reviewing significant variances and seeking for explanations where necessary.

The members of the committee are as follows:

Mr. Franklin A Hayford Chairman
Mr. Ansumana L.N. Touray Member (from June 2019)
Mr. Abdoulie Cham Member (up to November 2019)

Strategy Committee

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

- To integrate the outputs from the different activities of the Bank and

suggest strategic priorities and specific objectives to follow;

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

The members of the committee are as follows:

Mr. Mohamadou Manjang Chairman
Mr. Ibrahima Salla Member
Ms. Njilan Senghore Member
Mr. Ansumana L.N. Touray Member (from June 2019)

Remuneration Committee

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

The members of the committee are as follows:

Mr. Mohamadou Manjang Chairman
Mr. Franklin Hayford Member

Infrastructure Development Committee

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

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

The members of the committee are as follows:

Mr. Pa Macoumba Njie Chairman
Mr. Abdoulie Cham Member (up to November 2019)
Mr. Ibrahima Salla Member
Ms. Njilan Senghore Member

Going concern

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

Auditors

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

By order of the Board of Directors



Company Secretary

Date: 30th April 2020

Independent Auditor's Report

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.

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.

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.
- 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

Key Audit Matter**How our audit addressed the Key Audit Matter****IFRS 9 Impairment**

The group impairment losses have been determined in accordance with IFRS 9 Financial Instruments.

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:

- Determining the staging of financial assets of the Bank which includes establishing groups of similar financial assets;
- Determining criteria for significant increase in credit risk;
- 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);
- 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.

In assessing impairment reserve, we

performed the following procedures:

We gained understanding of the Group's key credit processes comprising granting, booking, monitoring and provisioning.

We read the Group'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.

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:

- Data used to determine the impairment, including transactional data captured at loan origination, ongoing internal credit quality assessments;
- Expected credit loss model, including the models developed and approved, ongoing monitoring/validation, model governance and mathematical accuracy;
- We checked the appropriateness of the Group'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 Group in the ECL calculations, including the appropriateness of the use of collateral and the resultant arithmetical calculations;
- 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;
- We checked the completeness of loans and advances, off balance sheet items, investment securities, placements and other financial assets included in the ECL calculations;
- 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 Group's consultant.

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 as appropriate the classifications of the Group's loans and advances in accordance with Central Bank of The Gambia's, prudential guidelines.

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

Chartered Accountants

Registered Auditors

Date: 29th March 2020

DT Associates

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2019

	Notes	The Group		The Bank	
		31-Dec-19 D'000	31-Dec-18 D'000	31-Dec-19 D'000	31-Dec-18 D'000
Interest and similar income	8	499,353	426,480	493,949	434,349
Interest and similar expense	9	(96,855)	(100,990)	(96,981)	(101,131)
Net Interest Income		402,498	325,490	396,968	333,218
Fees and commission income	10	114,590	115,841	108,283	108,437
Fees and commission expense	11	(8,349)	(5,133)	(7,901)	(5,570)
Net fee and commission income		106,241	110,708	100,382	102,867
Net trading income	12	61,386	68,453	39,018	37,817
Other operating income	13	24,295	36,654	35,235	36,038
Operating income		594,420	541,305	571,603	509,940
Net impairment gain on financial asset	20	11,295	30,004	13,240	29,198
Personnel expenses	15	(190,034)	(166,694)	(182,315)	(159,366)
Depreciation and amortization	23 (a)	(82,241)	(93,622)	(81,089)	(92,081)
Depreciation of Right-of-Use	23 (b)	(432)	-	(432)	-
Other expenses	14	(197,731)	(174,682)	(187,428)	(163,531)
		(459,143)	(404,994)	(438,024)	(385,780)
Profit before income tax		135,277	136,311	133,579	124,160
Income tax expense	16	(34,732)	(42,176)	(30,341)	(35,536)
Profit for the year		100,545	94,135	103,238	88,624
Other comprehensive income, net of income tax					
Items that will not be reclassified to profit or loss:		-	-	-	-
Net gain on fair value equity instrument at FVOCI		-	-	-	-
Revaluation reserve		-	-	-	-
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		100,545	94,135	103,238	88,624
Profit attributable to:					
Controlling equity holders of the Bank/Group		100,324	94,305	103,238	88,624
Non-controlling interest		(221)	(170)	-	-
Profit for the year		100,545	94,135	103,238	88,624
Total comprehensive income attributable to:					
Controlling equity holders of the Bank/Group		100,324	94,305	103,238	88,624
Non controlling interest		(221)	(170)	-	-
Total comprehensive income for the year		100,545	94,135	103,238	88,624
Basic/diluted earnings per share (Bututs)	21	50	47	52	44

The accompanying notes are an integral part of the financial statements

Consolidated Statement of Financial Position

For the year ended 31 December 2019

		The Group		The Bank	
		31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	Notes	D'000	D'000	D'000	D'000
ASSETS					
Cash and cash equivalents	18	2,026,648	1,585,168	2,007,533	1,575,267
Trading assets	19	2,739,132	2,649,506	2,725,037	2,626,094
Loans and advances to customers	20	1,741,445	1,557,533	1,707,714	1,537,193
Investment in subsidiaries	21	-	-	45,558	20,558
Investment in other equity securities	22	117,802	69,392	117,802	69,392
Property, plant and equipment	23 (a)	623,384	672,506	620,993	669,206
Right-of-Use Assets	23 (b)	3,473	-	3,473	-
Intangible assets	24	26,787	47,099	26,704	47,016
Deferred tax	16(e)	4,295	1,972	4,295	1,972
Other assets	25	159,559	88,689	138,441	76,407
TOTAL ASSETS		7,442,525	6,671,865	7,397,550	6,623,105
LIABILITIES					
Deposits from Banks	26	46,278	6,590	46,278	6,590
Deposits from Customers	27	6,502,561	5,832,311	6,519,579	5,838,774
Current tax	16(d)	7,022	17,779	2,664	16,303
Employee benefit obligations		1,680	1,501	1,681	1,501
Finance Lease Liabilities	23(c)	1,758	-	1,758	-
Other liabilities	28	74,878	81,150	53,604	68,739
Total liabilities		6,634,177	5,939,331	6,625,564	5,931,907
EQUITY					
Stated capital	29	200,000	200,000	200,000	200,000
Income surplus	29	98,308	95,092	73,995	66,025
Statutory reserves	29	258,352	242,866	257,525	242,040
Revaluation reserve	29	182,809	183,133	182,809	183,133
Equity revaluation	29	57,657	-	57,657	-
Total equity attributable to equity holders of the Group		797,126	721,091	771,986	691,198
Non Controlling interest		11,222	11,443	-	-
TOTAL LIABILITIES AND EQUITY		7,442,525	6,671,865	7,397,550	6,623,105

The consolidated and separate financial statements and the notes on pages 14 to 56 were approved by the board of directors on the 30th April 2020 and were signed on its behalf by:



Chairman



Managing Director



Director



Secretary

The accompanying notes are an integral part of the financial statements

Statement of Changes in Equity

For the year ended 31 December 2019

The Bank

	Stated capital D'000	Statutory reserve D'000	Credit risk reserve D'000	Revaluation reserve D'000	Equity Revaluation reserve D'000	Income surplus D'000	Total equity D'000
At 1 January 2018	200,000	228,746	146	193,013	-	40,669	662,574
Net income for the year	-	-	-	-	-	88,624	88,624
Transfer from credit risk reserve	-	-	(146)	-	-	146	-
Transfer to statutory reserve	-	13,294	-	-	-	(13,294)	-
Transfer to retained earnings	-	-	-	(9,880)	-	9,880	-
Dividend paid to equity holders	-	-	-	-	-	(60,000)	(60,000)
Balance At 31 December 2018	200,000	242,040	-	183,133	-	66,025	691,198
Effect of IFRS 16	-	-	-	-	-	217	217
Net income for the year	-	-	-	-	-	103,238	103,238
Transfer from credit risk reserve	-	-	-	-	-	-	-
Transfer to statutory reserve	-	15,486	-	-	-	(15,486)	-
Dividend paid to equity holders	-	-	-	-	-	(80,000)	(80,000)
Revaluation on Equity investment	-	-	-	-	57,657	-	57,657
PPE written off	-	-	-	(324)	-	-	(324)
At 31 December 2019	200,000	257,525	-	182,809	57,657	73,995	771,986

The Group

	Stated capital D'000	Statutory reserve D'000	Credit risk reserve D'000	Revaluation reserve D'000	Equity Revaluation reserve D'000	Income surplus D'000	Total equity D'000
At 1 January 2018	200,000	228,746	146	193,013	-	67,461	689,366
Net income for the year	-	-	-	-	-	94,135	94,135
Transfer from credit risk reserve	-	-	(146)	-	-	146	-
Transfer to statutory reserve	-	14,120	-	-	-	(14,120)	-
Transfer to retained earnings	-	-	-	(9,880)	-	9,880	-
Dividend paid to equity holders	-	-	-	-	-	(62,240)	(62,240)
Post acquisition NCI	-	-	-	-	-	(170)	(170)
At 31 December 2018	200,000	242,866	-	183,133	-	95,092	721,091
Net income for the year	-	-	-	-	-	100,545	100,545
Effect of IFRS 16	-	-	-	-	-	217	217
Transfer to statutory reserve	-	15,486	-	-	-	(15,486)	-
Dividend paid to equity holders	-	-	-	-	-	(82,233)	(82,233)
Post acquisition NCI	-	-	-	-	-	172	172
Revaluation on Equity investment	-	-	-	-	57,657	-	57,657
PPE written off	-	-	-	(324)	-	-	(324)
At 31 December 2019	200,000	258,352	-	182,809	57,657	98,308	797,126
Attributable to Non-controlling interest							
At 1 January 2019	-	-	-	-	-	11,443	11,443
Post acquisition retained earnings	-	-	-	-	-	(221)	1(221)
At 31 December 2019	-	-	-	-	-	11,222	11,222

The accompanying notes are an integral part of the financial statements

Statement of Cash Flow

For the year ended 31 December 2019

	Notes	The Group		The Bank	
		31-Dec-19 D'000	31-Dec-18 D'000	31-Dec-19 D'000	31-Dec-18 D'000
CASHFLOWS FROM OPERATING ACTIVITIES					
Profit for the year before taxes		135,277	136,311	133,579	124,160
Adjustments to reconcile profit before taxes to net cash provided by operating activities:					
Depreciation and amortization	23(a),(b)	82,241	93,622	81,089	92,081
Net impairment gain on financial assets	20	(11,295)	(30,004)	(13,240)	(29,198)
Net interest income		(402,498)	(325,490)	(396,968)	(333,218)
Profit on sale of assets		(996)	(4,964)	(996)	(4,968)
Fixed assets written off		1,906	60	1,906	60
		(195,365)	(130,465)	(194,630)	(151,083)
Changes in trading assets		(89,626)	(166,923)	(98,943)	(156,496)
Changes in loans and advances to customers		(172,615)	(554,285)	(157,279)	(566,490)
Changes in other assets		(70,870)	33,836	(62,034)	21,007
Changes in deposits from banks		39,688	2,300	39,688	2,300
Changes in deposits from customers		670,250	491,091	680,805	492,401
Changes in other liabilities and provisions		(6,092)	(48,291)	(14,955)	(26,082)
		175,370	(372,737)	192,652	(384,443)
Interest and dividends received		499,353	426,480	493,949	434,349
Interest paid		(96,855)	(100,990)	(96,981)	(101,131)
Income tax paid		(50,091)	(25,527)	(46,303)	(20,178)
Net cash used in operating activities		527,777	(72,774)	543,317	(71,403)
CASHFLOWS FROM INVESTING ACTIVITIES					
Purchase of investment securities		-	-	(25,000)	-
Investment written-off		9,247	-	9,247	-
Lease Payment	23(c)	(1,500)	-	(1,500)	-
Purchase of property and equipment	23(a)	(25,740)	(72,631)	(25,465)	(71,258)
Proceeds from the sale of property and equipment		21,144	42,137	18,882	41,510
Purchase of intangible assets	24	(7,215)	(3,074)	(7,215)	(3,074)
Net cash used in investing activities		(4,064)	(33,568)	(31,051)	(32,822)
CASHFLOWS FROM FINANCING ACTIVITIES					
Dividends paid	30	(82,233)	(62,240)	(80,000)	(60,000)
Net cash used in investing activities		(82,233)	(62,240)	(80,000)	(60,000)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		441,480	(168,582)	432,266	(164,225)
Cash and cash equivalents at beginning of the year		1,585,168	1,753,750	1,575,267	1,739,492
CASH AND CASH EQUIVALENTS AT 31 DECEMBER 2019		2,026,648	1,585,168	2,007,533	1,575,267

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 activitiesThe company provides commercial banking services to the general public in accordance with the regulations of the Central Bank of The Gambia and the Banking Act 2009. It also engages in the business of local and international money transfer through its wholly owned subsidiary, Bayba Financial Services Ltd.

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

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

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:

	2019	2018
Social Security & Housing Finance Corporation	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
- Bakau
- Westfield
- Kololi
- Bundung
- Yundum
- Brikama
- Farafenni
- Sinchu
- Basse
- Soma
- Bakoteh
- Lamin
- Barra
- Latrikunda
- Serrekunda Saho kunda
- Serrekunda Market
- Brusub

The consolidated financial statements of the Group as at and for the year ended 31 December 2019 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 19th March, 2020.

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 ■ Presentation of financial statements

The Group presents its statement of financial position in order of liquidity based on the Group's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item.

Financial assets and financial liabilities are generally reported gross in the consolidated statement of financial position except when IFRS netting criteria are met.

3 Changes in accounting policies and disclosures

3.1 ■ New and amended standards and interpretations

In these financial statements, the Bank has applied IFRS 16 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard are described in Note 3.1.1 below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the Bank's consolidated financial statements.

The new and amended standards and interpretations are effective for annual periods beginning on or after 1 January 2019, unless otherwise stated. The Bank has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

3.1.1 ■ IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement

contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Bank is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Bank elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at 1 January 2019.

Instead, the Bank applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The Bank has lease contracts for various branches and spaces for ATMs. Before the adoption of IFRS 16, the Bank classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Refer to Note 4.20 for the accounting policy prior to 1 January 2019.

Upon adoption of IFRS 16, the Bank applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 4.21 for the accounting policy beginning 1 January 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Bank.

- *Leases previously classified as finance leases*
- *Leases previously accounted for as operating leases*

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using

the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Based on the above, as at 1 January 2019:

- Right-of-use assets of D 3,473 were recognised and presented in the statement of financial position within "Property, plant and right-of-use assets".
- A Lease liability of D1,758 was recognised on the face of the statement of financial position.
- The adoption of IFRS 16 had no impact on the Group's retained earnings and no material impact on its CET1 ratio.

3.1.2 ■ IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

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

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

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the

uncertainty.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements. Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The tax filings of Group and the subsidiaries in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance and transfer pricing study that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have an impact on the consolidated financial statements of the Group.

3.1.3 ■ Amendments to IFRS 9: Prepayment Features with Negative Compensation

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

Early termination can result from a contractual term or from an event outside the control of the parties to the contract, such as a change in law or regulation leading to the early termination of the contract. Where the prepayment is made at current fair value or at an amount that includes the fair value of the cost to terminate an associated hedging instruments, the Bank assesses the specific contractual cash flows for the relevant debt instruments in order to determine whether they meet the SPPI criterion. These amendments had no impact on the consolidated financial statements of the Bank.

