The Central Bank of The Gambia

Annual Report and Financial Statements

31 DECEMBER 2020

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Corporate information

Board of Directors:	Mr. Buah Saidy	Governor and Chairman from 1st October 2020
	Mr. Bakary Jammeh	Governor and Chairman up to 30th September 2020
	Mr. Momodou Ceesay	Non-Executive Director (NED) up to 5th August
	Mr. Abdou Janha	Non-Executive Director (NED)
	Mr. Ousman Sowe	Non-Executive Director (NED) appointed 1st October 2020
	Mrs. Eudora Taylor Thomas	Non-Executive Director (NED) appointed 1st October 2020
Audit Committee:	Mrs. Eudora Taylor Thomas	Chairperson
	Mr. Ousman Sowe	Member
	Mr. Abdou Janha	Member
	Mrs. Aji Amie Jagne	Secretary
First Deputy	Dr. Seeku Jaabi	
Second Deputy Governor:	Mr. Essa Drammeh	
Director of Finance:	Mr. Attikan Dibba	
Secretary:	Mrs. Aji Amie Jagne	
Registered office:	1-2 Ecowas Avenue Banjul The Gambia	
Auditors:	DT Associates Bertil Harding Highway Kololi – The Gambia	
	Deloitte & Touche Chartered Accountants The Deloitte Place, Plot No. 71 Off George Walker Bush Highway North Dzorwulu P. O. Box GP 453 Accra, Ghana	

Top and Senior management

Top Management

Name	Designation
Mr. Buah Saidy	Governor and Chairman
Dr. Seeku Jaabi	1st Deputy Governor
Mr. Essa Drammeh	2nd Deputy Governor

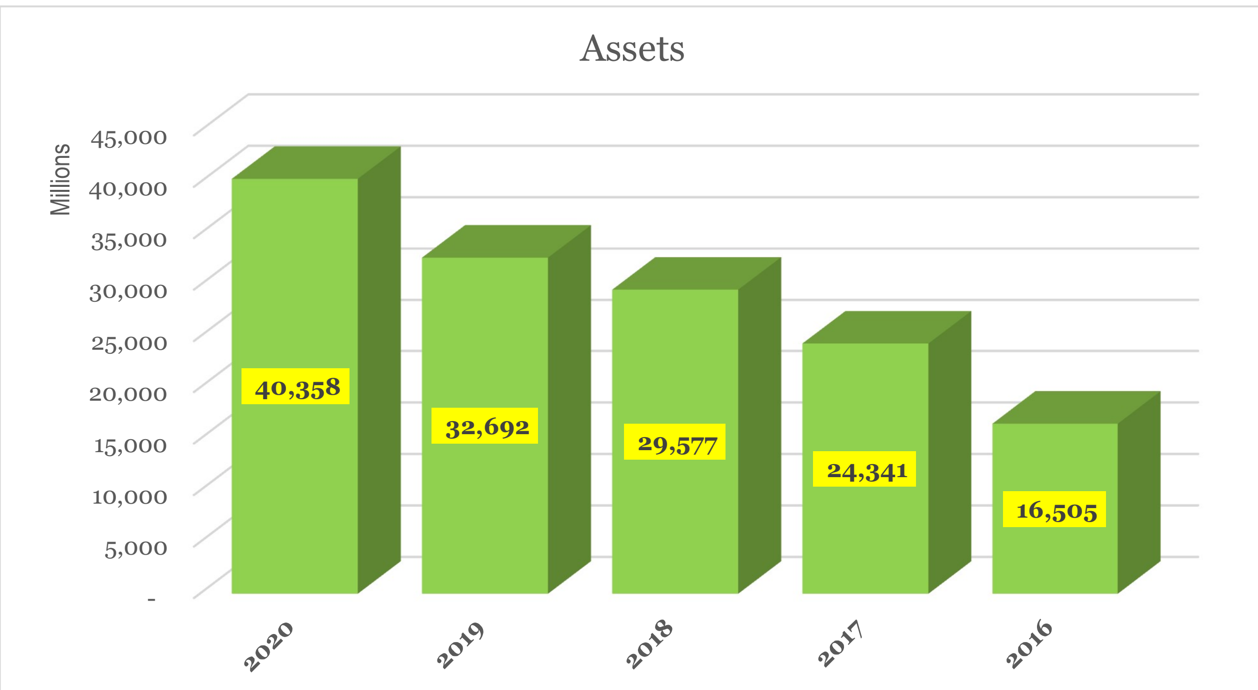
Senior Management

Name	Designation
Mr. Buah Saidy	Governor and Chairman
Dr. Seeku Jaabi	1st Deputy Governor
Mr. Essa Drammeh	2nd Deputy Governor
Mr. Attikan Dibba	Director, Finance Department
Mrs. Rohey Khan	Director, Foreign Department
Mrs. Efficiency Njie	OIC, Internal Audit
Mr. Ebrima Wadda	Director, Economic Research Department
Mr. Saikou Touray	OIC, Risk Management Unit
Mr. Amadou Korra	Director, Financial Supervision Department
Mr. Serign Bai Senghore	Director, Micro Finance Department
Mrs. Fatou Deen Touray	Director 2, Micro Finance Department
Mr. Pa Alieu Sillah	Director, Insurance Supervision Department
Mr. Omar K. Janneh	Director, Administration Department
Mr. Peter Prom	Director, Information Technology Department
Mr. Karamo Jawara	Director, Banking Services Department
Mrs. Aji Amie Jagne	OIC, Legal Unit

Financial highlights

Assets distribution – The Bank

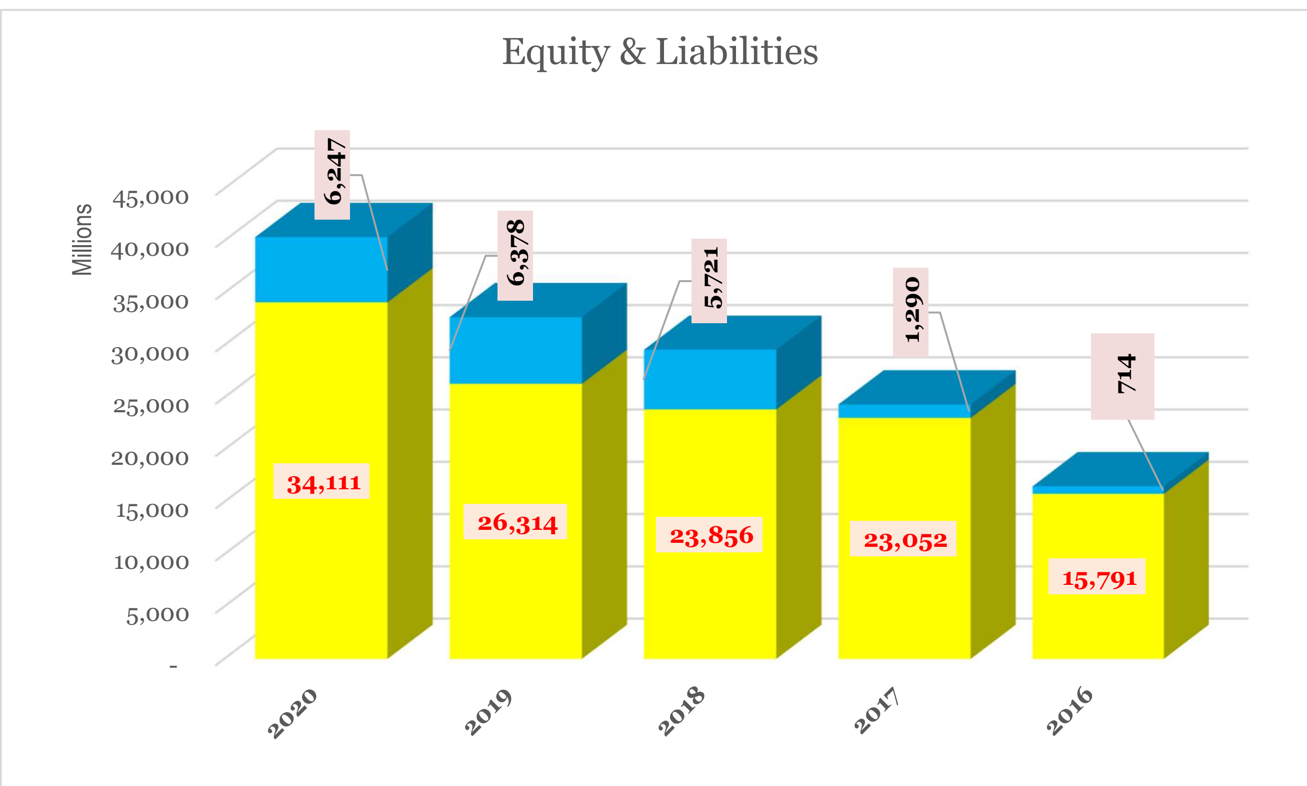
Asset	2020	2019	2018	2017	2016
	D'000	D'000	D'000	D'000	D'000
FX cash balances and deposits	12,141,970	7,794,297	5,429,694	4,412,961	1,087,891
Receivable from IMF	4,386,966	4,386,966	4,261,944	4,219,649	559,572
Investment in securities	19,986,611	17,735,795	16,837,517	12,839,009	13,591,797
Investment in WACB	353,067	347,630	332,375	318,075	-
Receivable from Mega Bank	300,000	300,000	300,000	300,000	-
Investment in subsidiary	73,800	73,800	73,800	73,800	-
Loans and advances	2,433,023	1,341,226	1,357,660	1,452,395	439,985
Other assets	319,282	351,951	634,572	312,393	399,165
PPE	335,717	343,223	349,341	393,089	390,793
Intangibles	27,821	16,783	507	20,089	35,308
Total assets	**40,358,257**	**32,691,671**	**29,577,410**	**24,341,460**	**16,504,511**



Financial highlights (continued)

Equity and Liabilities – The Bank

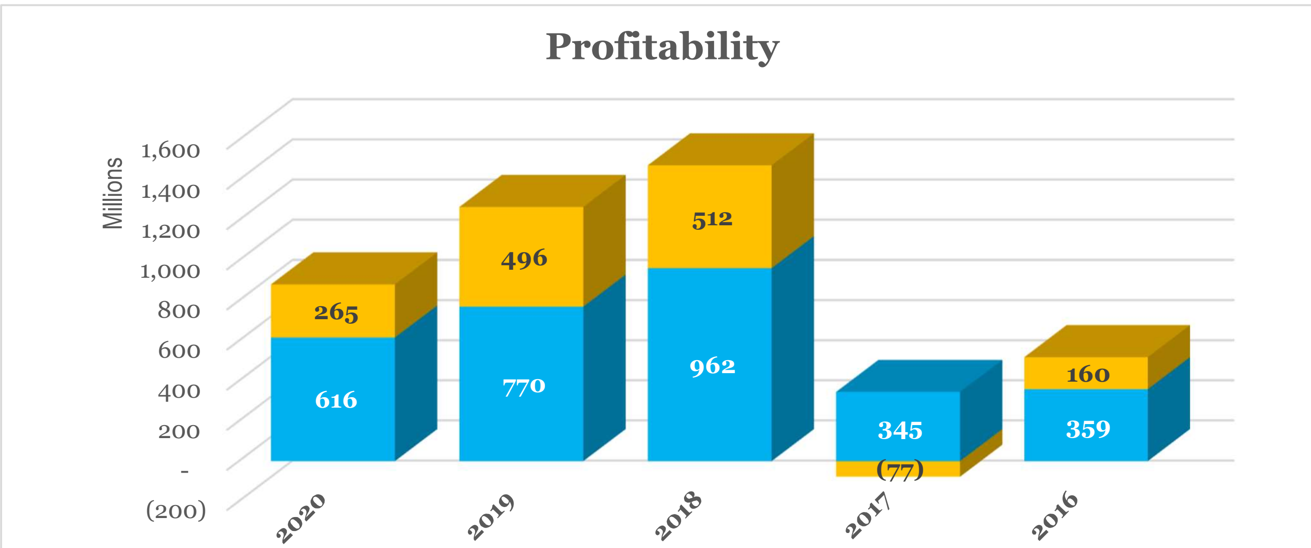
Equity & liabilities	**2020**	**2019**	**2018**	**2017**	**2016**
	D'000	**D'000**	**D'000**	**D'000**	**D'000**
Currency in circulation	11,028,823	8,556,498	7,303,858	6,186,488	5,089,611
Deposits	17,354,594	13,545,841	12,104,674	12,228,146	6,946,425
Long term loan from IMF	5,062,435	3,975,001	4,148,142	4,451,623	3,597,079
Other payables	665,413	236,510	299,623	185,616	157,691
Capital	460,000	280,000	100,000	100,000	100,000
Retained earnings	358,361	5,162,201	4,940,057	506,621	472,510
Reserves	5,428,631	935,620	681,056	682,966	141,195
Equity & liabilities	**40,358,257**	**32,691,671**	**29,577,410**	**24,341,460**	**16,504,511**