NOTES TO THE FINANCIAL STATEMENTS

4 Summary of 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.

4.1 ■ Basis of consolidation

Business combinations are accounted for using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except where they relate to the issue of debt or equity securities.

The consideration transferred does not include amounts that relate to the settlement of pre existing relationships, such amounts are generally recognised in profit or loss. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

i. Subsidiaries

Subsidiaries are investees controlled by the Group. The Group controls an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases. The financial statements of the subsidiary used to prepare the consolidated financial statements were prepared as of the Bank's reporting date.

ii. Transactions eliminated on consolidation

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

iii. Associates

Associates are all entities over which the

Bank has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

iv. Change in ownership interest of a subsidiary

A change in ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, any related non controlling interests and other components of equity. Any surplus or deficit arising on the loss of control is recognised in profit or loss. Any retained interest in the former subsidiary is recognised at fair value at the date of loss of control.

v. Separate financial statements

In the separate financial statements, investments in subsidiaries and associates are accounted for at cost less impairment. Cost also includes direct attributable costs of investment.

4.2 Foreign currency translations

4.2.1 ■ Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the Group entities using exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at exchange rates ruling at that date. Non monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are generally recognised in profit or loss.

Foreign exchange gains and losses arising from the translation of items recognised in other comprehensive income are presented in other comprehensive income.

4.2.2 ■ Foreign operations

The assets and liabilities of foreign operations are translated into GambiaDalasi at the spot exchange rates at the reporting date. The income and expenses of foreign operations are translated into GambiaDalasi at the average exchange rates for the period.

Foreign currency differences arising on the translation are recognised in other comprehensive income and presented within equity.

When a foreign operation is disposed of, the cumulative amount in equity relating to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

4.3 ■ Recognition of interest income

4.3.1 ■ The effective interest rate method

Under IFRS 9, interest income is recorded using the EIR method for all financial assets measured at amortised cost, interest rate derivatives for which hedge accounting is applied and the related amortisation/ recycling effect of hedge accounting. Interest income on interest bearing financial assets measured at FVOCI under IFRS 9 is also recorded using the EIR method. Interest expense is also calculated using the EIR method for all financial liabilities held at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset. The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. The Bank recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, the EIR calculation also takes into account the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations of fixed rate financial assets' or liabilities' cash flows are revised for reasons other than credit risk, then changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset or liability on the balance sheet with a corresponding increase or decrease in Interest revenue/expense calculated using the effective interest method.

For floating-rate financial instruments, periodic re-estimation of cash flows to reflect the movements in the market rates of interest also alters the effective interest rate, but when instruments were initially recognised at an amount equal to the principal, re-estimating the future interest

payments does not significantly affect the carrying amount of the asset or the liability.

4.3.2 ■ Interest and similar income/expense

Net interest income comprises interest income and interest expense calculated using both the effective interest method and other methods. These are disclosed separately on the face of the income statement for both interest income and interest expense to provide symmetrical and comparable information.

In its Interest income/expense calculated using the effective interest method, the Group only includes interest on those financial instruments that are set out in Note 4.3.1 above.

Interest income/expense on all trading financial assets/liabilities is recognised as a part of the fair value change in 'Net trading income'.

The Group calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset.

When a financial asset becomes credit-impaired (as set out in Note 4.12.1 and is therefore regarded as 'Stage 3', the Group calculates interest income by applying the EIR to the net amortised cost of the financial asset. If the financial asset cures (as outlined in Note 4.12.1) and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

For purchased or originated credit-impaired (POCI) financial assets (as set out in Note 4.12.4), the Group calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the financial asset. The credit-adjusted EIR is the interest rate that, at initial recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI financial asset.

4.4 ■ Fee and commission income

Fee and commission income and expense include fees other than those that are an integral part of EIR. 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.

Other fees and commission income and expenses are recognised on an accrual basis when the related services are performed. Loan commitment fees for loans that are not likely to be drawn down are deferred, together with related direct costs and

recognised on a straight line basis over the commitment period.

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

4.5 ■ Net trading income

Net trading income comprises gains less losses related to foreign exchange differences on foreign currency deal transactions as well as all realised and unrealised fair value changes related to held for trading investment securities. The Group has elected to present the full fair value movement of trading assets and liabilities in trading income, including any related interest income, expense and dividends.

4.6 ■ Dividend income

Dividend income is recognised when the right to receive payment is established. This is the ex dividend date for listed equity securities, and usually the date when shareholders approve the dividend for unlisted equity securities.

The presentation of dividend income in the consolidated statement of profit or loss depends on the classification and measurement of the equity investment, i.e.:

- for equity instruments which are held for trading, dividend income is presented as trading income;
- for equity instruments designated at FVTOCI dividend income is presented in other/revenue income; and
- for equity instruments not designated at FVTOCI and not held for trading, dividend income is presented as net income from other instruments at FVTPL.

4.7 ■ Financial instruments – initial recognition

4.7.1 ■ Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognised on the trade date, i.e., the date on which the Group becomes a party to the contractual provisions of the instrument. This includes regular way trades, i.e., purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. The Group recognises balances due to customers when funds are transferred to the Group.

4.7.2 ■ Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Notes 4.9.1.1 and 4.9.1.2. Financial instruments are initially measured at their fair value (as defined in Note 4.8), except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Group accounts for the Day 1 profit or loss, as described below.

4.7.3 ■ Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognises the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

4.7.4 ■ Measurement categories of financial assets and liabilities

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost, as explained in Note 4.9.1
- FVOCI, as explained in Notes 4.9.4 and 4.9.5
- FVTPL, as set out Note 4.9.6.

The Group classifies and measures its derivative and trading portfolio at FVPL, as explained in Notes 4.9.2 and 4.9.3. The Group may designate financial instruments at FVPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies, as explained in Note 4.9.6. Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVPL when they are held for trading and derivative instruments or the fair value designation is applied, as explained in Note 4.9.6.

4.8 ■ Determination of fair value

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques,

NOTES TO THE FINANCIAL STATEMENTS

as summarised below:

- Level 1 financial instruments – These where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- Level 2 financial instruments – These where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Bank will classify the instruments as Level 3.
- Level 3 financial instruments – These include one or more unobservable input that is significant to the measurement as whole.

The Group periodically reviews its valuation techniques including the adopted methodologies and model calibrations. However, the base models may not fully capture all factors relevant to the valuation of the Bank's financial instruments such as credit risk (CVA), own credit (DVA) and/or funding costs (FVA). Therefore, the Bank applies various techniques to estimate the credit risk associated with its financial instruments measured at fair value, which include a portfolio-based approach that estimates the expected net exposure per counterparty over the full lifetime of the individual assets, in order to reflect the credit risk of the individual counterparties for non-collateralised financial instruments. The Bank estimates the value of its own credit from market observable data, such as secondary prices for its traded debt and the credit spread on credit default swaps and traded debts on itself. Details of this are further explained in Note 7 Fair value measurement. The Bank evaluates the levelling at each

reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary, based on the facts at the end of the reporting period.

4.9 ■ Financial assets and liabilities

4.9.1 ■ Advances to banks, Loans and advances to customers, Financial investments at amortised cost

The Group measures Advances to banks, Loans and advances to customers and other financial investments at amortised cost only if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

The details of these conditions are outlined below.

4.9.1.1 ■ Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective:

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

The expected frequency, value and timing of sales are also important aspects of the Group's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

4.9.1.2 ■ The SPPI test

As a second step of its classification process the Bank assesses the contractual terms of the financial asset to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of

the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set. In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

4.9.2 ■ Derivatives recorded at fair value through profit or loss

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

The Group enters into derivative transactions with various counterparties. These include forward foreign exchange contracts and, foreign currencies. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. The notional amount and fair value of such derivatives are disclosed separately in Note 24. Changes in the fair value of derivatives are included in net trading income unless hedge accounting is applied.

4.9.2.1 ■ Embedded derivatives

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by

the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract. A derivative that is attached to a financial instrument, but is contractually transferable independently of that instrument, or has a different counterparty from that instrument, is not an embedded derivative, but a separate financial instrument. Derivatives embedded in financial liability or a non-financial host are separated from the host and accounted for as separate derivatives if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative (as defined above); and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category. Financial assets are classified in their entirety based on the business model and SPPI assessments as outlined in Note 4.9.1.2.

4.9.3 ■ Financial assets or financial liabilities held for trading

The Group classifies financial assets or financial liabilities as held for trading when they have been purchased or issued primarily for short-term profit-making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets and liabilities are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognised in net trading income. Interest and dividend income or expense is recorded in net trading income according to the terms of the contract, or when the right to payment has been established.

Included in this classification are debt securities, equities, short positions and customer loans that have been acquired principally for the purpose of selling or repurchasing in the near term.

4.9.4 ■ Debt instruments at FVOCI

The Group classifies debt instruments at FVOCI when both of the following conditions are met:

- The instrument is held within a business

model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets

- The contractual terms of the financial asset meet the SPPI test

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost as explained in Note 4.3.2. The ECL calculation for Debt instruments at FVOCI is explained in Note 4.12.3. Where the Bank holds more than one investment in the same security, they are deemed to be disposed of on a first-in first-out basis. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

4.9.5 ■ Equity instruments at FVOCI

Upon initial recognition, the Bank occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

4.9.6 ■ Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management only designates an instrument at FVPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis

Or

- The liabilities are part of a group of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy

Or

- The liabilities contain one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVPL due to changes in the Group's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVPL is accrued in interest income or interest expense, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVPL is recorded using the contractual interest rate, as explained in Note 4.3.2. Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other operating income when the right to the payment has been established.

4.9.7 ■ Financial guarantees, letters of credit and undrawn loan commitments

The Group issues financial guarantees, letters of credit and loan commitments. Financial guarantees are initially recognised in the financial statements (within Provisions) at fair value, being the premium received. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and an ECL allowance.

The premium received is recognised in the income statement in Net fees and commission income on a straight line basis over the life of the guarantee.

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer.

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Similar to financial guarantee contracts, these contracts are in the scope of the ECL requirements.

The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded on in the statement of financial position. The nominal values of these instruments together with the corresponding ECL are disclosed in Note 38.

The Group occasionally issues loan commitments at below market interest rates. Such commitments are subsequently measured at the higher of the amount of the ECL allowance (as explained in Notes 4.12) and the amount initially recognised less, when appropriate, the cumulative amount of income recognised as outlined in Note 11.

4.10 ■ Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

4.11 ■ Derecognition of financial assets and liabilities

4.11.1 ■ Derecognition due to substantial modification of terms and conditions

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI.

When assessing whether or not to derecognise a loan to a customer, amongst others, the Group considers the following factors:

- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, as set out below, the modification does not result in de-recognition. Based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or

loss, to the extent that an impairment loss has not already been recorded. For financial liabilities, the Group considers a modification substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial liability of, or greater than, ten percent. For financial assets, this assessment is based on qualitative factors.

4.11.2 ■ De-recognition other than for substantial modification

4.11.2.1 ■ Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for de-recognition.

The Group has transferred the financial asset if, and only if, either:

- The Group has transferred its contractual rights to receive cash flows from the financial asset
- Or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement

Pass-through arrangements are transactions whereby the Bank retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Group cannot sell or pledge the original asset other than as security to the eventual recipients
- The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Bank is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents, including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

4.11.2 ■ Derecognition other than for substantial modification

4.11.2.1 ■ Financial assets continued

A transfer only qualifies for derecognition if either:

- The Bank has transferred substantially all the risks and rewards of the asset
- Or
- The Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Bank considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Bank has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Bank's continuing involvement, in which case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Bank could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Bank would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

4.11.2.2 ■ Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

4.12 ■ Impairment of financial assets

4.12.1 ■ Overview of the ECL principles

The Group records an allowance for expected credit loss for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit losses or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit losses (12mECL) as outlined in Note 4.12.2). The Group's policies for determining if there has been a significant increase in credit risk are set out in Note 6.

The 12mECL is the portion of LTECLs that represent the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECL and 12mECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Bank's policy for grouping financial assets measured on a collective basis is explained in Note 6.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. This is further explained in Note 6.

Based on the above process, the Bank groups its loans into Stage 1, Stage 2, Stage 3 and POCL, as described below:

- Stage 1: When loans are first recognised, the Bank recognises an allowance based on 12mECL. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECL. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3: Loans considered credit-impaired (as outlined in Note 6.) The Bank records an allowance for the LTECL.

- POCL: Purchased or originated credit impaired (POCL) assets are financial assets that are credit impaired on initial recognition. POCL assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. The ECL allowance is only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

4.12.2 ■ The calculation of ECL

The Bank calculates ECL based on a four probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- **PD** The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PD is further explained in Note 6.
- **EAD** The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The EAD is further explained in Note 6.
- **LGD** The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral or credit enhancements that are integral to the loan and not required to be recognised separately, as set out in Note 4.13. It is usually expressed as a percentage of the EAD. The LGD is further explained in Note 6.

When estimating the ECL, the Bank considers four scenarios (a base case, an upside, a mild downside ('downside 1') and a more extreme downside ('downside 2')). Each of these is associated with different PDs, EADs and LGDs, as set out in Note 4.12.5. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

With the exception of other revolving facilities, for which the treatment is separately set out in Note 4.12.5, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

Provisions for ECL for undrawn loan commitments are assessed. The calculation of ECL (including the ECL related to the undrawn element) of revolving facilities is explained in Note 4.12.5.

The mechanics of the ECL method are summarised below:

- Stage 1: The 12mECL is calculated as the portion of LTECL that represent the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the four scenarios, as explained above.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECL. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- Stage 3: For loans considered credit-impaired (as defined in Note 6), the Bank

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recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

- **POCI:** POCI assets are financial assets that are credit impaired on initial recognition. The Bank only recognises the cumulative changes in lifetime ECL since initial recognition, based on a probability-weighting of the four scenarios, discounted by the credit adjusted EIR.
- **Loan commitment and letters of credit:** When estimating LTECL for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the four scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.
- **For revolving facilities that include both a loan and an undrawn commitment,** ECL is calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognised within Provisions.
- **Financial guarantee contracts:** The Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision. For this purpose, the Bank estimates ECL based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the four scenarios. The ECL related to financial guarantee contracts are recognised within Provisions.

4.12.3 ■ Debt instruments measured at fair value through OCI

The ECL for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon de-recognition of the assets.

4.12.4 ■ Purchased or originated credit impaired financial assets (POCI)

For POCI financial assets, the Bank only recognises the cumulative changes in LTECL since initial recognition in the loss allowance.

4.12.5 ■ Forward looking information

In its ECL models, the Group relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Unemployment rates
- Central Bank base rates
- House price indices

The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Detailed information about these inputs and sensitivity analysis are provided in Note 6.

4.13 ■ Credit enhancements: collateral valuation and financial guarantees

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position.

Cash flows expected from credit enhancements which are not required to be recognised separately by IFRS standards and which are considered integral to the contractual terms of a debt instrument which is subject to ECL, are included in the measurement of those ECL. On this basis, the fair value of collateral affects the calculation of ECL. Collateral is generally assessed, at a minimum, at inception and re-assessed on a quarterly basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily. Details of the impact of the Bank's various credit enhancements are disclosed in Note 6

To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices.

Guarantees held are included in the measurement of loan ECLs when either they are specified in the contractual terms of the loan or else are integral to the loan, in that they formed part of the basis on which the loan was extended.

Guarantees that are not integral to the loan's contractual terms are accounted as separate units of accounts subject to ECL. Credit default swaps are not considered to be integral to a loan's contractual terms and are accounted as derivative financial instruments, as set out in Note 4.9.2.

4.14 ■ Collateral repossessed

The Bank's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Bank's policy.

In its normal course of business, the Bank engages external agents to recover funds from the repossessed assets, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet.

4.15 ■ Write-offs

Financial assets are written off either partially or in their entirety only when the Bank has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

4.16. Forborne and modified loans

The Bank sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Bank considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Bank would not have agreed to them if the borrower had been

financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Bank's policy to monitor forbore loans to help ensure that future payments continue to be likely to occur. De-recognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forbore asset until it is collected or written off.

When the loan has been renegotiated or modified but not derecognised, the Bank also reassesses whether there has been a significant increase in credit risk, as set out in Note 6. The Bank also considers whether the assets should be classified as Stage 3. Once an asset has been classified as forbore, it will remain forbore for a minimum 24-month probation period. In order for the loan to be reclassified out of the forbore category, the customer has to meet all of the following criteria:

- All of its facilities have to be considered performing
- The probation period of two years has passed from the date the forbore contract was considered performing
- Regular payments of more than an insignificant amount of principal or interest have been made during at least half of the probation period
- The customer does not have any contracts that are more than 30 days past due

If modifications are substantial, the loan is derecognised, as explained in Note 4.16.

4.17 ■ Cash and cash equivalents

Cash and cash equivalents as referred to in the cash flow statement include notes and coins on hand, balances held with Bank of Gambia, other bank balances and highly liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments.

4.18 ■ Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specified future date are not derecognised from the statement of financial

position as the Bank retains substantially all of the risks and rewards of ownership. The corresponding cash received is recognised in the consolidated statement of financial position as an asset with a corresponding obligation to return it, including accrued interest as a liability within cash collateral on securities lent and repurchase agreements, reflecting the transaction's economic substance as a loan to the Bank. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of agreement using the EIR. When the counterparty has the right to sell or re-pledge the securities, the Bank reclassifies those securities in its statement of financial position to financial assets held for trading pledged as collateral or to financial investments available-for-sale pledged as collateral, as appropriate.

Conversely, securities purchased under agreements to resell at a specified future date are not recognised in the statement of financial position. The consideration paid, including accrued interest, is recorded in the statement of financial position, within cash collateral on securities borrowed and reverse repurchase agreements, reflecting the transaction's economic substance as a loan by the Bank. The difference between the purchase and resale prices is recorded in net interest income and is accrued over the life of the agreement using the EIR.

If securities purchased under an agreement to resell are subsequently sold to third parties, the obligation to return the securities is recorded as a short sale within financial liabilities held for trading and measured at fair value with any gains or losses included in net trading income.

4.19 ■ Securities lending and borrowing

Securities lending and borrowing transactions are usually collateralised by securities or cash. The transfer of the securities to counterparties is only reflected on the statement of financial position if the risks and rewards of ownership are also transferred. Cash advanced or received as collateral is recorded as an asset or liability.

Securities borrowed are not recognised in the statement of financial position, unless they are then sold to third parties, in which case, the obligation to return the securities is recorded as a short sale within financial liabilities held for trading and measured at fair value with any gains or losses included in net trading income.

4.20 ■ Leases (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.

4.20.1 ■ 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.

4.20.2 ■ 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.

4.21 ■ Leases

(Policy applicable as of 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.

4.21.1 ■ 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.

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The right-of-use assets are presented within Note 30 Property, equipment and right-of-use assets and are subject to impairment in line with the Bank's policy as described in Note

4.24 ■ 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.

4.21.2 ■ 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.

4.22 ■ Property, equipment and right-of-use assets

Property and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one period.

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Right-of-use assets are presented together with property and equipment in the statement of financial

position – refer to the accounting policy in Note 4.21

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised within other income in profit or loss.

(ii) 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 future economic benefits embodied within the part will flow to the Company 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.

(iii) Depreciation

Depreciation is the systematic allocation of the depreciable amount of an asset (i.e. the cost of the asset, or other amount substituted for cost, less its residual value) over its useful life.

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each part of an item of property and equipment. Right of use assets are depreciated on a straight line basis over the shorter of the lease term and the useful life of the asset. Freehold Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Asset	Year(s)
Buildings	50
Furniture and equipment	1-5
Office machines	1-5
Computer equipment	5
Vehicles	3
Computer software	5
Right to use of Land	99

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) Capital work in progress

Property and equipment under construction is stated at initial cost and depreciated from the date the asset is made available for use over its estimated useful life. Assets are transferred from capital work in progress to an appropriate class of property and equipment when commissioned and ready for its intended use.

(v) Dual use property

Properties that are partly used for own use activities and partly for rental activities are considered dual use properties. This would result in the property being considered to be classified as part property and equipment and the other part as investment property. If a significant portion of the property is used for own use and the portion rented out cannot be sold or leased out separately under a finance lease, then the entire property is classified as property and equipment. The Group considers an own use portion above 95% of the measure as significant.

(vi) Derecognition

Property and equipment are derecognised upon disposal or when no future economic benefits are expected to flow the Group from either their use or disposal, if applicable, with the carrying amount of the item and are recognised directly in profit or loss.

4.23 ■ Intangible assets

Intangible assets are the identifiable non-monetary assets without physical substance. Intangible assets comprise computer software licenses and customer relationship. Intangible assets acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

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

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight line method and recognised in profit or loss over its estimated useful life, from the date that it is available for use.

The estimated useful life for the current and comparative periods are as follows:

Software 5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

4.24 ■ Impairment of non financial assets

The carrying amounts of the Group's non

financial assets other than 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. An impairment loss is recognised if the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount.

The recoverable amount is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rates that reflect current market assessments of the time value of money and risks specific to the asset.

A previously recognised impairment loss is reversed where there has been a change in circumstances or in the basis of estimation used to determine the recoverable value, but only to the extent that the asset's net carrying amount does not exceed the carrying amount of the asset that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.25 ■ Employment benefits

(i) Defined contribution plans

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.

(ii) Defined benefit plans

The Group's obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a Qualified Actuary using the projected unit credit method. Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses is recognised immediately in other comprehensive income.

The Group determines the net interest expense (income) on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the defined benefit liability at the period end, taking into account any changes in the defined benefit liability during the period as a result of contributions and benefit payments.

Net interest expense and other expenses related to defined benefit plans are recognised in personnel expenses in profit or loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relate to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Other long term employee benefits
The Company's obligation in respect of long term employee benefits is the amount of future benefits that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise. The treatment for these payments is similar to the defined benefit pension plans, except that any actuarial gains or losses are recognised immediately in profit or loss.

(iv) Termination benefits

The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. If benefits are not expected to be wholly settled within 12 months of the reporting date, then they are discounted.

(v) Short term Employment benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short term cash bonus or profit sharing plans, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

4.26 ■ Provisions and Contingent Liabilities

Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or

constructive obligation that can be estimated reliably, and it is probable that an outflow of the economic benefits will be required to settle the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of expenditures expected to be required to settle obligations using pre-tax rates that reflect current market assessments of the time value of money and risks specific to the obligation. The unwinding of the discount is recognised as finance cost. The expense relating to any provision is presented in the income statement net of any reimbursement in other operating expenses. Detailed disclosures are provided in Note 38.

Contingent liabilities

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

4.27 ■ Taxes

4.27.1 ■ Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Bank operates and generates taxable income.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income respectively and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. Detailed disclosures are provided in Note 17.

4.27.2 ■ Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognised as income tax benefits or expenses in the income statement except for tax related to the fair value re-measurement of debt instruments at fair value through OCI, foreign exchange differences and the net movement on cash flow hedges, which are charged or credited to OCI.

These exceptions are subsequently reclassified from OCI to the income statement together with the respective deferred loss or gain. The Bank also recognises the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

The Group only off-sets its deferred tax assets against liabilities when there is both a legal right to offset its current tax assets and liabilities and it is the Bank's intention to settle on a net basis.

4.28 ■ Stated capital and reserves

(i) Share capital

The Group classifies capital and equity instruments in accordance with the contractual terms of the instrument. Incremental costs directly attributable to the issue of ordinary shares, net of any tax

effects are recognised as a deduction from equity.

(ii) Dividends

Dividends on ordinary shares are recognised in the period in which they are approved by the shareholders. Dividend proposed which is yet to be approved by shareholders, is disclosed by way of notes.

(iii) Statutory reserve

Statutory reserve is based on the requirements of section 19(1) of the Banking Act, 2009. Transfers into statutory reserve are made in accordance with the relationship between the Bank's reserve fund and its paid up capital, which determines the proportion of profits for the period that should be transferred.

(i) Where the reserve fund is less than hundred percent of the stated capital, then an amount of 25% of net profit for the year is transferred to the reserve fund.

(ii) Where the reserve fund is more than 100% of the stated capital, then an amount of 15% of net profit is transferred to the reserve fund.

(iv) Credit risk reserve

This is a reserve created to set aside the excess or 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. See note 39iii

.Fiduciary activities

The Group acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals and other institutions. The assets and incomes arising thereon are excluded from these financial statements, as they are not assets of the Group.

4.30 ■ 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 by the number of ordinary shares outstanding during the period. The Bank has no convertible notes and share options, which could potentially dilute its EPS and therefore the Bank's Basic and diluted EPS are essentially the same.

4.31 ■ Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank's financial statements are disclosed below. The Bank intends to adopt these standards, if applicable, when they become effective.

4.31.1 ■ IFRS 17 Insurance contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts, covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4). IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. This standard is not applicable to the Bank.

4.31.2 ■ Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Bank will not be affected by these amendments on the date of transition.

4.31.3 ■ Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material is not expected to have a significant impact on the Bank's consolidated financial statements.

5 Significant accounting judgements, estimates and assumptions

5.1 ■ Impairment losses on financial assets

The preparation of the Bank's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Bank's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Existing circumstances and assumptions about future developments may change due to circumstances beyond the Bank's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the consolidated financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

The measurement of impairment losses both under IFRS 9 across all categories of financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Bank's internal credit grading model, which assigns PDs to the individual grades
- The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis

- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

It has been the Bank's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

5.2 ■ Going concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

5.3 ■ Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

5.4 ■ Effective Interest Rate (EIR) method

The Bank's EIR method, as explained in Note 4.3.1, recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans and deposits and recognises the effect of potentially different interest rates charged at various stages and other characteristics of

the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as expected changes to The Central Bank of Gambia's base rate and other fee income/expense that are integral parts of the instrument.

5.5 ■ Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with future tax-planning strategies

5.6 ■ Provisions and other contingent liabilities

The Group operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings arising in the ordinary course of the Group's business.

When the Group can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Bank records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. However, when the Bank is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Bank does not include detailed, case-specific disclosures in its financial statements.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Bank takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

For further details on provisions and other contingencies see Notes 4.25, 34 and 38.

5.7 ■ Determination of the lease term for lease contracts with renewal and termination options (Bank as a lessee)

The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is

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reasonably certain not to be exercised.

The Bank has several lease contracts that include extension and termination options. The Bank applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

5.8 ■ Estimating the incremental borrowing rate

The Bank cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Bank would have to pay, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Bank estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjustments (such as the subsidiary's stand-alone credit rating, or to reflect the terms and conditions of the lease).

6. Financial risk management

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.

Current changes to regulations in the banking sector reinforce the Bank's commitment to embed an enhanced risk based culture throughout the Bank. Risk

policies and procedures are regularly reviewed to reflect these changes as well as best practices in the market. The Bank has upgraded its risk infrastructure to enhance effective management and also to meet future regulatory demands.

Risk Management Framework

The risk management framework consists of a comprehensive set of policies, standards, procedures and processes designed to identify, measure, monitor, mitigate and report significant risk exposure in a consistent and effective manner across the Bank. Through the framework, risk is managed at enterprise-wide level, with the objective of maximizing risk-adjusted returns within the context of the Bank's risk appetite.

The most important types of risk are credit risk, liquidity risk, market risk and operational risk.

- Credit risk reflects the possible inability of a customer to meet his/her repayment or delivery obligations.
- Market risk, which includes foreign currency risk, interest rate risk and equity price risk, is the risk of fluctuation in asset and commodity values caused by changes in market prices and yields.
- Liquidity risk results in the inability to accommodate liability maturities and withdrawals, fund asset growth or otherwise meet contractual obligations at reasonable market rates.
- Operational risk is the potential loss resulting from inadequate or failed internal processes, systems, people, legal issues, external events and non-compliance with regulatory issues.

The Board of Directors have overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board's commitment to good risk management is supported by their continuing professional development in the field of risk management and their support for the implementation and continued improvement of the risk management framework within the Bank.

The Board's Risk and Asset and Liabilities Committee is responsible for monitoring risk positions which the Bank holds in the normal course of business as well as those risks that the Bank may take in alignment with approved limits and controls. The Committee also reviews the adequacy of the risk management framework in relation to risks faced by the Bank on an ongoing basis. The Committee is assisted in its functions by a risk management structure, which ensures consistent assessment of risk management

controls and procedures.

The Board Audit Committee is responsible for reviewing the Bank's accounting policies, the contents of financial reports, disclosure controls and procedures, management's approach to internal controls, the adequacy and scope of the external and internal audit functions, compliance with regulatory and financial reporting requirements, overseeing relationships with the Bank's external auditors and providing assurance to the Board that executive management's control assurance process are complete and effective. It also has responsibility for Compliance & Anti-Money Laundering.

The Credit Committee is the highest management level authority on all counterparty risk exposures. It 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 & Cross Border Risk.

The Operational Risk and Control Committee is an Executive Management Committee with responsibility for monitoring and managing the level of operational risk exposures within the Bank as well as overseeing the control and management of all policies, processes and procedures relating to the Bank's Operational Risk function.

Asset and Liability Committee (ALCO) is a Management Committee which is a decision making body for developing policies relating to all asset and liability management (ALM) matters.

The Risk Management Department (RMD) 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 regularly to the Board on its activities through the Executive Management Committee. Policies and procedures have been established to identify and analyze risks faced by the Bank and put appropriate controls in place to monitor adherence to these policies. These are reviewed regularly to reflect changes in market conditions, products and services offered.

Functional units or divisions are accountable for executing specific aspects of the Bank's activities. Authority is delegated to the Head of each functional unit by the CEO. The Head of each function in turn delegates responsibility to individual staff for carrying out specific tasks in accordance with delegated authorities and within the procedural disciplines of the Bank.

Functions are organized in accordance with the "Three Lines of Defence" governance

model. The three lines of defence are constituted as follows:

- The first line of defence consists of functional units that are responsible for actual activities of the business and are responsible for managing their own risks.
- The second line of defence consists of functional units that are responsible for monitoring activities of the first line of defence and exercising risk control. The second line functions of the Bank are Governance, Risk, Compliance and Control, Product Control and Performance Monitoring.
- The third line of defence consists of functional units that are responsible for reviewing the activities of line 1 and 2 functions at appropriate frequencies, assessing the robustness of control and mandating corrective action or improvement where necessary. Risk Assurance services are provided to the Bank by the Internal Audit function.

Risk Appetite

Risk appetite is an expression of the amount of risk the Bank is willing to take in pursuit of its strategic objectives, reflecting capacity to sustain losses and continue to meet obligations arising from a range of different stress conditions.

This is used to maximize returns without exposing the Bank to levels of risk above its appetite. In particular, the risk appetite framework assists in protecting financial performance and improves management's responsiveness. It also improves control and co-ordination of risk-taking across business units and identifies unused risk capacity in pursuit of profitable opportunities.