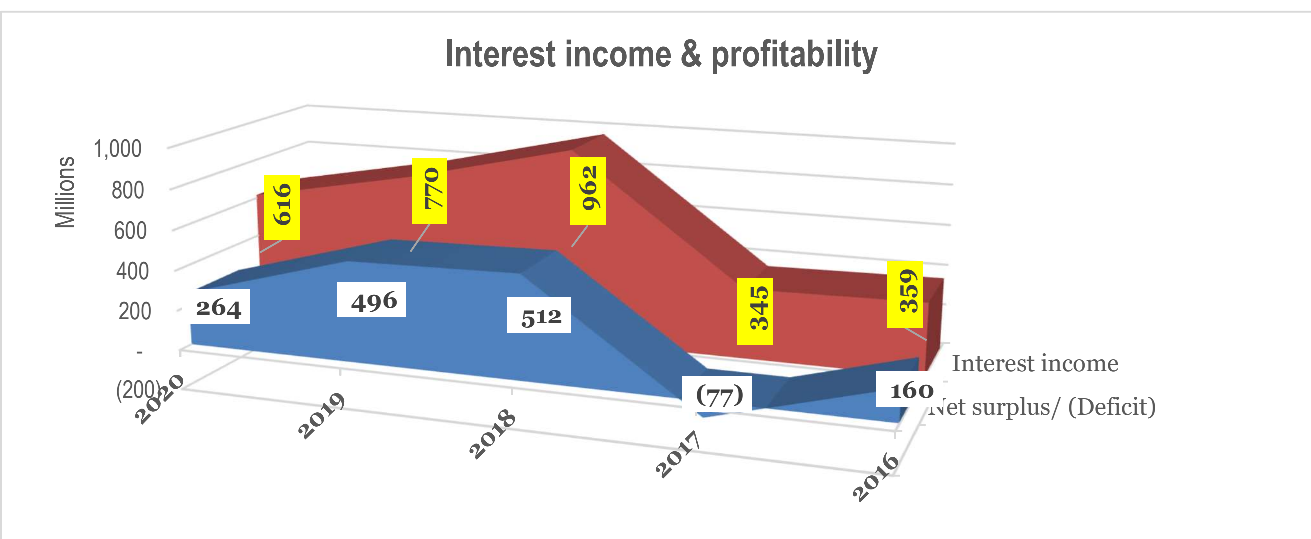


Financial highlights (continued)

Profitability – The Bank

Profitability	**2020**	**2019**	**2018**	**2017**	**2016**
	D'000	**D'000**	**D'000**	**D'000**	**D'000**
Net surplus/ (deficit)	264,185	496,316	511,790	(77,229)	159,593
Interest income	616,276	769,880	961,594	345,004	358,580





Report of the directors

The directors present their report and the audited consolidated and separate financial statements for the year ended 31 December 2020.

Statement of directors' responsibilities

The Central Bank of The Gambia Act, 2018 requires the directors to prepare consolidated and separate financial statements for each financial year, which give a true and fair view of the state of affairs of the bank and the group and of its net profit or loss for that year. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated and separate financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the bank and the group and to enable them to ensure that the financial statements comply with the Central Bank of The Gambia Act 2018. They are also responsible for safeguarding the assets of the bank and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities

Central Bank of The Gambia was established to carry on business in accordance with the constitution and the provisions of the Central Bank of The Gambia Act, 2018 with the following objectives:

- Achieve and maintain price stability;
- Promote and maintain the stability of the currency of The Gambia;
- Direct and regulate the financial, insurance, banking and currency system in the interest of the economic development of The Gambia; and
- Encourage and promote sustainable economic development and the efficient utilization of the resources of The Gambia through the effective and efficient operation of a financial system.

In achieving the above objectives, the bank is allowed to perform the following functions:

- Formulate and implement monetary policy aimed at achieving the objectives of the bank;
- Promote, by monetary measures, the stabilization of the value of the currency within and outside The Gambia;
- Institute measures which are likely to have a favourable effect on the balance of payments, the state of public finances and the general development of the national economy;
- License, regulate, supervise and direct the financial system and ensure the smooth operation of the financial system;
- Promote, regulate and supervise payment and settlement system;
- Issue and redeem the currency notes and coins of The Gambia;
- Licence, regulate and supervise non-banking financial institutions;
- Act as banker and financial advisor to the Government and guarantee Government loans;

Report of the directors (continued)

- Promote and maintain relations with international banking and financial institutions and subject to the Constitution or any other relevant enactment, implement international monetary agreements to which The Gambia is a party;
- Own, hold and manage its official international reserves;
- Promote the safe and sound development of the financial system including safeguarding the interest of depositors;
- Collect, analyse and publish statistical data; and
- Do all other things that are incidental and conducive to the efficient performance of its functions under the Act

Subsidiary

The Central Bank, with some private companies, set up Gamswitch Company Limited (herein after called Gamswitch) to serve as the switching company facilitating inter-operability between Banks. The objective of setting it up is to improve the financial infrastructure of the Country in keeping with the bank’s newly implemented payment system under the West African Monetary Zone (WAMZ). The Central Bank currently holds 50% of the shares of Gamswitch. The Governor of the Central Bank is also serving as the chairman of the Board of Gamswitch company limited. Due to the Central Bank’s power over the investee, through its chairmanship of the Board, exposure and rights to variable returns from involvement with Gamswitch company limited and the ability to use power over Gamswitch to affect the amount of the Central Bank’s returns, the Central Bank has concluded that it has control over Gamswitch, thus the consolidation in this report.

Results for the year

Results for the year are as presented in the accompanying consolidated and separate financial statements on page 18.

Employees

The number of employees and the cost associated with these employees is as detailed in note 23.

Donations

The bank made charitable donations amounting to D2,173,834 during the year (2019: D1,368,500).

Directors and directors’ interest

The directors who held office during the year are shown on page 2.

The Central Bank Act requires Non-Executive Directors to serve a maximum term of 2 years so far as possible and that not more than one director’s term of office shall expire in any one year.

The outbreak of Covid-19 has been a challenge for the Global economy and the Gambia is no exception. However, mitigants were put in place to cushion the Bank as much as possible from the economic impact of the pandemic.

Report of the directors (continued)

Going concern

The directors have assessed the ability of the Bank and the Group to continue as a going concern. The directors have a reasonable expectation that the Bank and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, we continue to adopt the going concern basis in preparing the annual consolidated and separate financial statements of the Group.

Auditors

The National Audit Office is mandated to appoint the Bank's auditors. DT Associates - Gambia and Deloitte & Touche Ghana were appointed to serve as joint auditors for the year ended 31 December 2020.

Approval of the financial statements

The financial statements were approved by the board of directors on the …17th May . 2021

By order of the board of directors

Secretary

17/05/2021

Date

Report of the Independent Joint Auditors
To the Shareholder of The Central Bank of The Gambia

Opinion

We have audited the consolidated and separate financial statements of The Central Bank of The Gambia (the "Group" and the "Bank"), set out on pages 19 to 92, which comprise the consolidated and separate statement of financial position as at 31 December 2020, and the consolidated and separate statement of profit or loss and other comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory disclosures.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and the Bank as at 31 December 2020, and of its consolidated financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and Bank in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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 consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Expected credit losses on financial assets (Separate)</td></tr>
<tr><td>
As described in notes 2.5, 2.12, 3, 4, 5, 6, 7, 9 and 25 to the financial statements, ECL represents a complex accounting estimate, which is based on management's evaluation of probable impairment losses expected to be incurred over the life of the financial assets.
Expected credit losses was considered to be a key audit matter due to the level of significant judgement applied by management in determining ECL and the increased uncertainty related to the impact of COVID-19 pandemic.
The determination of related loss allowance is judgmental in nature. The areas of significant management judgement within the ECL measurement process include:

Probability of Default (PD) — This is an estimate of the likelihood of default over a given time horizon. Management's judgement considers historical default rates to predict the probability of default at future points-in-time incorporating forward looking economic information and qualitative information specific to portfolio segments.
The assessment of whether an exposure has met predefined default criteria as at the reporting date (i.e. a trigger event that has caused a deterioration in credit risk).

</td><td>
We performed the following procedures on the ECL for financial assets with the assistance of our credit specialists:

Updated our understanding of management's processes around the measurement of the ECL including management's modelling methodology, incorporation of assumptions and input data.
Updated our understanding of management's policies and procedures around the reliability of qualitative and quantitative information as well as the calibration of the ECL model and ECL output.
Assessed the design and implementation of the relevant financial reporting controls relating to the processing of the input data and delinquency (days past due), PDs and Staging by evaluating the appropriateness of the control considering the nature and significance of the risk, competence and authority of person(s) performing the control, frequency, consistency with which the control is performed and the criteria for investigation and process for follow-up.
Assessed conformity of management's ECL accounting policy in the context of IFRS 9 and current guidance relating to COVID-19.
Based on an audit sample, agreed the input data (days past due, delinquency) to underlying audit evidence including financial assets systems data and documentation.
Challenged management on conclusions reached relating to the presence or otherwise of SICR or default criteria in determining the ECL amount and the appropriateness of the PDs used.
Validated that the Exposure at Default

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	amounts used in the ECL complied with the requirements of IFRS 9. • Performed a recalculation of the ECL estimate together with our credit specialists to validate management's calibration and appropriate inclusion of assumptions and input data (loss given default rates and effective interest rates). Based on the procedures performed we did not identify any material misstatements relating to the ECL measurement on financial assets.
Valuation of defined benefit scheme (Separate)	
The actuarial valuation involves projecting the benefits the scheme members are expected to be paid in the future. Benefits are paid either upon retirement, death or leaving the employment of the Central Bank. The amount of the benefit payable depends on the length of service and the level of earnings when the event occurs. In making these projections, assumptions are made about the likelihood of a benefit becoming payable at any future date, future investments return and increases in a staff member's earnings. The retirement benefits reserve is subject to volatility as the valuation is sensitive to changes in key assumptions such as the discount rate and inflation estimates. The setting of assumptions is complex and also involves the application of significant judgement. (Refer to Notes 2.26 and 16 of the consolidated and separate financial statements)	We evaluated the design and tested the implementation of key controls over the valuation of staff benefit scheme. In evaluating the design of controls, we considered the appropriateness of the control considering the nature and significance of the risk, competence and authority of person(s) performing the control, frequency, consistency with which the control is performed and the criteria for investigation and process for follow-up. We tested the accuracy and completeness of data provided by management to its pension valuation experts. We engaged our internal actuarial valuation specialists for an independent assessment of the appropriateness of the methodologies and assumptions used to determine the value of the actuarial liabilities of the fund. We are satisfied with the actuarial assumptions applied and the measurement of the reserves. The related disclosure is sufficient.

Other Information

The directors are responsible for the other information. The other information comprises the Financial Highlights and the Report of the Directors, which we obtained prior to the date of this auditors' report. The other information does not include the consolidated and separate financial statements and our auditors' report thereon.

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

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

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, 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 and separate financial statements

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's and the bank'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 and / or the bank or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of Consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 and Bank'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 and Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group and/or the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Deloitte. DT Associates

Report of the Independent Joint Auditors
To the Shareholder of The Central Bank of The Gambia

From the matters communicated with the directors, 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 auditors' 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 public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are **Emmanuel Martey (ICAG/P/1476)** and **Aji Penda Sankareh**.

Deloitte & Touche

For and on behalf of Deloitte & Touche
(ICAG/F/2021/129)
Chartered Accountants
The Deloitte Place
Plot No. 71, Off George Walker Bush
Highway, North Dzorwulu
Accra – Ghana

Date : 19 May 2021

DT Associates

For and on behalf of DT Associates
Chartered Accountants
Registered Auditors
1 Paradise Beach Place, Bertil Harding
Highway, Kololi, The Gambia

Date : 19 May 2021

Consolidated and separate statement of financial position

		Group		Bank	
		2020	2019	**2020**	2019
	Note	**D'000**	D'000	**D'000**	D'000
Assets					
Foreign currency cash balances & Deposits	3	**12,167,481**	7,800,176	**12,141,970**	7,794,297
Receivable from IMF	4	**4,386,966**	4,386,966	**4,386,966**	4,386,966
Investment in securities	5	**20,008,896**	17,735,795	**19,986,611**	17,735,795
Investment in WACB	6	**353,067**	347,630	**353,067**	347,630
Receivable from Mega Bank	7	**300,000**	300,000	**300,000**	300,000
Investment in subsidiary	8	**-**	-	**73,800**	73,800
Loans and advances	9	**2,433,023**	1,341,226	**2,433,023**	1,341,226
Other assets	10	**350,502**	427,004	**319,282**	351,951
Property, plant and equipment	11	**336,048**	343,388	**335,717**	343,223
Intangible assets	12	**29,732**	16,783	**27,821**	16,783
Total assets		**40,365,715**	32,698,968	**40,358,257**	32,691,671
Liabilities					
Currency in circulation	13	**11,028,823**	8,556,498	**11,028,823**	8,556,498
Deposits	14	**17,354,594**	13,545,841	**17,354,594**	13,545,841
Long term loan from IMF	15	**5,062,435**	3,975,001	**5,062,435**	3,975,001
Other payables	16	**673,536**	257,850	**665,413**	236,510
Taxation	17	**30**	-	**-**	-
Total liabilities		**34,119,418**	26,335,190	**34,111,265**	26,313,850
Equity and reserves					
Share capital	18	**460,000**	280,000	**460,000**	280,000
Share premium	18	**17,645**	17,645	**-**	-
General reserve	18	**468,513**	58,513	**468,513**	58,513
Special reserve	18	**3,887,878**	-	**3,887,878**	-
Retained earnings	18	**331,300**	5,116,074	**358,361**	5,149,201
Revaluation reserve	18	**803,038**	656,782	**801,807**	656,782
Pension valuation	18	**(228,598)**	(41,721)	**(228,598)**	(41,721)
Equity fair valuation	18	**472,499**	248,514	**499,031**	275,046
Non-controlling Interest	18	**34,022**	27,971	**-**	-
Total equity and reserves		**6,246,297**	6,363,778	**6,246,992**	6,377,821
Total equity and liabilities		**40,365,715**	32,698,968	**40,358,257**	32,691,671

Consolidated statement of financial position - continued

The financial statements were approved by the Board of Directors on …17th …May.. 2021 and signed on its behalf by:

Mr. Buah Saidy	Mr. Essa Drammeh	Mr. Attikan Dibba
Governor	2nd Deputy Governor	Director, Finance

The notes on pages 24 to 92 form an integral part of these financial statements

Consolidated and separate statement of profit or loss

		Group		Bank	
		2020	2019	**2020**	2019
	Note	**D'000**	D'000	**D'000**	D'000
Interest income - Amortised cost	19	**633,709**	772,335	**616,276**	769,880
Interest expense and other similar expense	20	**(7,655)**	(24,684)	**(7,655)**	(24,577)
Net interest income		**626,054**	747,651	**608,621**	745,303
Exchange gains	21	**192,051**	274,665	**189,867**	273,722
IFRS 9 impairment (charge)/ reversal	25	**(957)**	(36)	**(957)**	(36)
Other income	22	**17,785**	50,396	**17,785**	36,495
Total operating revenue less interest expense		**834,933**	1,072,676	**815,316**	1,055,484
Operating expenses					
Personnel costs	23	**(181,958)**	(147,858)	**(181,958)**	(144,392)
General and administrative expenses	24	**(349,423)**	(400,657)	**(342,545)**	(388,806)
Depreciation	11	**(21,663)**	(22,716)	**(21,519)**	(22,663)
Amortisation	12	**(5,587)**	(3,307)	**(5,109)**	(3,307)
Total operating expenses		**(558,631)**	(574,538)	**(551,131)**	(559,168)
Net surplus for the year		**276,302**	498,138	**264,185**	496,316

The notes on pages 24 to 92 form an integral part of these financial statements

Consolidated and separate statement of comprehensive income

	Group		Bank	
	2020	2019	**2020**	2019
	D'000	D'000	**D'000**	D'000
Net surplus for the year	**276,302**	498,138	**264,185**	496,316
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Net fair value movement on investments held at FVOCI	**223,985**	6,621	**223,985**	6,621
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:				
Re-measurement of defined benefit pension plans	**(186,877)**	(26,229)	**(186,877)**	(26,229)
Total comprehensive income for the year	**313,410**	478,530	**301,293**	476,708
Attributable to:				
Total	**313,410**	478,530	**301,293**	476,708
Non-controlling interest	**(6,051)**	(911)	-	-
Equity holders of the parent	**307,359**	477,619	**301,293**	476,708

The notes on pages 24 to 92 form an integral part of these financial statements

Consolidated and separate statement of changes in equity

Bank	Share Capital D'000	General Reserve D'000	Special reserve D'000	Revaluation Reserve D'000	Retained Earnings D'000	Equity Fair valuation D'000	Pension valuation D'000	Total D'000
Balance at 1 Jan 2019	100,000	58,513	-	369,610	4,940,057	268,425	(15,492)	5,721,113
Additional share capital	180,000	-	-	-	-	-	-	180,000
Profit for the year	-	-	-	-	496,316	-	-	496,316
Revaluation Reserve	-	-	-	287,172	(287,172)	-	(26,229)	(26,229)
Fair valuation	-	-	-	-	-	6,621	-	6,621
Balance at 31 Dec 2019	**280,000**	**58,513**	**-**	**656,782**	**5,149,201**	**275,046**	**(41,721)**	**6,377,821**
Balance at 1 Jan 2020	280,000	58,513	-	656,782	5,149,201	275,046	(41,721)	6,377,821
Transfer to reserves	-	410,000	3,887,878	-	(4,297,878)	-	-	-
Appropriation	-	-	-	-	(612,122)	-	-	(612,122)
Additional share capital	180,000	-	-	-	-	-	-	180,000
Profit for the year	-	-	-	-	264,185	-	-	264,185
Equity valuations	-	-	-	-	-	223,985	-	223,985
Unrealised gains	-	-	-	145,025	(145,025)	-	-	-
Pension valuation	-	-	-	-	-	-	(186,877)	(186,877)
Balance at 31 Dec 2020	**460,000**	**468,513**	**3,887,878**	**801,807**	**358,361**	**499,031**	**(228,598)**	**6,246,992**

The notes on pages 24 to 92 form an integral part of these financial statements

Consolidated and separate statement of changes in equity - continued

Group	Share Capital	Share premium	General Reserve	Special reserve	Revaluation Reserve	Retained Earnings	Equity Fair valuation	Pension valuation	NCI	Total
	D' 000	D' 000	D' 000		D' 000	D' 000	D' 000	D' 000	D' 000	D' 000
Balance at 1 Jan 2019	100,000	15,377	58,513	-	369,610	4,911,032	241,893	(15,492)	27,060	**5,707,993**
Additional share capital	180,000	2,268	-	-	-	-	-	-	-	**182,268**
Profit for the year	-	-	-	-		498,138	-	-	-	**498,138**
Revaluation reserve	-	-	-	-	287,172	(292,185)	-	(26,229)	-	**(31,242)**
Fair valuation	-	-	-	-	-	-	6,621	-	-	**6,621**
Movement in NCI	-	-	-	-	-	(911)	-	-	911	-
Balance at 31 Dec 2019	**280,000**	**17,645**	**58,513**	-	**656,782**	**5,116,074**	**248,514**	**(41,721)**	**27,971**	**6,363,778**
Balance at 1 Jan 2020	280,000	17,645	58,513	-	656,782	5,116,074	248,514	(41,721)	27,971	6,363,778
Transfer to reserves	-	-	410,000	3,887,878	-	(4,297,878)	-	-	-	-
Appropriation	-	-	-	-	-	(612,122)	-	-	-	(612,122)
Additional share capital	180,000	-	-	-	-	-	-	-	-	180,000
Profit for the year	-	-	-	-	-	276,302	-	-	-	276,302
Unrealised gains	-	-	-	-	146,256	(145,025)	-	-	-	1,231
Equity Valuation	-	-	-	-	-	-	223,985	-	-	223,985
Pension valuation	-	-	-	-	-	-	-	(186,877)	-	(186,877)
Movement in NCI	-	-	-	-	-	(6,051)	-	-	6,051	-
Balance at 31 Dec 2020	**460,000**	**17,645**	**468,513**	**3,887,878**	**803,038**	**331,300**	**472,499**	**(228,598)**	**34,022**	**6,246,297**

The notes on pages 24 to 92 form an integral part of these financial statements

Consolidated and separate statement of cash flows

	Group		Bank	
	2020	2019	**2020**	2019
	D'000	D'000	**D'000**	D'000
Operating activities				
Net income from operations	**276,302**	498,138	**264,185**	496,316
GG Obligations paid from retained earnings	**(612,122)**	-	**(612,122)**	-
Depreciation and amortization	**27,250**	26,023	**26,628**	25,970
Tax paid	**166**	-	**-**	-
Interest income	**(633,709)**	(772,335)	**(616,276)**	(769,880)
Interest expense	**7,655**	24,684	**7,655**	24,577
Exchange gains	**192,051**	273,722	**189,867**	273,722
Pension valuation	**(186,877)**	-	**(186,877)**	-
Equity fair valuation	**223,985**	6,621	**223,985**	6,621
	(705,299)	56,853	**(702,955)**	57,326
Change in receivable from IMF	**-**	(125,022)	**-**	(125,022)
Change in loans and advances	**(1,091,797)**	16,434	**(1,091,797)**	16,434
Change in other assets	**76,502**	36,306	**32,669**	58,455
Change in provisions and other liabilities	**415,686**	150,695	**428,903**	161,053
Change in deposits	**3,808,753**	1,441,167	**3,808,753**	1,441,167
Change in currency in circulation	**2,472,325**	1,252,640	**2,472,325**	1,252,640
Cash absorbed by operations	**4,976,170**	2,829,073	**4,947,898**	2,862,053
Interest paid	**(7,655)**	(24,684)	**(7,655)**	(24,577)
Interest received	**443,080**	469,810	**426,736**	470,099
Net cash from operating activities	**5,411,595**	3,274,199	**5,366,979**	3,307,575
Cash flows from investing activities				
Purchase of securities	**(2,278,538)**	(913,533)	**(2,256,253)**	(913,533)
Acquisition of property, plant and equipment	**(33,186)**	(36,381)	**(30,487)**	(36,298)
Net cash used in investing activities	**(2,311,724)**	(949,914)	**(2,286,740)**	(949,831)
Cash flows from financing activities				
Additional shares	**180,000**	180,000	**180,000**	180,000
Long term loan from IMF	**1,087,434**	(173,141)	**1,087,434**	(173,141)
Net cash from financing activities	**1,267,434**	6,859	**1,267,434**	6,859
Change in cash and cash equivalents	**4,367,305**	2,331,144	**4,347,673**	2,364,603
Cash and cash equivalents at 1 January	**7,800,176**	5,469,032	**7,794,297**	5,429,694
Cash and cash equivalents at 31 December	**12,167,481**	7,800,176	**12,141,970**	7,794,297

The notes on pages 24 to 92 form an integral part of these financial statements.