The Bank's risk appetite statement is under review by the Board and will form the basis for establishing the risk parameters within which business units must operate, including policies, concentration limits and business mix.

Credit Risk Management

Credit risk is the potential for financial loss due to the failure of counterparties to meet obligations to pay the Bank in accordance with agreed terms. Credit risk is the most important risk for the Bank's business.

Management carefully manages its exposure to credit risk. Credit risk is attributed to both on-balance sheet financial instruments such as loans, overdrafts, cash held with other financial institutions, debt securities and other bills, investments, and acceptances and credit equivalent amounts related to off-balance sheet financial items. The Bank's approach to credit risk management preserves the independence and integrity

of risk assessment, while being integrated into business management processes. Credit risk is managed through a framework that sets out policies and procedures covering the identification, measurement and management of credit risk. The goal of credit risk management is to evaluate and manage credit risk in order to further enhance a strong credit culture.

Credit Concentration Risk

Credit concentration risk is the risk of loss to the Bank arising from excessive concentration of exposure to a single counterparty, industry sector, product or geographic area. Large exposure limits have been established under the Bank's credit policy in order to avoid excessive losses from any single counter-party who is unable to fulfil its payment obligations. These risks are monitored on an ongoing basis and subject to annual or more frequent reviews when considered necessary.

Credit Mitigation

Potential credit losses from any given account, customer or portfolio are mitigated using a range of tools such as collateral, credit insurance and other guarantees. The reliance that can be placed on these mitigants is carefully assessed in the light of issues such as legal certainty and enforceability, market valuation and counterparty risk of the guarantor. Risk mitigation policies determine the eligibility of collateral types.

Collateral

In order to proactively respond to credit deterioration, the Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. Collateral is held to mitigate credit risk exposures. Collateral types that are eligible for risk mitigation include: cash; residential, commercial and industrial property; property and equipment such as motor vehicles, plant and machinery, bank guarantees and floating charge over other assets.

The risk mitigation policy prescribes the frequency of valuation for different collateral types, based on the level of price volatility of each type of collateral and the nature of the underlying product or risk exposure. Where appropriate, collateral values are adjusted to reflect current market conditions. Longer-term finance and lending to corporate entities are generally secured; individual credit facilities are generally unsecured. In addition, in order to minimize credit losses, the Bank seeks additional collateral from counterparties as soon as impairment

indicators are noticed for relevant individual loans and advances.

Credit Related Commitments

Documentary and commercial letters of credit are written undertakings by the Bank on behalf of a customer authorizing a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions. The primary purpose of these instruments is to ensure that funds are available to a customer as required.

Guarantees and standby letters of credit carry less risk than direct loans. These arrangements are collateralized by the underlying shipments of goods. The likelihood of loss amounts is far less than the entire commitment as most commitments to extend credit of this nature are contingent upon the customer maintaining specific cash in margin accounts. The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Impairment

Under IFRS 9 standards, Banks are required to record an allowance for expected losses for all loans and other debt financial assets at amortised costs, loan commitments and financial guarantee contracts. The allowance is based on the expected credit losses associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case, the allowance is based on the probability of default over the life of the asset.

The measurement of expected credit losses is primarily based on the product of the instrument's probability of default (PD), loss given default (LGD), and exposure at default (EAD), discounted to the reporting date using the effective interest rate;

- **Probability of default (PD):** This is the probability that an obligor or counterparty will default over a given period, usually one year.
- **Loss given default (LGD):** LGD is defined as the portion of the loan determined to be irrecoverable at the time of loan default (1 – recovery rate).
- **Exposure at default (EAD):** This represents the amount that is outstanding at the point of default. Its estimation includes the drawn amount and expected utilization of the undrawn commitment at default.

IFRS 9 Model

The IFRS 9 model has been built based on segmentation using business lines to reflect

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appropriate level of granularity based on business types.

- The Corporate model was segmented based on industry sectors which depict similar risk profile and characteristics.
- The Retail model was based on homogenous pool of cluster using product lines.
- The Investment model, mainly based on interbank placement, was also segmented into secured and unsecured products. The Treasury Bills and Government Bonds were zero risk weighted therefore attracted nil Expected Credit Loss.
- The Off-Balance sheet items were modelled via the Credit Conversion Factor (CCF) principle. The risk factor was applied to the off-balance sheet item to arrive at the credit equivalent amount of the exposure. Similarly, for contractual limits, the undrawn commitments CCF was modelled and applied to the undrawn portion to estimate the potential risk exposure.

Impairment of loans is recognised on an individual or collective basis – in three stages under IFRS 9.

Stage 1 – When a loan is originated or purchased, ECLs resulting from default events that are possible within the next 12 months are recognised and a loss allowance is established. On subsequent reporting dates, 12-month ECL also applies to existing loans with no significant increase in credit risk since their initial recognition. Interest revenue is calculated on the loan's gross carrying amount.

Stage 2 – If a loan's credit risk has increased significantly since initial recognition and is not considered low, lifetime ECLs are recognised. The calculation of interest revenue is the same as for Stage 1.

Stage 3 – If the loan's credit risk increases to the point where it is considered credit-

impaired, interest revenue is calculated based on the loan's amortised cost that is, the gross carrying amount less the loss allowance. Lifetime ECLs are recognised, as in Stage 2.

The ECL model incorporated forward looking information including reasonable and supportable forecasts of future economic conditions. Future cash flows and risk of default were also considered. The Bank considered three different scenarios for the model to mitigate non-linearity in the portfolio. The base, optimistic and pessimistic scenarios of macroeconomic conditions were used in estimating the probability of default. This was to ensure that the impairment estimates were not biased due to cyclical of economic conditions.

Early Alerts

Corporate Banking and Retail Banking accounts are placed on early alert status when they display signs of weakness. Such accounts and portfolios are subject to a dedicated process of oversight involving Senior Risk Officers and Remedial Officers in the Loans Recovery Unit. The approach to Early Alerts monitoring include but not limited to:

- Deterioration of the customer's financial position;
- Delays by customers in settling their obligations;
- Overdraft balances exceeding approved limits; and
- Clear indications of the customer not being able to settle commitments on due dates.

Customer payment plans are re-evaluated and remedial actions agreed and monitored until delinquency situations are resolved. Remedial actions include, but are not limited to, exposure reduction, security enhancement and movement of the account to the Loans Recovery Unit.

Write off policy

The Bank writes off loans and advances balance (and any related allowances for impairment losses) when the Bank's Credit determines that the loans and advances and securities are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer discharge the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised loans, charge off decisions generally are based on a product specific past due status. Related and connected lending is not permitted to be written off unless with the approval of the Bank of Gambia and the Board of Directors.

Credit Quality

Loans and advances to customers at amortised cost

Concentration by sector	2019 D'000	2018 D'000
Agriculture	5,989	6,590
Manufacturing	25,083	4,524
Service Industry	57,936	1,156,712
Other	1,618,706	369,447
Total	1,707,714	1,537,273

An analysis of the Bank's credit risk exposure per class of financial asset, internal rating and "stage" without taking into account the effects of any collateral or other credit enhancements is provided in the following tables. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

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	Loans and advances to customers 2019 D'000	Loans and advances to customers 2018 D'000
Stage 3 impaired		
Grade 6: Impaired (substandard)	6,591	627
Grade 7: Impaired (standard)	-	580
Grade 8: Impaired (doubtful)	1,108	4,771
Grade 9: Impaired (loss)	5,318	12,529
Gross amount	13,017	18,507
Allowance for impairment	(2,759)	(2,811)
Carrying amount	10,258	15,696
Stage 1 impairment		
Grade 1-3 Normal	1,699,589	1,525,847
Gross amount	1,699,589	1,525,847
Allowance for impairment	(18,307)	(25,788)
Carrying amount	1,681,282	1,500,059
Stage 2 impairment		
Grade 4-5 Watch list	16,266	21,867
Allowance for impairment	(92)	(429)
Carrying amount	16,174	21,438
Past due comprises:		
90-180 days	6,591	627
180-360 days +	6,426	17,300
Carrying amount	13,017	17,927
	Gross D'000	Net D'000
31st December 2019		
Grade 6: Individually impaired	6,591	6,424
Grade 7: Individually impaired	-	-
Grade 8: Individually impaired	5,318	5,174
Total	11,909	11,598
31st December 2018		
Grade 6: Individually impaired	627	460
Grade 7: Individually impaired	580	421
Grade 8: Individually impaired	12,529	12,385
	13,736	13,266
	2019 D'000	2018 D'000
Past due comprises:		
90-180 days	6,591	627
180-360 days +	6,426	17,300
Carrying amount	13,017	17,927
Neither past due nor impaired		
Grade 1-3 Normal	1,699,589	1,525,847
Grade 4-5 Watch list	-	-
Carrying amount	1,699,589	1,525,847
Includes loans with renegotiated terms		
Total carrying amount	1,707,714	1,537,193

2019 with Trust Bank



EXCELLENCE IN THE MILLENNIUM CEREMONY

Trust Bank on Thursday 27th April 2019 held its 16th edition of the Excellence in the Millennium Award Ceremony. This is an annual event in which the bank honor and celebrate the efforts and hard work of the top ten students who have just graduated from grade 9 for their academic excellence.

Each awardee went home with a cash prize of D5,000, a Tablet that can contain dual sim card, internet connection and a certificate of excellence.

The school that produce the highest number of awardees was given D20,000 and the school that produce the candidate with the best results was also given D10,000. It may interest you to note that all these two awards were captured by Presentation of Mary Basic Cycle School In Brikama.

The student that emerge the most outstanding student among the 10 awardees was also give D5,000 and this went to Gina M Bass of Presentation Basic Cycle School.



CERTIFICATE OF APPRECIATION FROM THE GAMBIA POLICE FORCE

Mr. Dodou Nyang receiving certification of appreciation from the Gambia Police Force during the police day celebration at the Police Headquarters in Banjul. This is in recognition of Trust Bank's unflinching support to the entire Gambia Police Force.



TRUST BANK LTD DONATES D100, 000.00 TO NATIONAL DISASTER MANAGEMENT AGENCY

On Friday 2nd August, 2019, Trust Bank Ltd presented a cheque of D100, 000.00 to National Disaster Management Agency (NDMA) through the Office of the Vice President. The donation was in response to support the victims of the wind disaster that hit the residents of CRR and URR.

The event which was held at Office of the Vice President was graced by the Vice President-Dr Isatou Touray, the Permanent Secretary Office of the President-Mr Mohammed Lamin Jaiteh, Chief Protocol Officer to the Vice President-Mr Sinyan, the Executive Director of NDMA- Mr. Mr Sanna Dahaba, Mr. Sheikh Trawally Public Relations Office deputizing for the Managing Director Mr Ibrahima Salla, Mr. Alex Alasan Gomez-Marketing Manager, Mrs Ramatoulie Saye and Ms Sally Makalo (all of Trust Bank Ltd).



TRUST BANK DONATES TO ST. PETER'S JUNIOR & SENIOR SECONDARY SCHOOL

Today 21st November 2019, Trust Bank Limited donates D50,000 to St Peter's Junior and senior Secondary School in Lamin.

Presenting the Donation, the Head - Marketing & Sales Department of Trust Bank Ltd-Mr Alex Alasan Gomez said;

'The partnership between Trust Bank Ltd and St Peter's Junior and senior Secondary School started couple of years ago and I am immensely proud that Trust Bank LTD has been able to come to the aid of the school by supporting them on their ongoing reconstruction works of the their administrative building that was burnt down in a fire incident in the school sometime in October this year'.





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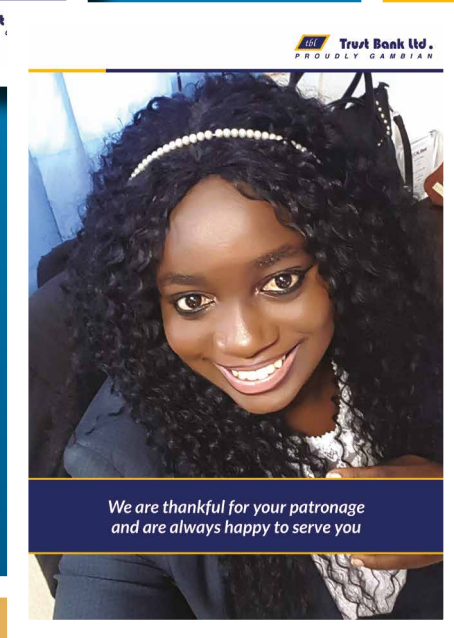
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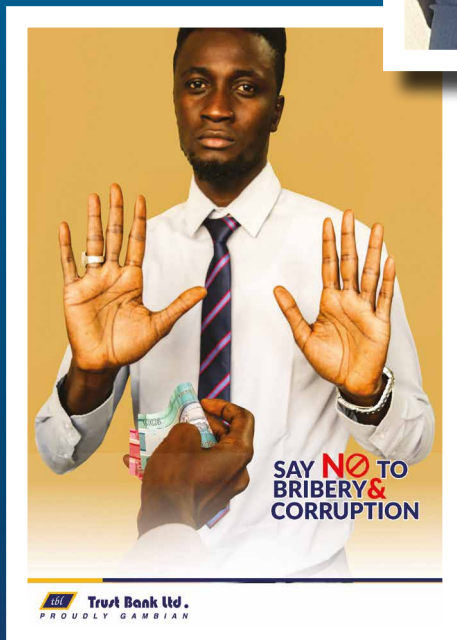
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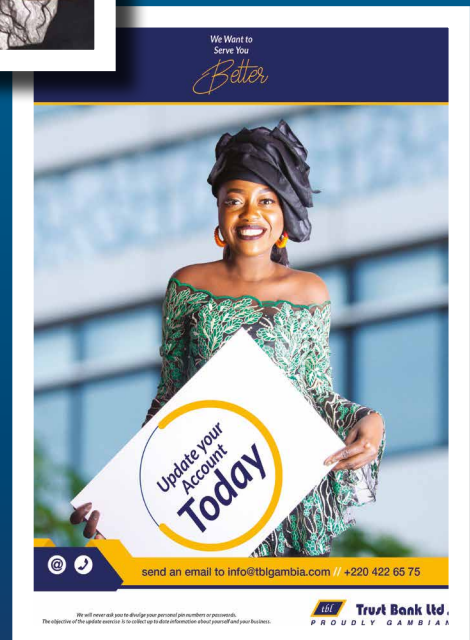
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We will never sell your personal information to third parties. The objective of the update exercise is to better up-to-date information about your TBL account.

TBL Trust Bank Ltd. PROUDLY GAMBIA

NOTES TO THE FINANCIAL STATEMENTS

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 Analyses		Life-Time			
		12-Months ECL	ECLnot credit impaired	ECLcredit impaired	Total
Loans and Advances at amortised cost					
Grade 1-3:	Normal	1,699,589	-	-	1,699,589
Grade 4-5:	Watch list	-	16,266	-	16,266
Grade 6	Substandard	-	-	6,591	6,591
Grade 7:	Standard	-	-	-	-
Grade 8:	Doubtful	-	-	1,108	1,108
Grade 9:	Loss	-	-	5,318	5,318
Loss Allowance		(18,307)	(92)	(2,759)	(21,158)
Carrying Value		1,681,282	16,174	10,258	1,707,714

Financial guarantees		Life-Time			
		12-Months ECL	ECLnot credit impaired	ECLcredit impaired	Total
Grade 1-3:	Normal	132			132
Grade 4-5:	Watch list	-	-	-	-
Grade 6:	Substandard	-	-	-	-
Grade 7:	Standard	-	-	-	-
Grade 8:	Doubtful	-	-	-	-
Grade 9:	Loss	-	-	-	-
Loss Allowance		(75)	-	-	(75)
Carrying Value		57	-	-	57

b) Liquidity management risk

Liquidity risk is the risk that the Group will not be able to meet payment obligations associated with financial liabilities when they fall due and replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend. It is the policy of the Group to maintain adequate liquidity at all times and to be in a position to meet all obligations, repay depositors, fulfil commitments to lend and meet any other commitments as and when they fall due.