Notes to the consolidated and separate financial statements

1. General information

The Central Bank of The Gambia (the "Bank") was established in 1971 by the Government of The Gambia under the Central Bank of The Gambia Act 1971 (superseded by the Central Bank of The Gambia Act 1992 and the Central Bank of The Gambia Act 2018 (the "Act"). The registered office is: 1 - 2 Ecowas Avenue, Banjul, The Gambia.

The principal objectives of the Bank are to regulate the issue, supply, availability and international exchange of money, promote monetary stability and promote sound financial structure and credit exchange conditions conducive to the orderly and balanced economic development of the country. The responsibilities of the Bank also include acting as the banker for the commercial banks, government departments and for government projects and the issuing of currency notes and coins.

In accordance with the Act, the Board of Directors determine the monetary policy, the instruments for its implementation and decides on the Bank's monetary policy operations. The Bank ensures the implementation of the monetary policy mainly by using the following instruments – base interest rate, issues of treasury bills and other Gambian Government bonds, direct purchase or direct sale of government securities and foreign exchange operations, overnight refinancing and overnight money withdrawing operations, minimum reserves requirements and the exchange rate regime for the country. The Bank ensures the administration of foreign exchange reserves especially by means of financial operations related to securities denominated in foreign currencies, acceptance of loans from foreign entities, purchase of foreign currency from banks and branches of foreign banks, and financial transactions with foreign currencies.

All the costs necessary for the Bank's activities are covered from its revenues or from transfers of redeemable interest- bearing notes issued by The Gambia Government. Profits generated is allocated to the reserve fund and to other reserves or used to settle losses from previous years. The remaining profit is transferred to the Consolidated Revenue Fund (CRF) as stipulated in Section 8 (5) of the Act. The Bank may settle the loss for the current period from the reserve fund or from other reserves; alternatively, the Board may decide to transfer the outstanding loss to the next accounting period. The Bank is expected to submit an annual report on its financial results to the National Assembly of The Gambia, within six months of the end of the calendar year.

As a member, The Bank is also obliged to certain reporting requirements of the International Monetary Fund (IMF) under the terms of various agreements with the IMF under the current Poverty Reduction Growth Facility (PRGF) and Extended Credit Facility (ECF) program through a Technical Memorandum of Understanding (TMU).

2. Summary of significant accounting policies

2.1 Statement of Compliance and basis of preparation

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations as issued by the International Accounting Standard Board (IASB) and the Central Bank of The Gambia Act, 2018.

Notes to the consolidated and separate financial statements

2.2 Going concern

The Group has reviewed its business activities, together with the factors likely to affect its future development, performance and position. Based on the above, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the reasonable future. Thus, the Group continues to adopt the going concern basis of accounting in preparing the annual financial statements.

2.3 Basis of measurement

The financial statements are presented in Gambian Dalasi which represents the functional currency of the Group, being the currency of the economic environment in which the entities operate.

The financial statements are prepared under the historical cost convention, as modified by the revaluation of certain financial instruments to fair value and the option chosen by the Group to revalue certain items of property to fair value.

2.4 Changes in accounting policies and disclosures

Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7.

In September 2019, the IASB issued *Interest Rate Benchmark Reform* (*Amendments to IFRS 9, IAS 39 and IFRS 7*).

These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

● The Company will retain the cumulative gain or loss in the cash flow hedge reserve for designated cash flow hedges that are subject to interest rate benchmark reforms even though there is uncertainty arising from the interest rate benchmark reform with respect to the timing and amount of the cash flows of the hedged items. Should the Company consider the hedged future cash flows are no longer expected to occur due to reasons other than interest rate benchmark reform, the cumulative gain or loss will be immediately reclassified to profit or loss.

The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9.

Impact of the initial application of *Covid-19-Related Rent Concessions* Amendment to IFRS 16

In May 2020, the IASB issued *Covid-19-Related Rent Concessions* (*Amendment to IFRS 16*) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16.

Notes to the consolidated and separate financial statements

The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and

c) There is no substantive change to other terms and conditions of the lease.

In the current financial year, the Group has applied the amendment to IFRS 16 (as issued by the IASB in May 2020) in advance of its effective date.

Impact on accounting for changes in lease payments applying the exemption

The Group does not have a lease.

Notes to the consolidated and separate financial statements

Impact of the initial application of other new and amended IFRS Standards that are effective for the current year

Amendments to References to the Conceptual Framework in IFRS Standards

The Group has adopted the amendments included in *Amendments to References to the Conceptual Framework in IFRS Standards* for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new *Framework*. Not all amendments, however, update those pronouncements with regard to references to and quotes from the *Framework* so that they refer to the revised *Conceptual Framework*. Some pronouncements are only updated to indicate which version of the *Framework* they are referencing to (the IASC *Framework* adopted by the IASB in 2001, the IASB *Framework* of 2010, or the new revised *Framework* of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised *Conceptual Framework*.

The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Amendments to IFRS 3 Definition of a business

The Group has adopted the amendments to IFRS 3 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.

Amendments to IAS 1 and IAS 8 Definition of material

The Group has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

Notes to the consolidated and separate financial statements

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 17 *Insurance Contracts*

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 *Insurance Contracts*.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the IASB issued *Amendments to IFRS 17* to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued *Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)* that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

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

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method,

Notes to the consolidated and separate financial statements

are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the re-measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 1 – *Classification of Liabilities as Current or Non-current*

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Amendments to IFRS 3 – *Reference to the Conceptual Framework*

The amendments update IFRS 3 so that it refers to the 2018 *Conceptual Framework* instead of the 1989 *Framework*.

They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 *Levies*, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same time or earlier.

Notes to the consolidated and separate financial statements

Amendments to IAS 16 – *Property, Plant and Equipment—Proceeds before Intended Use*

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 *Inventories*.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to IAS 37 – *Onerous Contracts—Cost of Fulfilling a Contract*

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

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated.

Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Notes to the consolidated and separate financial statements

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted

Annual Improvements to IFRS Standards 2018–2020

The *Annual Improvements* include amendments to four Standards.

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 *Fair Value Measurement* to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

Notes to the consolidated and separate financial statements

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.
The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

2.5 Use of significant estimates, assumptions and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The key 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 are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF model). The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Fair value of the quoted notes and bonds is based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining

Fair value measurement of financial instruments -continued

maturities. Derivatives valued using valuation techniques with market observable inputs are mainly interest rate swaps, foreign exchange forward contracts and commodity forward contracts.

Notes to the consolidated and separate financial statements

The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves of the underlying commodity. Details on fair value determination and the fair value hierarchy have been disclosed in note 26.

Taxes

Though the Central Bank of The Gambia is not subject to tax, the subsidiary is. Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates

The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile. As the Group assesses the probability for any litigation with respect to taxes as remote, no contingent liability has been recognised. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgementis required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Pension benefits

The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases.

Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Details on the Bank's pension benefit scheme including the assumptions used are disclosed in note 16.

Impairment losses on loans and advances

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

Notes to the consolidated and separate financial statements

Impairment losses on loans and advances-continued

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, using the general approach, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios and the associated ECL.

Details on the Group's impairments are disclosed in note 25.

2.6 Basis of consolidation

(i) Subsidiaries

The financial statements of the Group comprise the financial statements of the Bank and its subsidiary as at 31 December 2020. Control is achieved when the Group is exposed, 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. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Notes to the consolidated and separate financial statements

(i) Subsidiaries-continued

When the proportion of the equity held by non-controlling interests changes, the group adjust the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interests in the subsidiary. The Group recognises directly in equity any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, and attribute it to the owners of the parent.

Subsidiaries in the stand-alone financial statements of the Bank are accounted for at cost less impairment.

(ii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expense arising from intra-group transactions, are eliminated in preparing these 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) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iv) Disposal of subsidiaries

When the group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.7 Revenue recognition

2.7.1 Fair value gains and losses

Gains and losses arising from changes in the fair value of financial assets and liabilities held at fair value through profit or loss, as well as any interest receivable or payable, is included in the statement of comprehensive income in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets, other than foreign exchange gains and losses from monetary items, are recognised directly in equity, until the financial assets is derecognised or impaired at which time the cumulative gain or loss previously recognised in equity is recognised in the income statement.

Notes to the consolidated and separate financial statements

2.7.2 Dividend received

Dividends are recognised in the income statement when the Bank's right to receive payment is established, which is generally when shareholders approve the dividend.

2.7.3 Interest income and expense

Interest income and expense on available-for-sale assets and financial assets or liabilities held at amortised cost are recognised in the statement of profit or loss and other comprehensive income using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future receipts or payments through the expected life of the financial instruments or, when appropriate, a shorter period, to the carrying amount of the financial asset or financial liability. The effective interest rate is established on initial recognition of the financial asset or liability and is not revised subsequently. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses.

The calculation includes all fees received or paid between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of financial asset or liability. Interest income and expense on financial assets and liabilities held at fair value through profit or loss is recognised in the income statement in the period they arise.

2.8 Fees and commission

Fees and commission income and expenses that are an integral part to the effective interest rate on financial instruments are included in the measurement of the effective interest rate. Other fees and commission income, including account servicing fees, investment management fees, sales commission, placement and arrangement fees and syndication fees are recognised as the related services are performed. Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

2.9 Other operating income

Other operating income includes gains or losses arising on fair value changes in assets and liabilities and penalty charges to commercial banks and other financial institutions for non-compliance with laws and regulations.

2.10 Foreign currency

Transactions in currencies other than Dalasi are recorded at the rates prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated to Dalasi at the rates prevailing on the date. Non- monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are recognised in profit and loss and subsequently allocated to revaluation reserve account as per CBG Act 2018 section 32.

Notes to the consolidated and separate financial statements

2.11 Taxation

Under section 77 of the Central Bank of The Gambia Act 2018, the Bank is exempt from payment of income taxes. However, our subsidiary is subject to corporation tax.

2.12 Special drawing rights and International Monetary Fund Related Activities

The Bank, on behalf of the Government of The Gambia, manages assets and liabilities in respect of Special Drawing Rights (SDRs) with the International Monetary Fund (IMF). Receivables from and liabilities to the International Monetary Fund ('IMF'), excluding any long-term interest-bearing borrowings, are stated at their nominal amounts using the net method, i.e. receivables and liabilities are offset. Interest-bearing borrowings from the IMF are recorded as a financial liability under the amortised costs method. Exchange gains and losses arising from translation of SDRs are treated in accordance with note 2.6 above.

2.13 Financial assets and liabilities

(i) Financial assets

Measurement methods

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired ('POCI') financial assets – assets that are credit-impaired at initial recognition – the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

Notes to the consolidated and separate financial statements

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

(a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

(b) In all other cases, the differences are deferred, and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

Classification and subsequent measurement

The Group has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below.

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans and investment securities.

Classification and subsequent measurement of debt instruments depend on:

- the Group 's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represents solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost.

Notes to the consolidated and separate financial statements

The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

- Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'other operating income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within 'Net trading income' in the period in which it arises. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Business model: The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVPL.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the `SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Notes to the consolidated and separate financial statements

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Impairment

The Group assesses on a forward-looking basis the expected credit loss ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognizes the original financial asset and recognizes a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for

Notes to the consolidated and separate financial statements

impairment calculation purposes, including for determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in equity as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

Derecognition other than on a modification

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group 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 Group 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 that the Group could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

(ii) Financial liabilities

Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost except for:

Notes to the consolidated and separate financial statements

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss;
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Group recognises any expense incurred on the financial liability; and
- Financial guarantee contracts and loan commitments.

Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

(ii) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the Effective Interest Rate (EIR).

(iii) Loan commitments

Loan commitments provided by the Group are measured as the amount of the loss allowance. The Group has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

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For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

(iv) Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial instruments is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis.

If the above criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, LIBOR yield curve, FX rates, volatilities and counterparty spreads) existing at the reporting dates.

The Group uses widely recognised valuation models for determining fair values of non-standardised financial instruments of lower complexity, such as options or interest rate and currency swaps. For these financial instruments, inputs into models are generally market-observable.

For more complex instruments, the Group uses internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models such as present value techniques are used primarily to value derivatives transacted in the over-the-counter market, unlisted debt securities (including those with embedded derivatives) and other debt instruments for which markets were or have become illiquid. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The Group uses its own credit risk spreads in determining the current value for its derivative liabilities and all other liabilities for which it has elected the fair value option. When the Group’s credit spreads widen, the Group recognises a gain on these liabilities because the value of the liabilities has decreased. When the Group’s credit spreads narrow, the Group recognises a loss on these liabilities because the value of the liabilities has increased.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the

Notes to the consolidated and separate financial statements

positions the Group holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risks, liquidity risk and counterparty credit risk. Based on the established fair value model governance policies, related controls and procedures applied, the directors believe that these valuation adjustments are necessary and appropriate to fairly state the values of financial instruments carried at fair value. Price data and parameters used in the measurement procedures applied are generally reviewed carefully and adjusted, if necessary – particularly in view of the current market developments.

In cases when the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less impairment.

(v) Repurchase and reverse repurchase agreements

Securities may be lent subject to a commitment to repurchase it at a specified date ('a repo'). Such securities are not derecognised but retained on the statement of financial position when substantially all the risks and rewards of ownership remain with the Group. Any cash received, including accrued interest, is recognised on the statement of financial position reflecting its economic substance as a loan to the Group.

Conversely, securities borrowed or purchased securities subject to a commitment to resell at a specified date (a 'reverse repo') is not recognised on the statement of financial position as the transactions are treated as collateralised loans. However, where the securities borrowed is sold to third parties, the obligation to repurchase the securities is recorded as a trading liability at fair value and any subsequent gain or loss included in net trading income.

(vii) Offsetting financial instruments

Netting occurs if, and only if, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise an asset and settle the liability simultaneously. In many cases, even though master netting agreements are in place, the lack of an intention to settle on a net basis results in the related assets and liabilities being presented gross in the statement of financial position.

2.14 Securities

(i) Domestic securities

Domestic securities consist of Government of The Gambia redeemable and negotiable interest bearing securities. These securities are classified as held to maturity and are stated in the statement of financial position at cost.

(ii) Foreign securities

This represents interest bearing short-term instruments with fixed maturities held with correspondent banks. These securities are stated at amortised cost.

Notes to the consolidated and separate financial statements

2.15 Equity shares and participation Interest

Equity investments are classified as Hold to collect and sale financial assets and measured at fair through OCI. Where the fair value of these investments cannot be reliably measured, they are stated at cost less provision for impairments.

2.16 Property, plant and equipment

Recognition and measurement

Items of property and equipment are measured initially at cost and subsequently at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and labour and any other costs directly attributable to bringing the asset to a working condition for its intended use.

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

Properties in the course of construction for rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss.

Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Leasehold land is recognised as PPE and transferred from intangible assets carried at cost less accumulated depreciation. Leasehold land is depreciated over 99 years.

The regional initiative through the establishment of a modern payment system infrastructure for the West African Monetary Zone through a grant from the AfDB, the Bank is recognising the whole of the grant over the depreciable useful life and the depreciation expenses is recognised corresponding to the useful lives of the assets.

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

Notes to the consolidated and separate financial statements

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

Subsequent costs

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

Depreciation and amortisation

The estimated useful lives of property, plant and equipment and intangible fixed assets are as follows:

Category	Number of years
Buildings	100
Furniture & fittings	10
Computer equipment	5
Motor Vehicles	5
Software	7
Leasehold land	99

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

2.17 Intangible assets

Software acquired by the Group is stated at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortization is recognized in the statement of comprehensive income on a straight-line basis over the estimated useful life of the software, from the date that it is available for use.

The estimated useful life of software is four years. During the year the Group reviews its software amortization and now adopt seven years that is 14.3% as useful economic life for software. The objective being to harness the impact of technological changes and the payment of significant licensee’s fees and maintenance cost of these software’s indicate that the period of economic benefits could be elongated.

In recognition of the grant from AfDB on the modernization of the payment system infrastructure, the development cost related to the project is correspondingly linked to the useful lives of the depreciable assets provided by the grant, these assets are fully amortised at end of the year.

Notes to the consolidated and separate financial statements

2.18 Deposits

This is mainly made up of government, commercial banks and other financial institutions' deposit accounts. They are categorised as other financial liabilities carried in the statement of financial position at amortised cost.

2.19 Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due.

A defined contribution plan is a retirement benefit plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

(ii) Defined benefit plans

The Group operates a defined benefit pension plan which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to Retained Earnings through

OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under other operating expenses in consolidated statement of profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

(iii) Termination Benefits

The group recognises a liability and expense for termination benefits at the earlier of the following dates:

- When the entity can no longer withdraw the offer of those benefits; and
- When the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

Notes to the consolidated and separate financial statements

For termination benefits payable as a result of an entity's decision to terminate an employee's employment, the group can no longer withdraw the offer when the entity has communicated to the affected employees a plan of termination meeting all of the following criteria:

- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made.
- The plan identifies the number of employees whose employment is to be terminated, their job classifications or functions and their locations (but the plan need not identify each individual employee) and the expected completion date.
- The plan establishes the termination benefits that employees will receive in sufficient detail that employees can determine the type and amount of benefits they will receive when their employment is terminated.

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.
(iv) Short-term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. An accrual 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.

When an employee has rendered service to the group during an accounting period, the group recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the group recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

2.19 Currency in circulation

The Bank administers the issue of bank notes and coins and their withdrawal from circulation. Currency in circulation represents the Bank’s liability arising from issued bank notes and coins. The liability is decreased by the Bank notes and coins in the Bank’s cash desk. The liability due to currency in circulation is stated at face value.

The stock of currency notes and coins are amortised when issued into circulation and the proportionate cost is recognised as an expense through the statement of profit or loss. The stock is issued on a first in first out basis and cost is determined based on the value of the order including cost of insurance and freight.

The receipt of new notes and coins are recorded in the vault register as an off balance sheet item to account for the movement of stock through receipts and issues of notes and coins. The Bank creates an asset when payment is made to the printing and minting firms, which forms part of the stock of currency notes and coins.

Notes to the consolidated and separate financial statements

2.20 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 economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flow at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2.21 Cash and cash equivalents

Cash and cash equivalents include foreign currency notes and foreign currency deposits, unrestricted balances held with foreign banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used in the management of short-term commitments.

2.22 Share capital

Share capital represents contributions by the sole shareholder (The Government of The Gambia) and may not be distributed under current legislation. With the advent of the new CBG Act, the Bank's share capital is required to be increased to a billion Dalasis (CBG Act 2018, section 30).

Subsequently the Bank signed a capital augmentation agreement with the Ministry of Finance to increase the capital from D100 million at end 2018 to D 1 billion in five years' time (1st Jan 2019 to 31st Dec 2023) at a rate of D 90 million per six months (30th June and 31st December).

2.23 General reserve fund

The general reserve fund, the use of funds which is subject to the Central Bank Act, section 33. Under this Act:

- All distributable earnings shall first be applied to the general reserve account until the aggregate amount of the authorized share capital and general reserves equals 10% of the Bank's monetary liabilities.
- Any remaining distributable earnings shall be transferred to the Ministry as Revenue for the budget of the Government.
- A distribution shall not be made from the current income of the bank except as permitted under section 33 (1)
- If in any financial year the Bank incurs a net loss, this loss shall first be charged to the general reserve account, and subsequently applied against the authorized capital account.

2.24 Revaluation reserve

The revaluation reserve includes profits or losses arising from the revaluation of the Bank's assets and liabilities held in other currencies as a result of a change in the par value of the Dalasi or any change in the par value of the currency unit of any country.

In the CBG Act, 2018, The Bank is required to establish unrealized revaluation account to account for unrealized gains and losses emanating from currency other than our functional currency (GMD) – section 31 and 32.

Notes to the consolidated and separate financial statements

2.25 Retained earnings

Retained earnings is the accumulated profit of the Bank over the years.

2.26 Pension valuation

The Bank operates an internal defined benefit scheme for its staff to ensure staff who serve the bank diligently for the required period will continue enjoy specified benefit payments upon retirement as set out in our internal pension rules. In accordance IAS 19 – Employee benefits, the Bank is required to regularly value the portfolio and assess if the scheme has adequate assets to meet the benefit obligations under the scheme; any short fall is made good by the Bank.

2.27 Equity fair valuation

The Bank, like other Central Banks in the subregion, is a shareholder in key national and regional institutions that are critical to the operations of central banks; namely:

- African Export-Import Bank
- Africa Reinsurance Corporation
- West Africa Central Bank
- Gamswitch Gambia Limited

In accordance with IFRS 9, these investments are kept at fair value based on their current market prices.

3. Foreign currency cash balances and deposits

	Group		**Bank**	
	2020	2019	**2020**	2019
	D'000	D'000	**D'000**	D'000
USD deposits	**10,799,535**	5,921,542	**10,799,535**	5,921,542
EUR deposits	**709,202**	1,636,615	**709,202**	1,636,615
GBP deposits	**432,811**	43,358	**432,811**	43,358
SDR deposits	**163,264**	122,756	**163,264**	122,756
Other deposits	**33,662**	42,786	**8,151**	36,907
Foreign currency cash held	**29,007**	33,119	**29,007**	33,119
	12,167,481	7,800,176	**12,141,970**	7,794,297

Notes to the consolidated and separate financial statements

4. Receivable from IMF

	Group 2020 D'000	2019 D'000	Bank 2020 D'000	2019 D'000
IMF quotas (GMD deposits at IMF)	**4,386,966**	4,386,966	**4,386,966**	4,386,966
	4,386,966	4,386,966	**4,386,966**	4,386,966

Membership in the Fund is quota based and is determined upon admission and periodically increased under general quota reviews. The IMF quota account reflects initial and subsequent quota payments.

5. Investment in securities

	Note	Group 2020 D'000	2019 D'000	Bank 2020 D'000	2019 D'000
Equity investments -FVOCI	5.1	**635,051**	404,185	**635,051**	404,185
Fixed term deposits – Amortised cost	5.2	**5,353,626**	3,104,558	**5,331,341**	3,104,558
Government instruments – Amortised cost	5.3	**14,020,219**	14,227,052	**14,020,219**	14,227,052
		20,008,896	17,735,795	**19,986,611**	17,735,795

5.1 Equity investments -FVOCI

	Group 2020 D'000	2019 D'000	Bank 2020 D'000	2019 D'000
African Export–Import Bank	334,827	116,775	334,827	116,775
African Reinsurance Corporation	300,224	287,410	300,224	287,410
	635,051	404,185	**635,051**	404,185

The Bank holds 118 shares in African Export–Import Bank representing a shareholding of 0.10% (2019: 113 shares, 0.10% shareholding) and 18,600 shares in African Reinsurance Corporation representing a shareholding of 0.65% (2019: 18,600 shares, 0.65% shareholding).

Notes to the consolidated and separate financial statements

5.2 Fixed term Deposits –Amortised cost

	Group 2020 D'000	2019 D'000	Bank 2020 D'000	2019 D'000
Fixed term investment Euro	**928,936**	570,891	**928,936**	570,891
Fixed term investment USD	**3,030,590**	1,190,479	**3,030,590**	1,190,479
Fixed term investment GBP	**1,373,280**	1,343,568	**1,373,280**	1,343,568
Treasury bill investments	**22,285**			
	5,355,091	3,104,938	**5,332,806**	3,104,938
Allowance for impairment	**(1,465)**	(380)	**(1,465)**	(380)
	5,353,626	3,104,558	**5,331,341**	3,104,558

The movement on impairment allowance is as follows:

	Group 2020 D'000	2019 D'000	Bank 2020 D'000	2019 D'000
At 1 January	**380**	132	**380**	132
Change in impairment	**1,085**	248	**1,085**	248
At 31 December	**1,465**	380	**1,465**	380

5.3 Government instruments

	Group 2020 D'000	2019 D'000	Bank 2020 D'000	2019 D'000
Government bonds	**14,020,219**	14,227,052	**14,020,219**	14,227,052
	14,020,219	14,227,052	**14,020,219**	14,227,052

Notes to the consolidated and separate financial statements

Government bonds

The Gambia Government through the Ministry of Finance & Economic Affairs signed an agreement with the Central Bank of The Gambia to convert the balances on the under listed accounts at 31 December 2016 into a single 7% 30 year bond payable in thirty years at a frequency of two payments per annum (i.e. 1st March and 1st September each year).

As per IFRS 9 an entity shall measure a financial asset at amortized cost using the effective interest rate method. The effective interest rate method uses the rate that exactly discounts estimated future cash payments of receipts through the expected life of a financial asset to its gross carrying amount.

The original consolidated amounts under the agreement are as follows:

Details	**D'000**
6.5% - 30 Year Government Bond	1,459,960
6% - 10 Year Government Bond	83,383
5% - Government perpetual Bond	250,000
5% - 20 Year Government Bond	2,188,761
Advance to Government (NAWEC Loan $18.14 million)	910,497
Advance to Government (Special Deposit T/Bills end Dec. 2015)	2,459,142
Overdrawn position Special Deposit T/Bills end Dec. 2016	721,023
Old Treasury Main Account overdrawn position	49,731
Overdrawn Net Government Treasury position	1,230,242
IFTC - GNPC Loan ($ 10.93 million)	598,691
CBG holdings of Treasury Bills maturing in 2017	827,736
	10,779,166

6. Investment in WACB

	Group		**Bank**	
		2019	**2020**	2019
		D'000	**D'000**	D'000
West African Central Bank (WACB)	**353,067**	347,630	**353,067**	347,630
	353,067	347,630	**353,067**	347,630

West African Central Bank (WACB)

The Bank's investment is in respect of capital contributions made towards establishment of the West African Central Bank. The Bank's contribution as at 31 December 2020 was 6.6% of capital contributed (2019: 6.6%).

Notes to the consolidated and separate financial statements

7. Receivable from Mega Bank

	Group		Bank	
	2020	2019	**2020**	2019
	D'000	D'000	**D'000**	D'000
MegaBank Gambia Limited	**300,000**	300,000	**300,000**	300,000
	300,000	300,000	**300,000**	300,000

Mega Bank Gambia Limited

Mega Bank is one of twelve commercial banks operating in the Gambia. On May 5, 2014, Central Bank of the Gambia (CBG) took over Keystone Bank (Gambia) Limited (KSB) and subsequently provided it with an amount of D 300 million, partly to enhance its risk bearing capacity and ensure continuity of operations as a going concern.

As the regulator of Banks in this jurisdiction, CBG then re-organized it, with the objective of creating a stronger, more efficient and competitive bank, which will contribute to economic growth and financial stability. The re-organization plan was approved by the Board of Directors and consequently KSB was divided into a good and bad bank. KSB, the good bank was renamed Megabank Gambia Limited (MBGL) and is continuing banking business as usual.

The Central Bank has signed an agreement with the Ministry of Finance and Economic affairs (MOFEA) indicating that upon disposal the Central Bank will recover its initial outlay and the cost of disposal and any profit or loss thereafter will be allocated to MOFEA.

8. Investment in subsidiary

	Group		Bank	
	2020	2019	**2020**	2019
	D'000	D'000	**D'000**	D'000
Gamswitch Limited			**73,800**	73,800
	-	-	**73,800**	73,800

The Central Bank of the Gambia has 50% equity interest in Gamswitch Company Limited as at the close of FY 2020 (2019: 50%). Gamswitch Company Limited has 8 directors of which 3 directors are from the Central Bank of the Gambia. The chairman of the board of directors of Gamswitch Company Limited is the Governor of the Central Bank of the Gambia. He was appointed the chairman of the board because of the Bank being the largest shareholder.

It is due to the facts above that we conclude that Gamswitch is a subsidiary of the Bank thus the consolidation.

Notes to the consolidated and separate financial statements

9. Loans and advances

	Note	Group 2020 D'000	2019 D'000	Bank 2020 D'000	2019 D'000
IMF on-lending to Government	9.1	**2,279,213**	1,222,461	**2,279,213**	1,222,461
Staff loans	9.2	**153,810**	118,765	**153,810**	118,765
		2,433,023	1,341,226	**2,433,023**	1,341,226

9.1 IMF on-lending to Government

	Group 2020 D'000	2019 D'000	Bank 2020 D'000	2019 D'000
Rapid credit facility	**1,919,298**	822,556	**1,919,298**	822,556
Special Credit Facility	**359,915**	399,905	**359,915**	399,905
	2,279,213	1,222,461	**2,279,213**	1,222,461

RCF Onward Lending Account 2017

The IMF financial assistance is intended to address urgent balance of payments and fiscal needs as well as a precariously low level of usable international reserves due to shocks to agriculture and tourism, and adverse impact of higher fuel and commodity prices. The shocks came at a time following the historical transition to democratically elected government which uncovered massive theft and embezzlement of funds by the previous regime which depleted state coffers. The IMF support under the RCF will help to cope with the acute impact of external shocks while the authorities implement economic and structural policies aimed at restoring macroeconomic stability and reducing poverty. This facility is meant for onward lending to the Gambia Government.

The CBG as the fiscal agent for the Fund has since signed an MOU with MOFEA regarding the terms and condition under which the funds will be lend to them, subsequent to the signing the funds have since been made available to the Gambia Government. The IMF facility has a grace period of five (5) years, the first repayment is due in June 2022 and the last repayment in December 2031.

Notes to the consolidated and separate financial statements

Special Credit Facility

An amount of SDR5.67 million equivalent to GMD399.9 million (2018: GMD388.5 million) is an on-lent from the Bank in response to the impact of the Ebola outbreak in the sub region on tourism. Although, The Gambia is Ebola free, the proceeds from the tourism industry were expected to be less than half during the 2014//2015 season which is among the main sources of foreign exchange earnings. Consequently, The Gambia Government requested from the IMF, an amount of SDR7.775 million for Balance of Payment support representing 25% of Gambia's quota with the fund to mitigate the impact. Since the revenue of Government was directly affected, an amount of SDR 5.67 million was on lend with the first principal repayment due 13th October 2020 and full repayment by 2025. In accordance with the current policy to waive interest charges on concessional loans by the Fund due to the global financial meltdown, the Bank has also extended same to Gambia Government.

9.2 Financial institutions

	Group		Bank	
	2020	2019	**2020**	2019
	D'000	D'000	**D'000**	D'000
Gamstar Financial Services Limited	**9,145**	9,145	**9,145**	9,145
Gambia Women Finance Association (GAWFA)	**4,910**	4,910	**4,910**	4,910
	14,055	14,055	**14,055**	14,055
Allowance for impairment	**(14,055)**	(14,055)	**(14,055)**	(14,055)
	-	-	**-**	-

Loans to financial institutions are in respect of liquidity support provided to institutions to help meet their obligations to their depositors. Impairment of D 14.055 million is made in respect of Gamstar and GAWFA as a result of non-performance of their facilities. Furthermore, the Bank is currently at the courts with Gamstar who refuse to acknowledge the existence of this facility.

9.3 Staff loans

	Group		Bank	
	2020	2019	**2020**	2019
	D'000	D'000	**D'000**	D'000
Personal loans	**9,641**	6,161	**9,641**	6,161
Transport loans	**31,630**	32,619	**31,630**	32,619
Housing loan	**114,291**	101,788	**114,291**	101,788
Staff loans amortisation adjustment	**-**	(20,051)	**-**	(20,051)
	155,562	120,517	**155,562**	120,517
Allowance for impairment	**(1,752)**	(1,752)	**(1,752)**	(1,752)
	153,810	118,765	**153,810**	118,765

Notes to the consolidated and separate financial statements

Staff loans impairment reconciliation:

	Group		Bank	
	2,020	2,019	**2,020**	2,019
	D'000	D'000	**D'000**	D'000
Balance 1 January	**1,752**	1,828	**1,752**	1,828
Additional impairment in year	**-**	-	**-**	-
Recoveries during the year	**-**	(76)	**-**	(76)
Balance at 31 December	**1,752**	1,752	**1,752**	1,752

10. Other assets

	Group		Bank	
	2020	2019	**2020**	2019
	D'000	D'000	**D'000**	D'000
WAMI Stabilisation & Cooperation Funds	**176,533**	173,814	**176,533**	173,814
Sundry receivables	**31,581**	79,069	**361**	4,016
Prepayments	**732**	5,060	**732**	5,060
Stock of commemorative coins	**1,230**	1,230	**1,230**	1,230
Stock of currency yet to be issued	**140,426**	167,831	**140,426**	167,831
	350,502	427,004	**319,282**	351,951
Allowance for impairment	**-**	-	**-**	-
	350,502	427,004	**319,282**	351,951

The WAMI Stabilization & Cooperation Fund relates to contribution made by the Bank towards the eventual realisation of the proposed West African Central Bank (WACB) under the Second West African Monetary Zone (WAMZ) under the ECOWAS Single Currency Program.

Notes to the consolidated and separate financial statements

11. Property, plant and equipment

Bank	Leasehold Land D'000	Building D'000	Furniture & Fittings D'000	Motor Vehicle D'000	Computer Equipment D'000	WIP D'000	Total D'000
Cost							
As at 1 Jan 2020	25,590	337,613	133,640	80,255	84,813	2,224	**664,135**
Additions in year	-	120	9,153	3,000	**2,066**	-	**14,339**
Disposal	-	-	(2,363)	(3,193)	(1,903)	-	**(7,459)**
As at 31 Dec 2020	**25,590**	**337,733**	**140,430**	**80,062**	**84,976**	**2,224**	**671,015**
Depreciation							
As at 1 Jan 2020	(3,006)	(50,391)	(113,741)	(70,539)	(83,235)	-	**(320,912)**
Charge in year	(256)	(3,377)	(14,049)	(3,029)	(808)	-	**(21,519)**
Disposal	-	-	2,036	3,193	1,903	-	**7,132**
As at 31 Dec 2020	**(3,262)**	**(53,768)**	**(125,754)**	**(70,375)**	**(82,140)**	**-**	**(335,299)**
Net Book Value							
As at 31 Dec 2020	**22,328**	**283,965**	**14,677**	**9,687**	**2,836**	**2,224**	**335,717**
As at 31 Dec 2019	22,584	287,222	19,899	9,716	1,578	2,224	343,223

Notes to the consolidated and separate financial statements

Property, plant and equipment (Continued)

Group	Leasehold Land D'ooo	Building D'ooo	Furniture & Fittings D'ooo	Motor Vehicle D'ooo	Computer Equipment D'ooo	WIP D'ooo	Total D'ooo
Cost							
As at 1 Jan 2020	25,590	337,613	133,640	80,255	85,036	2,224	**664,358**
Additions in year	-	120	9,463	3,000	2,066		**14,649**
Disposals in year	-	-	(2,363)	(3,193)	(1,903)	-	**(7,459)**
							-
As at 31 Dec 2020	**25,590**	**337,733**	**140,740**	**80,062**	**85,199**	**2,224**	**671,548**
Depreciation							
As at 1 Jan 2020	(3,006)	(50,391)	(113,741)	(70,539)	(83,293)	-	**(320,970)**
Charge in year	**(256)**	**(3,377)**	**(14,193)**	**(3,029)**	**(808)**	**-**	**(21,663)**
Disposals in year	-	-	2,036	3,193	1,903	-	**7,132**
As at 31 Dec 2020	**(3,262)**	**(53,768)**	**(125,898)**	**(70,375)**	**(82,198)**	**-**	**(335,501)**
Net Book Value							
As at 31 Dec 2020	**22,328**	**283,965**	**14,843**	**9,687**	**3,001**	**2,224**	**336,048**
As at 31 Dec 2019	22,584	287,222	19,899	9,716	1,743	2,224	343,388

Notes to the consolidated and separate financial statements

Replacement cost estimates are based on estimated cost of Equivalent Assets (EA) and estimating the residual asset value from the EA cost, useful life and age of existing assets (Depreciated Replacement Cost Methodology).