The management of liquidity risk is governed by the Bank's liquidity policy. Responsibility for the management of liquidity risk lies with the Bank's Assets and Liability Management Committee (ALCO), which is chaired by an Executive Director. ALCO is responsible for both statutory and prudential liquidity as well as compliance with regulatory requirements.

The primary objective of liquidity risk management is to provide a planning mechanism for unanticipated changes in demand or needs for liquidity created by customer behaviour or abnormal market conditions.

ALCO emphasizes the maximization and preservation of customer deposits and other funding sources. ALCO also monitors deposit rates, levels, trends and significant changes. Liquidity is managed on a short to medium-term basis. In the short term, the focus is on ensuring that cash flow demands can be met as and when required. The focus, in the medium term, is on ensuring that the balance sheet remains structurally sound and aligned to the Bank's strategy.

A substantial portion of the Bank's assets are funded by customer deposits made up of current and savings accounts and other deposits. These customer deposits, which are widely diversified by type and maturity, represent a stable source of surplus funds. Lending is normally funded by liability in the same currency.

The Bank also maintains significant levels of marketable securities to meet compliance with prudential investment of surplus funds. ALCO oversees structural foreign currency and interest rate exposures that arise within the Bank. These responsibilities are coordinated by ALCO during monthly meetings. The Bank places low reliance on interbank funding and foreign markets.

Exposure to liquidity risk

The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, net liquid assets include cash and cash equivalents and investment 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 Bank's ratio of net liquid assets to deposits from customers at the reporting date and during the reporting period were as follows:

	2019	2018
At 31 December	58.8%	63.1%
Average for the period	64.4%	68.1%
Maximum for the period	67.0%	70.3%
Minimum for the period	58.8%	63.1%

Maturity analysis for financial assets and liabilities

The amounts disclosed in the table are the remaining contractual undiscounted cash flows which include estimated interest payment, whereas the Group manages liquidity risk.

NOTES TO THE FINANCIAL STATEMENTS

	Carrying amount D'000	Gross nominal inflow/outflow D'000	Less than 1 month D'000	1 month to 3 months D'000	3 months to 1 year D'000	1-5 years D'000
31st December 2019						
Deposits from Banks	46,278	46,278	-	46,278	-	-
Deposits from Customers	6,519,579	6,519,579	6,154,207	117,889	247,483	-
	6,565,857	6,565,857	6,154,207	164,167	247,483	-
31st December 2018						
Deposits from Banks	6,590	6,590		6,590	-	-
Deposits from Customers	5,838,774	5,838,774	5,480,195	211,307	147,272	-
	5,845,364	5,845,364	5,480,195	217,897	147,272	-

c) Market Risk

Management of Market Risk

The Group takes on exposure to market risk, which is the risk of potential loss of earnings or economic value due to adverse changes in financial market rates or prices. Market risks arise from open positions in interest rates, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit

spreads, foreign exchange rates and equity prices. The Group's exposure to market risk arises principally from customer-driven transactions and pension obligations.

Foreign Exchange Exposure

Foreign exchange or currency risk is the risk of loss that results from changes in foreign exchange rates. The Bank's exposure to foreign currency risk is limited to non-trading book and is strictly controlled by the Treasury and Risk Management units. Non-trading book refers to the assets of

the Bank that are not traded or held with the intent of trading. The Group's foreign exchange exposures are principally derived from customer-driven transactions.

	2019 D'000	2018 D'000
EURO	3,368	4,859
USD	46,385	(9,404)
GBP	1,440	35,310
Other	5,835	4,600

The following mid inter bank exchange rates were applied during the year:

D to	Average Rate		Reporting Rate	
	2019	2018	2019	2018
USD 1	50.95	50.95	50.95	50.95
EUR 1	56.25	56.25	56.25	56.25
GBP 1	65.80	65.80	65.80	65.80

Foreign Exchange Sensitivity

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

It does not represent actual or future gains or losses.

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

This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2018.

	Present value of exchange rate	Exchange rate in sensitivity scenario	Bank's position in respective currency	Bank's loss in respective scenario D'000
EURO	56.25	59.06	3,368	9,472.50
USD	50.95	53.50	46,385	118,166
GBP	65.80	69.09	1,440	4,738
Total				132,376

NOTES TO THE FINANCIAL STATEMENTS

	Present value of exchange rate	Exchange rate in sensitivity scenario	Bank's position in respective currency	Bank's loss in respective scenario D'000
URO	56	59	(1,277)	(3,576)
USD	48	50	(11,836)	(28,258)
GBP	64	67	1,223	3,914
Total				(27,920)

Interest Rate Risk

Interest rate exposure

Interest rate risk is the risk that future cash flows or fair values of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to the effects of fluctuations in the prevailing levels of market interest rates on both fair value and cash flow risks. Interest margins may increase as a result of such changes, which may cause losses to be incurred, in the event of unexpected movements.

The Asset and Liability Management ("ALM") process, managed through ALCO, is used to manage interest rate risks associated with the non-trading book. Gap analysis is used in measuring interest rate risk. It compares the values of interest rate sensitive assets and liabilities that mature or are re-priced at various time periods in the future. Subjective judgment/assumptions are made about the behaviour of assets and liabilities which do not have specific contractual maturity or re-pricing dates.

Interest rate risk evaluates potential volatility to net interest income caused by changes in market interest rates and represents the most significant market risk exposure to the Group's non-trading book. The management of interest rate risk against interest rate gap limits is supplemented by monitoring sensitivity of the Group's financial assets and liabilities to various standard and non-standard interest rate scenarios.

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:

	Carrying amount	Market risk type	
		Trading portfolios	Non-trading portfolios
2019			
Cash and cash equivalents	2,007,533	-	2,007,533
Trading assets	2,725,037	2,725,037	-
Loans and advances to customers	1,707,714	-	1,707,714
Investment in subsidiaries	45,558	-	45,558
Investment in other equity securities	117,802	-	117,802
	6,603,644	2,725,037	3,878,607
Deposits from Banks	46,278	46,278	-
Deposits from Customers	6,519,579	6,519,579	-
	6,565,857	6,565,857	-
2018			
Cash and cash equivalents	1,575,267	-	1,575,267
Trading assets	2,626,094	2,626,094	-
Loans and advances to customers	1,537,193	-	1,537,193
Investment in subsidiaries	20,558	-	20,558
Investment in other equity securities	69,392	-	69,392
	5,828,504	2,626,094	3,202,410
Deposits from Banks	6,590	6,590	-
Deposits from Customers	5,838,774	5,838,774	-
	5,845,364	5,845,364	-

NOTES TO THE FINANCIAL STATEMENTS

	Carrying amount D'000	Less than 3 months D'000	3-6 months D'000	6 to 12 months D'000	1-5 years D'000	More than 5 years D'000
31st December 2019						
Cash and cash equivalents	2,007,533	2,007,533	-	-	-	-
Loans/advances to customers	1,707,714	1,204,776	8,972	28,514	421,335	44,117
Investment securities	2,725,037	1,023,064	313,614	576,267	125,081	685,000
	6,440,284	4,235,373	322,586	604,781	546,416	729,117
Deposits from banks	46,278	46,278	-	-	-	-
Deposits from customers	6,519,579	6,154,207	117,889	247,483	-	-
	6,565,857	6,200,485	117,889	247,483	-	-
	125,573	1,965,112	(204,697)	(357,298)	(546,416)	(729,117)
31st December 2018						
Cash and cash equivalents	1,575,267	1,575,267	-	-	-	-
Loans/advances to customers	1,537,193	1,166,833	13,429	50,183	292,380	14,829
Investment securities	2,626,094	245,850	592,754	479,969	1,289,652	17,869
	5,738,554	2,987,950	606,183	530,152	1,582,032	32,698
Deposits from banks	6,590	6,590	-	-	-	-
Deposits from customers	5,838,774	5,480,195	211,307	147,272	-	-
	5,845,364	5,486,785	211,307	147,272	-	-
	106,810	2,498,835	(394,876)	(382,880)	(1,582,032)	(32,698)

b) Market risk monitoring and control

The Risk Management Division (RMD) is responsible for monitoring the Bank's exposure to market risk. The analysis of impact of unlikely but plausible events by means of scenario analysis enables management to gain a better understanding of risks that the Bank is potentially exposed to under adverse conditions.

c) Operational risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, systems or human factors, or from external events. Operational risk is inherent in the Group's business activities and, as with other risk types, is managed through an overall framework designed to balance strong corporate oversight with well-defined independent risk management. The Group endeavours to minimize operational losses by ensuring that effective infrastructure, controls, systems and individuals are in place throughout the organization.

Operational Risk Framework

To monitor, mitigate and control operational risk, the Group maintains a system of policies and has established a framework for assessing and communicating operational risks as well as the overall effectiveness of the internal control environment across

business lines. Each major business segment is expected to implement an operational risk process consistent with the requirements of this framework. The process for operational risk management includes the following steps:

- identify and assess key operational risks;
- establish key risk indicators;
- produce comprehensive operational risk reports; and
- prioritize and ensure adequate resources to actively improve the operational risk environment and mitigate emerging risks.

The operational risk standards facilitate the effective communication and mitigation actions both within and across businesses. The Group is committed to continuously enhancing its operational risk framework to encourage a culture of effective accountability and responsibility.

d) Compliance and regulatory risk

Compliance and Regulatory risk includes the risk of non-compliance with regulatory requirements. The Group's Compliance Unit is responsible for establishing and maintaining an appropriate framework for the Group's compliance policies and procedures. Compliance with such policies and procedures is the responsibility of all managers. However, the Compliance Unit monitors and reports on compliance to

Executive Management and the Board. The Group generally complied with regulatory requirements.

e) 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. The impact of the level of capital on shareholders' return is also taken into consideration in addition to security afforded by sound capital positions. The Bank complied with the statutory capital requirements throughout the period under review. The subsidiary is not subject to externally imposed capital requirements.

Capital adequacy and the use of regulatory capital are monitored daily by management, employing techniques based on guidelines developed by the Basel Committee as implemented by Bank of Gambia for supervisory purposes. The required information is filed with Bank of Gambia on a monthly basis. Central Bank of the Gambia requires each bank 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%.

NOTES TO THE FINANCIAL STATEMENTS

The Bank generally complied with all externally imposed capital requirements.

The Bank's capital is divided into two tiers:

- Tier 1 capital includes ordinary paid up capital and disclosed reserves, excluding the value of assets such as investment in other banks and financial institutions.
- Tier 2 capital is made up of reserves such as unrealized gains on equity instruments classified as available for sale.

Non-risk weighted assets are classified as cash on hand, claims on government and claims on the Central Bank. 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

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 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 significant changes. Liquidity is managed on a short to medium term basis ensuring that cash flow demands can be met as and when required.	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 64.4%.
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 suffered from staff related fraudulent activities as a result of failed internal processes during the year amounting to D4.189M. An amount of 1.532M has been recovered whilst efforts to continue to recover the balance of D2.657. is ongoing. After the year end but before signing the accounts the bank was hit by a cyber attack through its online banking platform. Although investigations are ongoing, the extent of the unrecovered amount at the time of signing the accounts equals to D1,366,063.98. A full disclosure of the amount and nature of the attack will be disclosed in the 2020 financial accounts.
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

NOTES TO THE FINANCIAL STATEMENTS

	2019 D'000	2018 D'000
Tier 1 capital		
Ordinary share capital	200,000	200,000
Statutory reserves	257,525	242,040
Retained earnings	73,995	66,025
Total tier 1 capital	531,520	508,065
Tier 2 capital		
Revaluation reserves	120,233	96,507
Total tier 2 capital	120,233	96,507
Total regulatory capital	651,753	604,572
Risk weighted assets		
Investment bank	567,613	882,579
Retail bank, corporate bank and treasury	2,723,031	2,597,968
Total risk weighted assets	3,290,644	3,480,547
	%	%
Capital Ratios		
Total regulatory capital expressed as a percentage of total risk weighted assets	20%	17%
Total tier 1 capital expressed as a percentage risk weighted assets	16%	15%

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.

7. Fair values of financial instruments

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(a) Valuation models

The Group measures fair values using the following fair value hierarchy, which reflects the significance of inputs used in making the measurements. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments that use only observable market data and require little management judgment and estimation.

Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

NOTES TO THE FINANCIAL STATEMENTS

(b) Valuation framework

The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date under current market conditions. A fair value measurement requires an entity to determine all the following:

- The particular asset or liability that is the subject of measurement (consistently with the unit of account);
- The principal (or most advantageous) market for the asset or liability;
- The valuation technique(s) appropriate for the measurement, considering the availability of data with which to develop inputs that represent the assumptions that market participants would use when pricing the asset or liability and the level of the fair value hierarchy within which the inputs are categorized

(c) Financial instruments measured at fair value – fair value hierarchy

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position.

	2019 Level 3		2018 Level 3	
	Bank	Group	Bank	Group
Investment in unlisted equity securities	163,360	117,803	89,950	69,392

Accounting classifications and fair values

The table below sets out the Group's classification of each class of financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

	Designated at FVPL D'000	Fair Value through OCI D'000	Amortised cost D'000	Total carrying amount D'000	Fair value D'000
31st December 2019					
Cash and cash equivalents	2,007,533	-	-	2,007,533	2,007,533
Trading assets	-	-	2,725,037	2,725,037	
Loans and advances	-	-	1,707,714	1,707,714	
Investment in securities	-	163,360	-	163,360	
	2,007,533	163,360	4,432,751	6,603,644	6,603,644
Trading liabilities					
Deposits from banks	-	-	46,278	46,278	46,278
Deposits from customers	-	-	6,519,579	6,519,579	6,519,579
	-	-	6,565,857	6,565,857	6,565,857
31st December 2018					
Cash and cash equivalents	1,575,267	-	-	1,575,267	1,575,267
Trading assets	-	-	2,626,094	2,626,094	1,872,233
Loans and advances	-	-	1,537,193	1,537,193	1,537,193
Investment in securities	-	89,950	-	89,950	89,950
	1,575,267	89,950	4,163,287	5,828,504	5,074,643
Trading liabilities					
Deposits from banks	-	-	6,590	6,590	6,590
Deposits from customers	-	-	5,838,774	5,838,774	5,838,774
	-	-	5,845,364	5,845,364	5,845,364

NOTES TO THE FINANCIAL STATEMENTS

8. Interest income

	The Group		The Bank	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	D'000	D'000	D'000	D'000
Cash and cash equivalents	9,270	775	4,887	775
Loans and advances to customers	251,394	193,443	251,394	189,703
Investment securities	238,689	232,262	237,668	243,871
Total interest income	499,353	426,480	493,949	434,349

The total interest income calculated using the EIR method for financial assets measured at amortised cost is D 251.3 M during the financial year 2019 (2018: 189.7M) there was no interest expense calculated using the EIR method for financial liabilities measured at amortised cost for both current and prior year.