Rights of use of land were acquired as leasehold land for a period of 99 years and have been re-valued as at date of transition to IFRS 16. The fair value of these rights now represents the deemed costs for the rights of use of land.

IFRS 16 impact assessment
The leasehold land referenced under property, plant and equipment, lead to the acquisition of the property by the Bank from the Gambia Government. It is not a lease as the bank has no obligation to settle any future lease payments.

12. Intangibles

Bank	**Software**	**West Africa Monetary Zone payment system**	**Total**
	D'000	**D'000**	**D'000**
Cost			
As at 1 Jan 2020	102,523	50,626	153,149
Additions in year	16,147	-	16,147
As at 31st Dec 2020	**118,670**	**50,626**	**169,296**
Amortisation			
As at 1 Jan 2020	(85,740)	(50,626)	(136,366)
Charge in year	(5,109)	-	(5,109)
			-
As at 31 Dec 2020	**(90,849)**	**(50,626)**	**(141,475)**
Net Book Value:			
At 31 Dec 2020	**27,821**	**-**	**27,821**
At 31 Dec 2019	16,783	-	16,783

Notes to the consolidated and separate financial statements

Intangibles (Continued)

Group	**Software**	**West Africa Monetary Zone payment system**	**Total**
	D'000	**D'000**	**D'000**
Cost			
As at 1 Jan 2020	102,523	50,626	153,149
Additions in year	18,536	-	18,536
As at 31st Dec 2020	**121,059**	**50,626**	**171,685**
Amortisation			
As at 1 Jan 2020	(85,740)	(50,626)	(136,366)
Charge in year	(5,587)	-	(5,587)
			-
As at 31 Dec 2020	**(91,327)**	**(50,626)**	**(141,953)**
Net Book Value:			
At 31 Dec 2020	**29,732**	**-**	**29,732**
At 31 Dec 2019	16,783	-	16,783

The West African Monetary Zone (WAMZ) payment system represents the bank's counterpart funding under the modernisation of the payment system in the WAMZ implemented by WAMI at a cost of USD 23 million which is funded from the African Development Bank (AfDB) through a grant. This amount has now been transferred to development cost under intangibles to correspond with the depreciable assets provision.

13. Currency in circulation

	Group		**Bank**	
	2020	2019	**2020**	2019
	D'000	D'000	**D'000**	D'000
Coins in circulation	**71836**	71,314	**71,836**	71,314
Gold & Silver coins	**139**	139	**139**	139
Notes in circulation	**10,956,848**	8,485,045	**10,956,848**	8,485,045
	11,028,823	8,556,498	**11,028,823**	8,556,498

The liability for currency in circulation represents that part of the Bank's activity which relates to the issuing of notes and coins to the general public amounting to D11,028,823 (2019: D8,556,498). Changes in the level of the liability are mainly influenced both by the Government's fiscal policies and monetary policies of the Bank.

Notes to the consolidated and separate financial statements

14. Deposits

	Group		Bank	
	2020	2019	**2020**	2019
	D'000	D'000	**D'000**	D'000
Commercial bank deposits	**7,565,952**	5,331,171	**7,565,952**	5,331,171
The Gambia Government deposits	**5,835,346**	4,256,095	**5,835,346**	4,256,095
IMF account 1 & 2	**3,696,494**	3,630,074	**3,696,494**	3,630,074
Other deposits	**256,802**	328,501	**256,802**	328,501
	17,354,594	13,545,841	**17,354,594**	13,545,841

As stipulated under the provisions of the Central Bank of The Gambia Act, 2018, one of the principal objectives of the Bank is acting as banker and adviser to the Government. Relying on this provision, the Bank receives deposits which represent all receipts accruing to the Government through the Consolidated Revenue Fund (CRF) account and other relevant Government accounts. The Bank also facilitates the operation of the Government’s cash management system through the Treasury Main Account (TMA) as the expenditure account with maintenance holding accounts which fund the TMA.

Commercial banks’ deposit also includes their minimum required reserves. Currently, commercial banks are required to maintain 15% (2019: 15%) of their total demand deposits as a minimum reserve requirement.

Deposits accounts (The Gambia Government and Commercial Banks) do not bear interest and are repayable on demand, except for the minimum reserve requirement of the commercial banks.

Notes to the consolidated and separate financial statements

15. Long term loan from IMF

	Group 2020 D'000	2019 D'000	Bank 2020 D'000	2019 D'000
Within 1 year	**208,381**	244,720	**208,381**	244,720
After 2 years	**197,413**	266,640	**197,413**	266,640
After 3 years	**285,153**	192,448	**285,153**	192,448
After 4 years	**274,185**	271,593	**274,185**	271,593
5 years and after	**1,997,762**	900,059	**1,997,762**	900,059
	2,962,894	1,875,460	**2,962,894**	1,875,460
SDR allocations	**2,099,541**	2,099,541	**2,099,541**	2,099,541
	5,062,435	3,975,001	**5,062,435**	3,975,001

IMF Loans analysis

	Group 2020 D'000	2019 D'000	Bank 2020 D'000	2019 D'000
Opening Balance	**1,875,459**	2,108,435	**1,875,459**	2,108,435
Additional loans	**1,449,392**	-	**1,449,392**	-
Payments	**(96,292)**	(256,941)	**(96,292)**	(256,941)
Translation gain	**-**	54,455	**-**	54,455
Debt waived **	**(296,155)**	-	**(296,155)**	-
Amortisation adjustment	**30,490**	(30,490)	**30,490**	(30,490)
Closing balance	**2,962,894**	1,875,459	**2,962,894**	1,875,459

** During the year the IMF granted debt waiver to the tune of XDR 4.2 million to enable the Gambia to better respond to the impact of Covid-19 on the citizenry.

SDR Holdings analysis

	Group	2019 D'000	Bank 2020 D'000	2019 D'000
Opening Balance	**2,099,541**	2,039,707	**2,099,541**	2,039,707
Translation gain	**-**	59,834	**-**	59,834
Closing balance	**2,099,541**	2,099,541	**2,099,541**	2,099,541

Notes to the consolidated and separate financial statements

The liabilities to the IMF under the Poverty Reduction Growth facility (PRGF) includes: Extended Credit Facility (ECF) and the rapid credit facility (RCF). The total of these facilities is SDR 42.01 million (2019: SDR 26.09 million). An additional SDR 20.6 million was disbursed by the IMF in the first half of 2020.

The Bank, on behalf of the Government of The Gambia, manages assets and liabilities in respect of Special Drawing Rights (SDR) with the International Monetary Fund (IMF). The allocations of SDR represents Gambia's share of SDR distributed by decision of the IMF based on the country's IMF quota, allocations of SDR are non-current. The SDR allocation stands at SDR 29.8 million (2019: SDR 29.8 million).

16. Other payables

	Group		Bank	
	2020	2019	**2020**	2019
	D'000	D'000	**D'000**	D'000
Accounts payable	**307,744**	130,373	**299,621**	109,033
Provisions and other liabilities	**199,789**	147,398	**199,789**	147,398
Net pension (asset)/liability	**166,003**	(19,921)	**166,003**	(19,921)
	673,536	257,850	**665,413**	236,510

The Bank operates a funded defined benefit plan for its employees. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee is entitled to receive on retirement, dependent on one or more factors such as age, years of service and salary. It is Management Policy that a full external actuarial valuation by a qualified independent actuary is carried out on every two years to determine the benefit obligation. Meanwhile, in between the periods, Management will perform an internal assessment of the Defined Benefit Obligation. The plan liability is measured on an actuarial basis using the projected unit credit method, adjusted for unrealised actuarial gains and losses. The defined benefit plan liability is discounted using rates equivalent to the long-term government bond rates. The value of defined benefit assets and obligations at the year-end are as follows:

Scheme Assets and obligations

	Group		Bank	
	2020	2019	**2020**	2019
	D'000	D'000	**D'000**	D'000
Defined benefit obligation	**393,551**	204,245	**393,551**	204,245
Plan assets	**(227,548)**	(224,166)	**(227,548)**	(224,166)
Total benefit liability / (asset)	**166,003**	(19,921)	**166,003**	(19,921)

Notes to the consolidated and separate financial statements

Where the defined benefit obligation exceeds the plan assets, the excess liability is recognised as part of other liabilities. For the year 2019, the plan assets exceeded the defined benefit obligation and the excess assets have not been recognised since no future economic benefits is available to the Bank in the form of a reduction in future contributions or a cash refund. However, for the year 2020, the defined benefit obligation exceeded the plan assets. There are no legal or contractual requirement for the employer to make any additional minimum funding to the plan other than those actuarially determined.

Changes in benefit obligations

	Group		**Bank**	
	2020	2019	**2020**	2019
	D'000	D'000	**D'000**	D'000
Benefit obligation as at 1 January	**204,245**	194,467	**204,245**	194,467
Interest cost	**19,779**	19,261	**19,779**	19,261
Current service cost	**11,792**	7,064	**11,792**	7,064
Benefit payments	**(24,711)**	(10,773)	**(24,711)**	(10,773)
Actuarial (gain)/loss from change in assumptions	**57,737**	-	**57,737**	-
Actuarial (gain)/loss - Experience adjustment	**124,709**	(5,774)	**124,709**	(5,774)
Benefit obligation as at 31 December	**393,551**	204,245	**393,551**	204,245

Changes in plan assets in the Year

	Group		**Bank**	
	2020	2019	**2020**	2019
	D'000	D'000	**D'000**	D'000
FV of plan asset at 1 January	**224,166**	188,833	**224,166**	188,833
Expected return on plan assets	**21,721**	20,038	**21,721**	20,038
Employer contributions	**10,803**	33,883	**10,803**	33,883
Benefit payments	**(24,711)**	(10,773)	**(24,711)**	(10,773)
Actuarial gain (loss) on obligation	**(4,431)**	(7,815)	**(4,431)**	(7,815)
FV of plan asset at 31 December	**227,548**	224,166	**227,548**	224,166

Notes to the consolidated and separate financial statements

Profit and loss charge

	Group		Bank	
	2020	2019	**2020**	2019
	D'000	D'000	**D'000**	D'000
Current service cost	**11,792**	7,064	**11,792**	7,064
Net interest cost	**(1,943)**	(777)	**(1,943)**	(777)
Expense for the year	**9,849**	6,287	**9,849**	6,287

Other comprehensive income

	Group		Bank	
	2020	2019	**2020**	2019
	D'000	D'000	**D'000**	D'000
Return on plan assets - other than interest	**(4,431)**	(7,815)	**(4,431)**	(7,815)
Actuarial gain/ (loss - changes in financial assumptions	**(57,737)**	-	**(57,737)**	-
Actuarial gain/ (loss - experience adjustments	**(124,709)**	5,774	**(124,709)**	5,774
	(186,877)	(2,041)	**(186,877)**	(2,041)

Movement in Balance sheet

	Group		Bank	
	2020	2019	**2020**	2019
	D'000	D'000	**D'000**	D'000
Opening net liability	**(19,921)**	5,634	**(19,921)**	5,634
Total expenses for the period	**9,850**	6,287	**9,850**	6,287
Total charge to OCI	**186,877**	2,040	**186,877**	2,040
Employer contribution	**(10,803)**	(33,883)	**(10,803)**	(33,882)
Closing net liability	**166,003**	(19,922)	**166,003**	(19,921)

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out on behalf of the Bank by Muhanna and Co. of Cyprus in December 2020.