9. Interest expense

	The Group		The Bank	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	D'000	D'000	D'000	D'000
Deposits from customers	(96,855)	(100,990)	(96,981)	(101,131)
Total interest expense	(96,855)	(100,990)	(96,981)	(101,131)
Net Interest income	402,498	325,490	396,968	333,218

10. Fee and commission income

	The Group		The Bank	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	D'000	D'000	D'000	D'000
Banking customer fees	53,426	52,084	47,119	52,084
Credit related fees	26,031	24,604	26,031	24,604
Foreign currency related fees and commissions	26,830	31,940	26,830	24,536
Commission on trade finance transactions	8,303	7,213	8,303	7,213
Total fees and commission income	114,590	115,841	108,283	108,437

11. Fee and commission expense

	The Group		The Bank	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	D'000	D'000	D'000	D'000
Interbank transaction fees	(8,100)	(4,922)	(7,652)	(5,359)
Foreign currency related fees	(249)	(211)	(249)	(211)
Total fees and commission expense	(8,349)	(5,133)	(7,901)	(5,570)
Net fees and commission income	106,241	110,708	100,382	102,867

NOTES TO THE FINANCIAL STATEMENTS

12. Net trading income

	The Group		The Bank	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	D'000	D'000	D'000	D'000
Foreign exchange	61,386	68,453	39,018	37,817
Net trading income	61,386	68,453	39,018	37,817

13. Other operating income

	The Group		The Bank	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	D'000	D'000	D'000	D'000
Sundry Income	13,631	8,439	11,804	8,304
E-banking related income	5,873	5,054	5,873	5,054
Profit on sale of fixed assets	996	4,964	996	4,968
Rental income	797	1,327	797	842
Dividends received on equity investments	2,998	16,870	15,765	16,870
Total other income	24,295	36,654	35,235	36,038

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

14. Other expenses

	The Group		The Bank	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	D'000	D'000	D'000	D'000
Advert/publicity	8,703	5,083	3,459	5,046
Audit fees	1,646	1,473	1,100	1,100
Consultancy fees	293	466	235	400
Electricity and water	13,212	12,754	12,830	12,643
Entertainment expenses	-	12	-	12
Insurance premium	8,435	8,095	8,231	8,079
Legal and professional fees	1,147	521	1,147	282
Losses and charge offs	12,754	4,951	12,754	4,951
Motor vehicle expenses	10,437	9,394	10,171	9,167
National education levy	100	130	100	100
Other office expenses	4,930	14,436	4,930	5,087
Postage and DHL	204	185	204	185
Printing and stationery	15,905	10,838	15,905	10,723
Rent and rates	5,628	2,523	3,891	2,388
Repairs and maintenance property/equipment	20,303	18,194	19,814	18,183
Security	7,509	6,904	7,051	6,904
Software and Hardware maintenance	68,511	60,178	67,908	60,178
Staff training	4,060	3,007	4,060	3,007
Stock exchange expenses	269	869	269	869
Subscriptions and donations	3,220	3,998	3,220	3,860
Telephone/Telex/Swift	4,592	5,447	4,368	5,348
CBG Penalties	501	-	501	-
Trade license	4,292	4,116	4,230	4,080
Travel cost	1,080	1,108	1,050	939
Total general and admin expenses	197,731	174,682	187,428	163,531

NOTES TO THE FINANCIAL STATEMENTS

15. Personnel expenses

	The Group		The Bank	
	31-Dec-19 D'000	31-Dec-18 D'000	31-Dec-19 D'000	31-Dec-18 D'000
Salaries and allowances	132,313	112,742	124,868	106,272
Contributions to defined contribution plans	21,647	20,249	21,626	20,048
staff medical expenses	7,253	7,003	7,000	7,003
Other staff costs	6,361	7,583	6,361	7,183
Staff Bonus	10,000	8,500	10,000	8,500
Staff Leave allowance	1,162	1,147	1,162	1,147
Efficiency allowance	2,776	2,803	2,776	2,803
Weekend duty allowance	4,679	4,280	4,679	4,280
Directors fees	3,663	2,705	3,663	2,448
Increase/(decrease) in liability for leave arrears	180	(318)	180	(318)
Total personnel costs	190,034	166,694	182,315	159,366

The total number of employees as at 31 December 2019 was 371 of which 34 employees are directors and senior management of the Bank (2018: 350 and 42 respectively). Pursuant to The Gambian legal regulations, an employer is obliged to pay contributions to the Social Security and Housing Finance Corporation based on a percentage of basic salary. These expenses are charged to the income statement in the period in which the employee was entitled to salary.)

The Bank contributes to a supplementary pension plan administered internally, based on the employment period of the employee. No liabilities arise to the Bank from the payment of pensions to employees in the future. Supplementary pension contribution expenses amounted to D6.9M as of 31 December 2019 (2018: D6.5M).

16. Income tax

(a) Income tax expense	The Group		The Bank	
	31-Dec-19 D'000	31-Dec-18 D'000	31-Dec-19 D'000	31-Dec-18 D'000
Current tax expense	37,055	39,476	32,664	32,836
Overprovision in prior year	-	-	-	-
	37,055	39,476	32,664	32,836
(b) Deferred tax expense				
Origination/reversal of temporary differences	(2,323)	2,700	(2,323)	2,700
Total income tax	34,732	42,176	30,341	35,536

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

NOTES TO THE FINANCIAL STATEMENTS

(c) Reconciliation of effect tax rate	The Group		The Bank	
	31-Dec-19 D'000	31-Dec-18 D'000	31-Dec-19 D'000	31-Dec-18 D'000
Profit before income tax	135,277	136,311	133,579	124,160
Income tax using enacted corporation tax rate	36,525	38,394	36,066	33,523
Non deductible expenses	-	-	-	15,583
Capital Allowances	-	-	-	(17,897)
Over provided in prior year	-	-	-	-
Total income tax expense in income statement	36,525	38,394	36,066	31,209
Reconciliation of effective tax rate			%	%
Domestic tax rate	27	30	27	27
Non-deductible expenses	-	-	-	12.55
Capital Allowances	-	-	-	(14.41)
Over provided in prior year	-	-	-	-
Total income tax expense in income statement	27.01	30.00	27.00	25.14

(d) Current tax (assets) / liabilities	The Group		The Bank	
	31-Dec-19 D'000	31-Dec-18 D'000	31-Dec-19 D'000	31-Dec-18 D'000
Balance at the beginning of the year	17,779	3,830	16,303	3,645
Adjustment	2,279	-	-	-
Current tax expense	37,055	39,476	32,664	32,836
Tax paid during the year	(50,091)	(25,527)	(46,303)	(20,178)
Tax liability at the end of the year	7,022	17,779	2,664	16,303

(e) Deferred taxation	The Group		The Bank	
	31-Dec-19 D'000	31-Dec-18 D'000	31-Dec-19 D'000	31-Dec-18 D'000
Opening balance	(1,972)	(4,672)	(1,972)	(4,672)
Charged to income (non current tangible assets)	(2,323)	2,700	(2,323)	2,700
Tax (asset) at the end of the year	(4,295)	(1,972)	(4,295)	(1,972)

17. Earnings per share

17.a ■ Basic earnings per share

The calculation of basic earnings per share at 31 December 2019 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-19 D'000	31-Dec-18 D'000	31-Dec-19 D'000	31-Dec-18 D'000
Profit attributable to ordinary shareholders	100,545	94,135	103,238	88,624
Weighted average number of ordinary shares	200,000	200,000	200,000	200,000
Earnings per ordinary share (dalasis)	0.50	0.47	0.52	0.44

NOTES TO THE FINANCIAL STATEMENTS

17.b ■ Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2019 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-19	31-Dec-18	31-Dec-19	31-Dec-18
	D'000	D'000	D'000	D'000
Profit attributable to ord. shareholders (diluted)	100,545	94,135	103,238	88,624
Weighted average no. of ord. shares (diluted)	200,000	200,000	200,000	200,000
Earnings per ordinary share (dalasis)	0.50	0.47	0.52	0.44

18. Cash and cash equivalents

	The Group		The Bank	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	D'000	D'000	D'000	D'000
Cash and balances with banks	1,015,915	645,736	996,800	635,835
Unrestricted balances with the Central Bank	957,333	904,432	957,333	904,432
Treasury bills with maturity periods of < 3 months	53,400	35,000	53,400	35,000
Total cash and cash equivalents	2,026,648	1,585,168	2,007,533	1,575,267

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 2019 is 15% of average deposits.

19. Trading assets

	The Group		The Bank	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	D'000	D'000	D'000	D'000
Treasury Bills	2,052,121	2,148,877	2,038,026	2,125,465
Treasury Bonds	685,000	485,000	685,000	485,000
Gains on portfolio	2,011	15,629	2,011	15,629
Total trading assets	2,739,132	2,649,506	2,725,037	2,626,094

20. Loans and advances to customers as amortised cost

	The Group		The Bank	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	D'000	D'000	D'000	D'000
Loans	630,464	391,349	587,748	371,009
Overdrafts	980,305	998,227	980,305	998,227
Nawebonds	160,819	196,556	160,819	196,556
Total loans and advances at amortised cost	1,771,588	1,586,132	1,728,872	1,565,792
Less:				
Stage 3 impairment	(11,744)	(2,811)	(2,759)	(2,811)
Stage 1 and 2 impairment	(18,399)	(25,788)	(18,399)	(25,788)
Total loans and advances	1,741,445	1,557,533	1,707,714	1,537,193

NOTES TO THE FINANCIAL STATEMENTS

An analysis of loans by customer group is as follows:

	The Group		The Bank	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	D'000	D'000	D'000	D'000
Corporate Clients	1,210,210	1,096,054	1,210,210	1,096,054
Retail Clients	561,378	490,078	518,662	469,738
Total loans and advances	1,771,588	1,586,132	1,728,872	1,565,792

Allowance for impairment

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

	The Group		The Bank	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	D'000	D'000	D'000	D'000
Balance at the beginning of the year	2,811	12,374	2,811	12,374
IFRS 9 impact	-	(4,562)	-	(4,562)
Balance at the 1st Jan 18	-	7,812	-	7,812
Impairment loss for the year				
Charge for the year	(1,895)	(25,109)	(3,840)	(25,109)
Recoveries	19,287	21,759	12,247	21,759
Write offs	(8,459)	(1,651)	(8,459)	(1,651)
Balance at the end of the year	11,744	2,811	2,759	2,811

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

	The Group		The Bank	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	D'000	D'000	D'000	D'000
Balance at the beginning of the year	25,788	5,683	25,788	5,683
IFRS 9 impact	-	8,565	-	8,565
Balance at the 1/1/18	-	14,248	-	14,248
Impairment loss for the year				
Charge for the year	(7,389)	10,734	(7,389)	11,540
Balance at the end of the year	18,399	24,982	18,399	25,788
Portfolio allowance for financial assets	(2,011)	(15,629)	(2,011)	(15,629)
Total impairment charge	(11,295)	(30,004)	(13,240)	(29,198)

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

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

	Life-Time			
	12-Months ECL	ECL not credit impaired	ECL credit impaired	Guarantees
As at 1/1/19	25,227	429	2,811	132
12 months	(6,976)	-	-	(75)
Transfer to Stage 2	-	(337)	-	-
Transfer to Stage 3	-	-	(52)	-
As at 31 December	18,251	92	2,759	57

NOTES TO THE FINANCIAL STATEMENTS

21. Investments in subsidiary

	% of ordinary shares	The Group		The Bank	
		31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
		D'000	D'000	D'000	D'000
Bayba Financial Services Limited	100%	-	-	33,500	8,500
Home Finance Company Gambia Ltd	60%	-	-	12,058	12,058
As at 31 December		-	-	45,558	20,558

22. Investment in other securities

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

	% of ordinary shares	The Group		The Bank	
		31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
		D'000	D'000	D'000	D'000
International Bank of Liberia	12.97%	108,558	48,645	108,558	48,645
Women's World Banking Ghana	10%	-	9,247	-	9,247
Gamswitch Co	5%	2,958	6,060	2,958	6,060
Enterprise Life Assurance Co	25%	6,286	5,440	6,286	5,440
As at 31 December	117,802	69,392	117,802	69,392	

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period.

During the year the directors felt it prudent to write off the carrying amount of D9.2m relating to investment with Women's World Banking Ghana (WWBG) after the company has gone into administration. The written off amount is recognised under administrative cost on note 10.

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 17)	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 4.2 per cent higher/lower while all other variables were held constant, the carrying amount would increase/decrease by D4.9.M
		Long-term pre-tax operating margin taking into account management's experience and knowledge of market conditions of the specific industries, ranging from 3 to 20 per cent	The higher the pre-tax operating margin, the higher the fair value. If the pre-tax operating margin was 10.3 per cent higher/lower while all other variables were held constant, the carrying amount would increase/ decrease by D13.8 M

NOTES TO THE FINANCIAL STATEMENTS

23a. Property, plant and equipment

The Group and The Bank	Work in Progress D'000	Land and buildings D'000	Furniture & Fittings D'000	Machines & equipment D'000	Motor vehicles D'000	Total The Bank D'000	Total The Group D'000
Cost							
At 01-Jan-18	55,024	554,616	73,371	279,866	63,208	1,026,085	1,036,425
Additions	37,184	267	13,479	8,137	12,191	71,258	72,631
Transfers	(59,237)	40,729	711	17,797	-	-	-
Disposal		(38,080)	(22)	-	(9,621)	(47,723)	(48,114)
At 31-Dec-18	32,971	557,532	87,539	305,800	65,778	1,049,620	1,060,942
Additions	9,158	-	4,744	7,813	3,750	25,465	25,740
Transfers	(23,920)	3,093	1,210	19,617	-	-	-
Disposal/write offs	-	(2,424)	(2,415)	(213)	(40,682)	(45,734)	(45,774)
At 31-Dec-19	18,209	558,201	91,078	333,017	28,846	1,029,351	1,040,908
Depreciation							
At 01-Jan-18	-	(28,325)	(49,794)	(214,046)	(36,594)	(328,759)	(335,000)
Depreciation expense	-	(10,011)	(9,399)	(29,190)	(14,176)	(62,776)	(64,317)
Disposal/write offs	-	1,684	22	-	9,415	11,121	10,881
At 31-Dec-18	-	(36,652)	(59,171)	(243,236)	(41,355)	(380,414)	(388,436)
Depreciation expense	-	(9,634)	(9,969)	(29,794)	(4,165)	(53,562)	(54,714)
Transfers	-	-	-	-	-	-	-
Disposal	-	194	2,410	166	22,848	25,618	25,626
At 31-Dec-19	-	(46,092)	(66,730)	(272,864)	(22,672)	(408,358)	(417,524)
Carrying amount							
At 31-Dec-18	32,971	520,880	28,368	62,564	24,423	669,206	672,506
At 31-Dec-19	18,209	512,109	24,348	60,153	6,174	620,993	623,384

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

Leasing

The Bank leases several assets which includes buildings for commercial and residential purposes. The average lease term is 5 years (2018: 5 years).

Details of the Right of Use assets and the lease liabilities is shown below;

b. Right of use asset

	31-Dec-19 D'000	31-Dec-18 D'000
At 1 January 2019		
Additions	3,905	-
Terminated contracts	-	-
As at 31 December, 2019	3,905	-
Depreciation Charge		
At 1 January 2019	-	-
Charge for the period	432	-
As at 31 December, 2019	432	-
Carrying amount	-	-
At 31 December, 2018		
At 31 December, 2019	3,473	-

NOTES TO THE FINANCIAL STATEMENTS

Amounts recognised in profit or loss in respect of Right of use amortisation	31-Dec-19 D'000	31-Dec-18 D'000
Depreciation expense on right-of-use assets	432	-
Income from subleasing right-of-use assets	-	-
As at 31 December, 2019	432	-

c. Lease Liability	31-Dec-19 D'000	31-Dec-18 D'000
At 1 January 2019	-	-
Addition during the year	1,583	-
Interest expense for the period	175	-
Payment during the year	-	-
As at 31 December, 2019	1,758	-
Lease Liability		
Lease prepaid for the Period	1,500	-
Total cash outflows as at 31 December, 2019	1,500	-

Amounts recognised in profit or loss in respect of finance cost on lease obligation	31-Dec-19 D'000	31-Dec-18 D'000
Finance costs		
Interest expense on lease liabilities	175	-
Total finance cost	175	-

Maturity Analysis of lease liability

Not more than one year		-
Over one year but less than five years	1,758	-
More than five years		-
	1,758	-

24. Intangible assets

Intangible assets represent licenses for computer software and customer relationship. There was no indication of impairment of intangible assets held by the Group at the reporting date and at the end of the previous year.

	Purchased software D'000	Total The Bank D'000	Total The Group D'000
Cost			
At 01-Jan-18	250,283	250,283	250,895
Additions	3,074	3,074	3,074
At 31-Dec-18	253,357	253,357	253,969
Additions	7,215	7,215	7,215
At 31-Dec-19	260,572	260,572	261,184
Accumulated amortisation			
At 01-Jan-18	(177,036)	(177,036)	(177,565)
Amortisation expense	(29,305)	(29,305)	(29,305)
At 31-Dec-18	(206,341)	(206,341)	(206,870)
Amortisation expense	(27,527)	(27,527)	(27,527)
At 31-Dec-19	(233,868)	(233,868)	(234,397)
Carrying amount			
At 31-Dec-18	47,016	47,016	47,099
At 31-Dec-19	26,704	26,704	26,787

NOTES TO THE FINANCIAL STATEMENTS

25. Other Assets

	The Group		The Bank	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	D'000	D'000	D'000	D'000
Bills discounted	48,309	-	48,309	-
Prepayments	24,307	23,870	24,307	22,956
MTO clearing	8,814	11,904	619	643
Dividend receivable	-	12,750	-	12,750
Stationery Stock	12,234	9,403	12,107	9,335
Interest receivable	-	25	-	-
Assets on order	4,249	1,378	4,249	1,378
Unpaid shares	22,381	26,743	22,381	26,743
MFI set up	10,507	-	-	-
Lease Vehicle	23,305	-	23,305	-
Sundries	5,453	2,616	3,164	2,602
	159,559	88,689	138,441	76,407

26. Deposits from banks

	The Group		The Bank	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	D'000	D'000	D'000	D'000
Money market deposits	46,278	6,590	46,278	6,590
Total deposits from banks	46,278	6,590	46,278	6,590

27. Deposit from customers

Deposits from customers by product group are as follows

	The Group		The Bank	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	D'000	D'000	D'000	D'000
Time deposits	365,372	356,166	365,372	358,579
Current accounts	1,738,137	1,583,354	1,755,104	1,583,354
Savings accounts	4,399,052	3,892,791	4,399,103	3,896,841
Total deposits from customers	6,502,561	5,832,311	6,519,579	5,838,774

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

28. Other liabilities

	The Group		The Bank	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	D'000	D'000	D'000	D'000
Accounts payable	36,164	49,709	36,164	49,709
Provision for general losses	4,610	2,700	4,610	2,700
Provision for staff bonus	10,004	8,500	10,004	8,500
Dividend payable	2,325	2,062	2,325	2,062
Due to MTOs	13,870	11,817	-	-
Other creditors and accruals	7,905	6,362	501	5,768
Other liabilities	74,878	81,150	53,604	68,739

29. Capital and reserves

i. Stated Capital

Share capital consists of 200 Million ordinary shares with a par value of D1 each (2018: 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.

ii. Statutory reserve fund

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.

iii. Credit risk reserves

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.

	The Group		The Bank	
	31-Dec-19 D'000	31-Dec-18 D'000	31-Dec-19 D'000	31-Dec-18 D'000
Provisions as per Prudential Guidelines	20,140	23,385	20,140	23,385
Provisions as per IFRS 9	(30,143)	(28,599)	(21,158)	(28,599)
	(10,003)	(5,214)	(1,018)	(5,214)

iv. Fair value reserves

The fair value reserve comprises the cumulative net change in the fair value of equity instruments until the assets are derecognised or impaired.

30. Dividend

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

	2019 D'000	2018 D'000
D0.25 per ordinary share (2018:D0.15)	50,000	30,000
	50,000	30,000

At the Annual General Meeting to be held in September 2020, a final dividend in respect of the year ended 31 December 2019 of D0.15 (2018: D0.15) for every ordinary share will be proposed. An interim dividend of D0.25 (2018: D0.15) for every ordinary share was declared and paid during the year. This will bring the total dividend for the year to D0.40 (2018: D0.30).

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

NOTES TO THE FINANCIAL STATEMENTS

31. Contingent liabilities and commitments

Off balance sheet items

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:

Nature of instruments

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, but reimbursement by the customer is normally immediate.

Other contingent liabilities include transaction related customs and performance bonds and are generally short term commitments to third parties.

Commitments to lend to a customer in the future are made subject to certain conditions. Such commitments are either made for a fixed period or agreed maturity dates but are cancellable by the lender subject to notice requirements. Documentary credits commit the Bank to make payments to third parties on the production of documents, which are usually reimbursed immediately by customers. Customers are required to deposit cash in a margin account in respect of documentary and commercial letters of credit.

The following summarize the nominal principal amounts of contingent liabilities and commitments with off balance sheet risks.

	The Group		The Bank	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	D'000	D'000	D'000	D'000
Bonds and guarantees	101,920	149,948	101,920	149,948
Letters of credit, acceptances and other documentary credits	160,846	117,797	160,846	117,797
	262,766	267,745	262,766	267,745

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.

32. 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.

33. Related parties

a. Transactions with executive directors and key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group (directly or indirectly) and comprise the Directors and Senior Management of The Trust Bank. There were no material transactions with companies in which a Director or other members of key management personnel (or any connected person) is related

Noprovisions have been made in respect of loans to Directors or other members of key management personnel (or any connected person).

	The Group		The Bank	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	D'000	D'000	D'000	D'000
Gross amount at 1 January	1,315	1,374	1,315	1,374
Interest charged	215	65	215	65
Loan disbursed	500	500	500	500
Cash received	(887)	(659)	(887)	(659)
Net movement in overdraft balances	(314)	35	(314)	35
Net amount at 31 December	829	1,315	829	1,315

NOTES TO THE FINANCIAL STATEMENTS

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 (2018: Nil).

Impairment losses of Nil have been recorded against balances outstanding from Directors (2018: Nil).

Included within loans and advances as at 31st December 2019 is Nil (2018: Nil) due from our subsidiaries. Interest and charges received on advances granted during the year amounted to D0.126 (2018: 0.140).

Included in deposits as at 31st December 2019 is D17.02Million (2018: D6.463Million) due to our subsidiary companies. Interest paid on these deposits during the year amounted to D0.126 Million (2018: D0.433 Million).

Key management personnel compensation for the period comprised :

	The Group		The Bank	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	D'000	D'000	D'000	D'000
Directors board fees	2,758	1,979	2,758	1,895
Directors sitting fees	905	775	905	523
Senior Management salaries	8,466	8,466	8,466	8,466
Senior Management pension contributions	1,868	1,868	1,868	1,868
	13,997	13,088	13,997	12,752

Loans and advances to employees

	The Group		The Bank	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	D'000	D'000	D'000	D'000
Balance at 1 January	37,658	34,843	35,123	32,308
Loans advanced during the year	26,389	22,778	26,389	22,778
Loan repayments received	(17,020)	(19,963)	(17,020)	(19,963)
Balance at 31 December	47,027	37,658	44,492	35,123

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

Impairment losses of D0.579 Million have been recorded against balances outstanding from Staff (2018: D0.496Million)

34. Penalties and breaches

There was a penalty charged of D0.5M imposed, for transferring short packs to the Central Bank of The Gambia for the year 2019 and there was none for the year 2018.

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 to 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

COVID-19

As at the date of the approval of the financial statements, management was in the process of assessing the impact of COVID-19 on Expected credit loss (ECL) calculations and other aspect of its operations. One of the key elements of the ECL is the consideration of forward-looking information, which includes the impact of COVID-19. Because of the high uncertainty and unpredictability of this pandemic, management has not been able to reliably estimate the impact of COVID-19 on its ECL model as of 31 December 2019. Management is of the view that a full understanding and reliable estimation of credit loss ratings and resultant impairment will be reported in its interim reports of 2020.

NOTES TO THE FINANCIAL STATEMENTS

36. Value added statements for the year ended 31 December 2019

	The Group		The Bank	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	D'000	D'000	D'000	D'000
Interest earned and other operating income	675,329	610,774	641,250	580,603
Direct cost of services	(105,204)	(106,123)	(104,882)	(106,701)
Value added by banking services	570,125	504,651	536,368	473,902
Non banking income	24,295	36,654	35,235	36,038
Impairment gains	11,295	30,004	13,240	29,198
Value added	605,715	571,309	584,843	539,138
Distributed as follows:				
To employees:				
Directors (without executives)	3,663	2,705	3,663	2,448
Executive Management	10,334	10,334	10,334	10,334
Other Employees	176,037	153,655	168,318	146,584
To Government:				
Income Tax	37,055	39,476	32,664	32,836
To providers of capital:				
Dividends to Shareholders	82,233	62,240	80,000	60,000
To expansion and growth:				
Depreciation and amortisation	82,241	93,622	81,089	92,081
Retained earnings	98,308	95,092	73,995	66,025

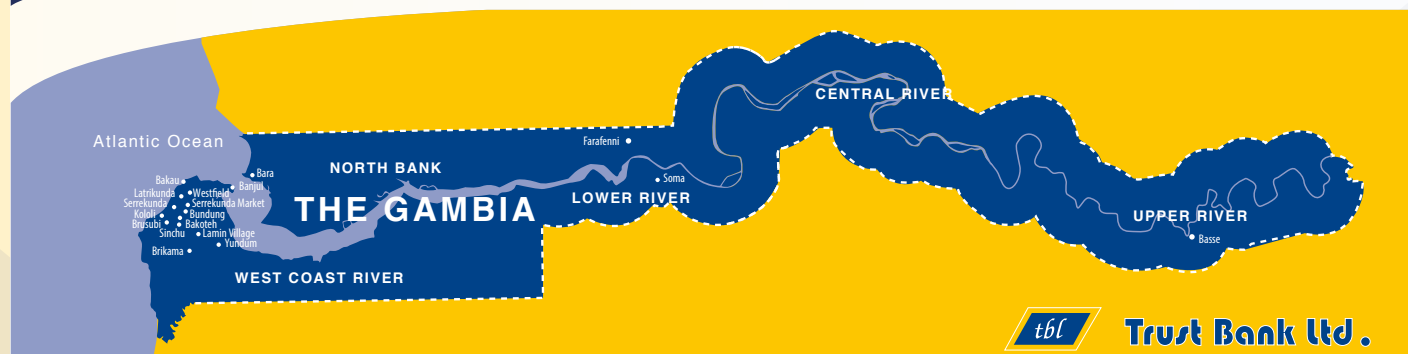
Top Twenty Shareholders

Name	No of Shares	% Holding
Social Security & Housing Finance Corp.	73,969,253	36.98%
Databank	44,240,000	22.12%
ventures and acquisition	11,790,073	5.90%
Trust Bank Employee	17,209,920	8.60%
Gambia Ports Authority	11,156,507	5.58%
Ghana Shareholders	7,328,753	3.66%
Gambia Electrical Company	4,600,000	2.30%
DSL Trading Portfolio	2,238,867	1.12%
Njie Pa M.M.	1,236,033	0.62%
Hobieka Charbel	1,086,667	0.54%
Bendavia Travel Agency Ltd	1,000,000	0.50%
Aziz Micheal A	833,333	0.42%
Banna Antione	833,333	0.42%
Rajwani Nandkishore	833,333	0.42%
Sarge Ardy	823,000	0.41%
West African Examination Council	700,000	0.35%
Saho Dodou K	696,667	0.35%
Quantum Net Ltd	666,667	0.33%
TAF Holding Co Ltd	666,667	0.33%
Arab Gambian Islamic Bank Ltd	558,000	0.28%
Others	17,532,927	8.77%
Total	200,000,000	

Shareholding Structure

Category	No of shareholders	No of issued shares	% holding
1 to 5,000	48	119,841	0.06%
5,001 to 10,000	29	227,507	0.11%
10,001 to 50,000	91	2,671,346	1.34%
500,001 to 100000	71	5,558,273	2.78%
100,001 to 500,000	42	8,955,960	4.48%
Above 500,000	20	182,467,073	91.23%
Total	301	200,000,000	100.00%

Where to find us



t6l

HEAD OFFICE

3/4 Ecowas Avenue, PO Box 1018, Banjul
Tel: 220-4225777/8/9 Fax: 220-4225781

t6l

AIRPORT

Banjul International Airport
Yundum
Tel: 4472915
Fax: 4472916

t6l

BAKAU

Sait Matty Road
Bakau, Cape St. Mary
Tel: 4495486/4494542
Fax: 4496229

t6l

BAKOTEH

Tipper Garage
Bakoteh
Tel: 4466378
Fax: 4466373

t6l

BANJUL

3 / 4 Ecowas Avenue
P. O. Box 1018, Banjul
Tel: 4225777/8/9
Fax: 4225781

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BARRA

Barra (North Bank Region)
Tel: 5710408
Fax: 5710407

t6l

BASSE

Basse (Upper River Region)
Tel: 5668907
Fax: 5668318

t6l

BRIKAMA

BRIKAMA (Western Region)
Tel: 4483418
Fax: 4483439

t6l

BRUSUBI

Coastal Road
Opposite Africmed Clinic
Tel: 8807474/8200984

t6l

BUNDUNG

Bundung Highway
Tel: 4379313
Fax: 4379314

t6l

FARAFENNI

Farafenni
(North Bank Division)
Tel: 5735238
Fax: 5735007

t6l

KOLOLI

Badala Highway
Tel: 4465303
Fax: 4465304

t6l

LAMIN

Lamin Highway
Tel: 4474091
Fax: 4474062

t6l

LATRIKUNDA SABIJI

Serrekunda
Tel: 4391780
Fax: 4398524

t6l

SERREKUNDA

Mosque Road
Tel: 4399540
Fax: 4399541

t6l

SERREKUNDA

Saho Kunda
Tel: 4374076
Fax: 4374075

t6l

SINCHU

Opposite Old Yundum
Police Station
Tel: 8907058
Fax: 8200998

t6l

SOMA

Soma (Lower River Region)
Tel: 5531629
Fax: 5531636

t6l

WESTFIELD

Westfield Junction
Tel: 4398042/4390156
Fax: 4398039

Correspondent Banks

PARIS, FRANCE

BMCE BANK INT'L PLC
SUCCURSALE, EN FRANCE,
PARIS,
FRANCE

BIC: BMCEFRPP

LONDON, UNITED KINGDOM

BANK OF BEIRUT
17A CURZON STREET,
LONDON W1J 5HS,
UNITED KINGDOM

BIC: BRBAGB2L

DAKAR, SENEGAL

ECOBANK SENEGAL
8 AVENUE LEOPOLD,
S. SENGHOR, B.P 9095
DAKAR, SENEGAL

BIC: ECOCSNDA

EGYPT

AFREXIM BANK
BIC: AFXMEGCA

CHINA

CHOUZHOU BANK
BIC: CZCBCN2XXXX

TURKEY

AKTIF YATIRIM
BIC: CAYTTRIS

ACCRA, GHANA

GHANA COMMERCIAL BANK
ACCRA HIGH STREET, P.O. BOX 2971,
ACCRA
GHANA

BIC: GHCBGHAC

LONDON, UNITED KINGDOM

GHANA INT'L BANK
67 CHEAPSIDE, REGINA HOUSE
LONDON EC2V 6AV,
UNITED KINGDOM

BIC: GHIBGB2L

STOCKHOLM, SWEDEN

SKANDINAVISKA
ENSKLIDA BANKEN, S-106 40,
STOCKHOLM
SWEDEN

BIC: ESSESESS

MILAN, ITALY

UNICREDIT ITALIANO
INT'L CORRESPONDING BANKING,
VIALE, BODIO 29,
B3 MILAN, ITALY

BIC: UNCRITMM

USA

CBW BANK
109E MAIN STREET
USA
BIC: CBWBUS44

Profile of Directors



Mohamadou Manjang (FCCA)
CHAIRMAN

Age 56 years

Mohamadou is the Managing Director at Social Security and Housing Finance Corporation (SSHFC), bringing more than two decades of executive experience with a leading financial institution to the role. Previously, Mohamadou was the Regional CFO for Africa at Standard Chartered Bank where he successfully led the decentralization of regional finance resulting in enhanced efficiencies, established tighter controls and improved regulator relationships.

During his tenure as CFO-Africa, he played an integral role in the research, selection and introduction of a new banking system. He also drove capital management across 13 countries in Africa amongst other things. Prior to this, Mohamadou served a dual function at Standard Chartered as CFO for Southern Africa/Executive Director for Botswana. He spearheaded the re-entry of Standard Chartered Bank into the South African market and simultaneously played a key part in the integration of a South African Internet bank acquired by Standard Chartered. In his earlier career with Standard Chartered, Mohamadou served in various executive capacities across the Group. Mohamadou is a Fellow of the Association of Chartered Certified Accountants (ACCA) and holds a Dealing Certificate (with distinction) from the Financial Markets Association.

He has undergone several management training experiences including the Leading across Boundaries – Executive Management Programme on Managing Diversity and Cultures at University of Oxford, Saïd Business School.

Mohamadou is the Chairman of the Board of Directors of Gampetroleum and Gambia Transport Services Corporation, and Board member of CFAO, Gambia Government Revolving Loan Scheme and Housing Finance Corporation.



Mr. Ibrahima Salla
MANAGING DIRECTOR

Age 58 years

Mr. Ibrahima Salla is presently the Managing Director at Trust Bank Limited, a position he assumed on 1st July 2016. Prior to this, he was the General Manager for Corporate at Trust Bank Limited, a position he assumed in January 2007.

Mr. Salla's career at Trust Bank spans over two decades. As a Management Trainee in 1994, he had the opportunity of being exposed to all facets of the Bank's key operational areas. He oversaw branch activities Bank wide, had supervisory responsibility for the Bank's flagship Branch and headed the Information Technology Steering Committee. The adroit manner in which he carried out his duties ensured that he swiftly rose through the ranks from a Management Trainee to General Manager of Corporate Department.

In addition to his duties as a Bank Executive, Mr. Salla also sits on the Boards of Bayba Financial Services Limited and Home Finance Company Limited.

He is married and has four children.

PROFILE OF DIRECTORS



Mr. Pa Macoumba Momodou Njie
DIRECTOR

Age: 64 years

Mr. Pa Macoumba Njie is presently a non-executive Director of the Board of Trust Bank Limited as at 1st July 2016. The former Managing Director returned home to re-join Gambia Commercial Development Bank (GCDB) where he worked his way up the ranks from a Credit officer to Commercial Manager. When Meridien BIAO took over GCDB between 1992 and 1997 he worked his way up from Operations Manager to Executive Director and then played a leading role in the privatization of Trust Bank Limited. Mr. Njie was appointed Acting Managing Director in October 1997 and confirmed as Managing Director in 2000 a position he held until his retirement in June 2016. He holds a B.A in Business Administration from Howard University in the USA and an M.A in Business Economics from Essex University in the UK. Mr. Njie has a rich and diverse training in a variety of banking and related courses across the world.

Mr. Njie received the Gambia Chamber of Commerce Banker of the year Award in 2001 and in 2002 was appointed a Notary Public. In 2006, he was appointed to the National Order of the Republic of The Gambia (RGM) by His Excellency The President of the Republic of The Gambia.

Mr. Pa Njie is currently a Director on the Boards of International Bank of Liberia and Enterprise Life Assurance Company Limited. He is also the Chairman of the Institute of Bankers (The Gambia).



Mr. Franklin Hayford
DIRECTOR

Age: 62 years

Mr. Franklin Hayford is an Executive Director of Databank Financial Services Ltd., Accra, Ghana. He is a Director of International Bank (Liberia) Ltd, Ghana Reinsurance Company Ltd., Grace Strategic Ventures Ltd., and Rhun Palm Consult Ltd. Mr. Hayford is also the Resident Director of Databank Securities Ltd, The Gambia. Mr. Hayford has over the years been very active in private business in The Gambia, holding different managerial positions in a number of companies. He is the local (Gambian) representative of a number of International Institutions. Mr. Hayford holds a BSc degree in Management Sciences from the University of Manchester in U.K. He joined the Board in September 2000.



Mrs. Angela Andrews-Njie
DIRECTOR

Age: 62 years

Mrs. Angela Andrews Njie is a Co-founder, Director and Company Secretary of West African Tours Ltd, a company founded in 1987. Prior to this, she worked for the Gamnor Group (The Gambia), CT Bowering (London) and British Aluminium. Since 1993, she has also undertaken short term consultancies for a number of Institutions including an assignment at Tanzania's Civil Training Center on behalf of the Commonwealth Secretariat, and an audit assignment in collaboration with Coopers & Lybrand Dieye under the direction of the World Bank. She also served as Executive Board Member of the Chamber of Commerce and Industry in The Gambia. Mrs. Andrews-Njie graduated from the London School of Accounting as an ACIS (Chartered Institute of Secretaries) Graduate and an ACMA (Chartered Institute of Management Accountants) Graduate in 1981 and 1983 respectively. Prior to that, she obtained a Diploma in Administration from Hull College in 1979. In 2004, she obtained an MBA in International Business from the University of Birmingham. She joined the Board in May 2002.

PROFILE OF DIRECTORS



Ms. Njilan Senghore
EXECUTIVE DIRECTOR

Age: 43 years

Njilan began her career as an Auditor with Deloitte and Touche in 1999. Her work as an Auditor within a Big 4 firm helped set the foundation for the rest of her career. She climbed the ranks from an Audit trainee to a Senior Audit Manager within a short period. During her tenure at Deloitte, Njilan gained extensive experience in audits for all Industry sectors in The Gambia and became well respected for her knowledge in critical audit and accounting issues affecting the majority of entities not just in the Gambia but also in the West African region having also conducted audits in countries like Mauritania, Ghana and Mali. Njilan also received extensive training in Deloitte audit systems and methodologies and became the first Gambian to be admitted to the team of “facilitators” responsible for training employees in the Deloitte Africa group. Njilan travelled extensively to South Africa, Ghana, Nigeria and Kenya to train employees across the Africa region.

In May 2007, Njilan left Deloitte and moved to Trust Bank Limited as the General Manager in charge of Finance, Administration and Human Resources. In July 2016, she was promoted to Deputy Managing Director and an Executive Director on the Bank’s Board.

In addition to her duties as a Bank Executive, Njilan also sits on the boards of Royal Insurance Company Ltd, Bayba Financial Services Ltd and Home Finance Company Ltd.

Njilan is a Fellow Member of the Association of Accounting Technicians (FMAAT), a Fellow Member of the Association of Chartered and Certified Accountants (FCCA) and holds a Masters Degree (MBA) from Oxford Brookes University, UK.



Ansumana L.N. Touray
DIRECTOR

Age: 49 years

Ansumana L.N. Touray is the Deputy Managing Director of Social Security and Housing Finance Corporation (SSHFC). He is a Chartered Accountant with over 12 years’ experience in budgeting, business process improvement, auditing, financial management and reporting for government, profit and non-profit organizations. He has worked at the Ministry of Finance and Economic Affairs (MoFEA) for many years in various capacities, including Deputy Permanent Secretary, Director of Budget, and as Financial Management Specialist (with the Integrated Financial Management Information System).

Mr. Touray was the one who introduced the concept of Citizens Budget when he was the Director of Budget to enable the budget to be understood by non-technical people. Another key achievement in my career is the transformation of the Government manual accounting, payroll and budgeting systems into computerized ones with the IFMIS Project implementation.

During his tenure at MoFEA, he represented the Ministry at various Board and Committee meetings both locally and internationally. Mr Touray was the Government Focal Person of the Climate Investment Fund of the World Bank as well as the Government Representative of the African Risk Capacity of the African Union during his time at the Ministry. He had earlier worked as an Audit Senior for Deloitte for some years before his tenure at MOFEA.

From the educational front, he is a Fellow of the Association of Chartered Certified Accountants (ACCA) and banked a double Masters: Master of Science (MSc) in Accounting and Financial Management from DeVry University, USA and Masters in Business Administration (MBA) in Executive Leadership from Breyer State University, USA.

Senior Management



Ibrahima Salla

Managing Director



Njilan Senghore

Deputy Managing Director



Momodou Lamin Bojang

General Manager –
Bayba Financial



Omar Mboob

Head of Department –
Corporate Banking



Fatou Lili Drammeh

Head of Department –
Legal & Compliance, Company
Secretary



Yahya Corr

Head of Department –
Internal Audit



Dodou S. Nyang

Head of Department –
Retail Banking



Muhammed M. Sisay

Head of Department –
Treasury



Sheikh Ndow

Head of Department –
Administration & Human
Resources

Resolutions

To: All Members of Trust Bank Limited

The Twenty-Second Annual General Meeting of Trust Bank Limited to be held virtually on 24th September 2020 at 3.00 pm via the Zoom Video Conferencing Platform. Dial In details will be shared in due course.

The Board of Directors will be proposing the following resolutions, which would be put to the Annual General Meeting:

ORDINARY RESOLUTIONS

1. To receive and adopt the Annual Report and Consolidated Accounts for the year ended 31st December 2019.

The Board proposes that the Directors Report and Consolidated Statement of Financial Position as at 31st December 2019 together with the Consolidated Statement of Comprehensive Income for the year ended on that date submitted to the meeting be received and adopted.

2. To declare a Dividend
3. To ratify the appointment of a Director

Mr. Abdoulie Tamedou

4. To re-elect Directors.

The following Directors who will be retiring and being eligible have offered themselves for re-election:

Mr. Pa M.M Njie

Mrs. Angela Andrews Njie

The Board proposes that the above be re-elected.

5. To approve Directors Fees.
6. To appoint the Auditors of the Bank until the conclusion of the next annual General Meeting (AGM). The Board proposes that DT Associates be appointed Auditors until the conclusion of the next AGM.
7. To authorize the Board to determine remuneration of Auditors.
8. To transact any other business appropriate to be dealt with at an Annual General Meeting.

Board of Directors
18th August 2020



Proxy Form

PROXY FOR THE ANNUAL GENERAL MEETING
TO BE HELD ON 24th September 2020

FOR TBL'S USE ONLY

I/We

being a member/members of the above named company, hereby appoint

The Chairman of the Meeting*

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company
to be held on 24th September 2020, and at any adjournment thereof.

I/WE DESIRE FOR THE PROXY TO BE USED AS FOLLOWS

	FOR	AGAINST
1. To receive and adopt the Annual Report and Consolidated Accounts for the year ended 31st December 2019	<input type="checkbox"/>	<input type="checkbox"/>
2. To declare a dividend	<input type="checkbox"/>	<input type="checkbox"/>
3. To ratify the appointment of a Director	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Directors Mr. Pa M.M. Njie and Mrs. Angela Andrews Njie	<input type="checkbox"/>	<input type="checkbox"/>
5. To Approve the remuneration of Directors	<input type="checkbox"/>	<input type="checkbox"/>
6. To appoint DT Associates as Auditors of the Bank until the conclusion of the next Annual General Meeting	<input type="checkbox"/>	<input type="checkbox"/>
7. To authorize the Board to determine the remuneration of Auditors	<input type="checkbox"/>	<input type="checkbox"/>

SIGNATURE

DATE

 2020

Note

- i) This proxy should be returned so as to arrive at the Registered Office of the Company, 3-4 ECOWAS Avenue, Banjul, not later than 48 hours before the time appointed for the Meeting.
- ii)* A member who wishes to appoint his own proxy should insert the name of his proxy in the blank space provided and delete the Chairman of the meeting.
- ii) A proxy need not necessarily be a member of the Company.
- iii) Any alteration to this form must be initialed by the appointer.



Bayba Financial Services

N o O n e L e f t B e h i n d

MONEY TRANSFER



MICROFINANCE

- Savings
- Loans
- Group Lending
- SME Finance
- Salary Accounts
- Bayba Local Transfer



IN ENGLAND YOU CAN SIMPLY PAY YOUR MONEY AT ANY BARCLAYS BANK AND CALL 02030595756

ACCOUNT NAME: LCC TRANS-SENDING ACCOUNT NUMBER: 10392731 SORT CODE: 20-06-05

Kairaba: +220 439 8136 WESTFIELD BRANCH: +220 439 4505 BANJUL NTC BRANCH: +220 420 2412

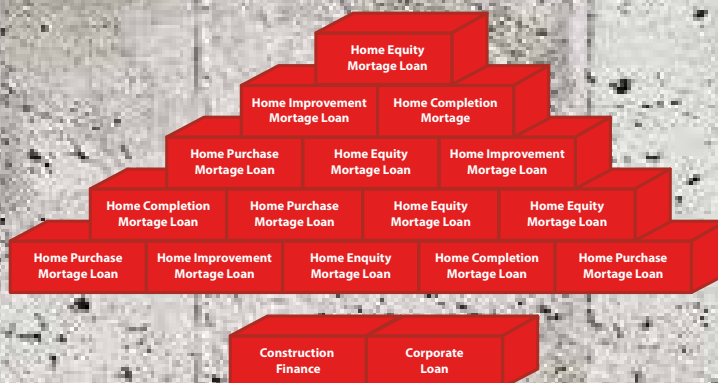
BRIKAMA BRANCH: +220 441 9617 BANSANG BRANCH: +220 567 4244

LOCATED IN ALL TRUSTBANK BRANCHES ACROSS THE COUNTRY



HOME FINANCE COMPANY
OF THE GAMBIA LTD

Opening The Door To Home Ownership



We offer you the building BLOCKS of your future HOME

2ND Floor BAYBA Financial Services Building Westfield Junction

P.O.Box SK/2362, SerreKunda, The Gambia

Tel:(220) 4 380 806 Fax: (220) 4 380 807

Email: info@hfc.gm - Website: www.hfc.gm