Notes to the consolidated and separate financial statements

17. Taxation

	Group		Bank	
	2020 D'000	**2019 D'000**	2020 D'000	**2019 D'000**
Balance @ 1st Jan	**-**	-	-	-
Charge for the period	**196**	166	-	-
Payments in the period	**(166)**	(166)	-	-
Balance @ 31st Dec	30	-	-	-

The Bank, by virtue of section 77 of the CBG Act, 2018, is exempted from corporation tax. However, the subsidiary is a taxable entity and its tax charge, payment and obligation relating to 2020 are presented in the table above.

18. Share capital and reserves

(i) Share capital

Share capital represents contributions by the sole shareholder (The Government of The Gambia) and may not be distributed under current legislation.

With the advent of the new CBG Act, the Bank's share capital is required to be increased to a billion Dalasis (CBG Act 2018, section 30).

Subsequently the Bank signed a capital augmentation agreement with the Ministry of Finance to increase the capital from D100 million at end 2018 to D 1 billion in five years' time (1 January 2019 to 31 December 2023) at a rate of D 90 million per six months (30th June and 31st December).

During the period under year a total of GMD 180 million was paid toward share capital increasing the capital from GMD 280 million to GMD 460 million as at end of 2020.

(ii) General reserve fund

The General Reserve Fund, the use of funds which is subject to the Central Bank Act, sections 33, under this Act:

- All distributable earnings shall first be applied to the general reserve account until the aggregate amount of the authorized share capital and general reserves equals 10% of the Bank's monetary liabilities.

- Any remaining distributable earnings shall be transferred to the Ministry as Revenue for the budget of the Government.
- A distribution shall not be made from the current income of the bank except as permitted under section 33 (1)

Notes to the consolidated and separate financial statements

- If in any financial year the Bank incurs a net loss, this loss shall first be charged to the general reserve account, and subsequently applied against the authorized capital account.

(iii) Revaluation reserve

The Revaluation Reserve includes profits or losses arising from the revaluation of the Bank's assets and liabilities held in other currencies as a result of a change in the par value of the Dalasi or any change in the par value of the currency unit of any country.

In the CBG Act 2018, The Bank is required to establish unrealized revaluation account to account for unrealized gains and losses emanating from currency other than our functional currency (GMD) – section 31 and 32.

(iv) Retained earnings

Retained earnings is the accumulation of undistributed profits over the years.

(v) Equity fair valuation

The Bank, like other Central Banks in the subregion, is a shareholder in key national and regional institutions that are critical to the operations of central banks; namely:

- African Export-Import Bank
- African reinsurance corporation
- West Africa central Bank
- Gamswitch Gambia Ltd

In accordance with IFRS 9, these investments are kept at fair value based on their current market prices.

(vi) Pension valuation

The Bank operates an internal defined benefit scheme for its staff to ensure staff who serve the bank diligently for the required period will continue enjoy specified benefit payments upon retirement as set out in our internal pension rules.

In accordance IAS 19 – Employee benefits, the Bank is required to regularly value the portfolio and assess if the scheme has adequate assets to meet the benefit obligations under the scheme; any short fall is made good by the Bank.

(vii) Special Reserve

During the year the board created a special reserve account in accordance with section 31(3).

Notes to the consolidated and separate financial statements

(viii) Appropriations

The board transferred GMD 3,887.9 million from retained earnings into the special reserve and GMD 410 million into the general reserve.

The board also resolved to defray the following obligation of the Gambia Government to the Bank from the retained earnings:

	Group 2020 D'000	2019 D'000	Bank 2020 D'000	2019 D'000
2020 capital argumentation	180,000	-	180,000	-
Sept 2020 bond principal payment	179,653	-	179,653	-
Sept 2020 bond interest payment	252,469	-	252,469	-
Total payment	**612,122**	-	**612,122**	-

19. Interest income

	Group 2020 D'000	2019 D'000	Bank 2020 D'000	2019 D'000
Government Bonds	**553,719**	565,270	**553,719**	565,270
USD deposits	**49,023**	143,595	**49,023**	143,595
EUR deposits	**347**	249	**347**	249
GBP deposits	**7,968**	9,176	**7,968**	9,176
Other interest income	**22,652**	11,391	**5,219**	8,936
Other facility interest income	-	42,654	-	42,654
	633,709	772,335	**616,276**	769,880

20. Interest expense

	Group 2020 D'000	2019 D'000	Bank 2020 D'000	2019 D'000
Interest on IMF Loan	**6,609**	21,356	**6,609**	21,356
Other interest expenses	**1,046**	3,328	**1,046**	3,221
	7,655	24,684	**7,655**	24,577

Notes to the consolidated and separate financial statements

21. Exchange gain & losses

	Group		Bank	
		2019	**2020**	2019
		D'000	**D'000**	D'000
Net exchange rate difference on FX deposits	**194,835**	229,899	**192,651**	228,956
Net exchange rate difference on XDR	**(2,784)**	44,766	**(2,784)**	44,766
	192,051	274,665	**189,867**	273,722

22. Other income

	Group		Bank	
	2020	2019	**2020**	2019
	D'000	D'000	**D'000**	D'000
Miscellaneous income	**17,757**	50,355	**17,757**	36,454
Rental income	**28**	41	**28**	41
	17,785	50,396	**17,785**	36,495

Notes to the consolidated and separate financial statements

23. Personnel cost

	Group 2020 D'000	2019 D'000	Bank 2020 D'000	2019 D'000
Salaries	**108,285**	84,355	**108,285**	80,889
Transport allowances	**39,966**	28,996	**39,966**	28,996
Contribution to provident fund	**6,325**	3,717	**6,325**	3,717
Professional allowances	**3,239**	2,994	**3,239**	2,994
Other pension costs	**9,850**	8,327	**9,850**	8,327
Other	**14,293**	19,469	**14,293**	19,469
	181,958	147,858	**181,958**	144,392
Staff numbers:				
Senior Management	**20**	21	**19**	20
Other staff	**267**	272	**263**	268
	287	293	**282**	288

24. General and administrative expenses

	Group 2020 D'000	2019 D'000	Bank 2020 D'000	2019 D'000
Contributions to regional organisations	**73,877**	70,333	**73,877**	70,333
Currency printing cost amortization	**116,707**	102,741	**116,707**	102,741
Training expenses	**18,119**	52,768	**18,119**	52,768
Travel and transport	**10,198**	39,439	**10,198**	39,439
Software license fees	**25,250**	38,572	**25,250**	38,572
Telecommunication	**5,084**	5,022	**5,084**	5,022
Other facility amortisation	**17,868**	-	**17,868**	-
Other costs and expenses	**82,320**	91,782	**75,442**	79,931
	349,423	400,657	**342,545**	388,806

Notes to the consolidated financial statements

25. IFRS 9 impairment adjustment

		Bank 2020 D'000	2019 D'000	Movement D'000
FX Deposits		-	129	129
Investment in securities	a	1,466	380	(1,086)
Loans & Advances	b	-	-	-
Other investments		-	-	-
Other assets		-	-	-
Balance at 31 Dec		**1,466**	**509**	**(957)**

25.1 Impairment of Financial Assets

a. Investment in securities

Investment in securities - Impairment	Gross carrying amounts	Loss allowance	Carrying amount
	D'000	**D'000**	**D'000**
Government bonds	14,020,219	-	**14,020,219**
Fixed Term investments	5,332,806	(1,466)	**5,331,341**
Equity investments	635,051	-	**635,051**
	19,988,076	(1,466)	**19,986,611**

b. Loans and Advances

Loans and Advances - Impairment	Gross carrying amounts	Loss allowance	Carrying amount
	D'000	D'000	D'000
IMF on-lending to Government	**2,279,213**	-	2,279,213
Staff loans	**153,810**	-	153,810
	2,433,023	**-**	**2,433,023**

Notes to the consolidated and separate financial statements

26. Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). The inputs used include published rates and discounted cash flow techniques. Also included in this level are items of property, plant and equipment carried at market values. The main input into the valuation is recent market transactions.
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. As at 31 December 2020 and 31 December 2019, the Group did not hold any level 3 financial assets and/or liabilities.

This hierarchy requires the use of observable market data when available. The group considers relevant observable market prices in its valuation where possible. There has been no movement of financial instruments between different levels in the current year. Financial instruments measured at fair value at 31 December 2020 and 31 December 2019 was classified as follows:

The fair value is determined by obtaining the latest valuation from the investee and calculating the difference between the nominal value and the latest fair valuation.

Equity Fair Valuation amounts at 31 December 2020

Details	Base ccy	Equity Fair valuation amounts @ end Dec 2019	Movement in 2020	Equity Fair valuation amounts @ end Dec 2020
Afreximbank	USD	54,281,845	211,562,197	**265,844,042**
Africa Re	USD	180,379,342	9,777,931	**190,157,273**
Gamswitch	GMD	28,800,000	-	**28,800,000**
WACB	USD	7,570,851	1,763,561	**9,334,412**
Stabilisation	USD	4,013,924	881,771	**4,895,695**
		275,045,962	223,985,460	**499,031,422**

Notes to the consolidated and separate financial statements

27.Related party transactions

The Bank's related parties include The Gambia Government as the sole shareholder of the Bank, Ministry of Finance, the Board of Directors and directors of functions (senior management) of the Bank.

Balances and transactions between the bank and its subsidiary, which is a related party, have been eliminated on consolidation and are not disclosed in this note.

Balances with related parties are as follows:

	Group		**Bank**	
	2020	2019	**2020**	2019
	D'000	D'000	**D'000**	D'000
Amounts receivable from:				
Ministry of Finance - GoG	**14,020,219**	14,227,052	**14,020,219**	14,227,052
Senior Management of the Bank	**20300**	18,064	**20,300**	18,064
	14,040,519	14,245,116	**14,040,519**	14,245,116

The related parties are:

a. The Government of the Gambia (GoG) as it is the sole shareholder of the Bank
b. The Senior management of the Bank is comprised of Deputy Directors, Directors and the Governors.

Remuneration of board of Directors and senior management

Remuneration paid to directors and senior management of the Bank for the year are as follows:

	Bank	
	2020	2019
	D'000	D'000
Director fees and sitting allowances	**3,440**	2,576
Senior management salaries	**2,037**	8,664
Other benefits to senior management	**20,300**	13,907
	25,777	25,147

Notes to the consolidated and separate financial statements

28. Risk management

The Bank is involved in policy-oriented activities. Therefore, elements of the Bank's risk management framework might differ from the risk management frameworks for most other financial institutions. The main financial risks to which the Bank is exposed include credit risk, liquidity risk, market risk, interest rate risk, currency risk on both foreign and local currency assets. In the management of foreign reserves, minimizing liquidity risk is a major consideration in order to maintain an effective foreign exchange intervention capability. The nature of the Bank's operations creates exposure to a broad range of enterprise risks, including operational and reputational risks.

The Bank seeks to ensure that strong and effective risk management and control systems are in place for identifying, assessing, monitoring, and managing risk exposures thus the overall risk management framework is designed to promote the sound and prudent management of the Bank's risks.

The Bank is subject to an annual external audit. Auditing arrangements are overseen by the Audit Committee of the Board of Directors, which monitors the financial reporting, risk and audit functions within the Bank. The committee reviews the internal audit function and has direct access to the external auditor. The Audit Committee reports to the Board of Directors on its activities. The Board of Directors monitors the Bank's management of risk through internal risk reports which analyse exposures by degree and magnitude of risks as part of its role of keeping the Bank's performance and use of resources under constant review.

The Bank does not engage in any derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Bank's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non- derivative financial instruments. Compliance with policies and exposure limits is reviewed by the internal auditors on continuous basis. The bank does not trade financial instruments, including derivatives financial instruments, for any purpose.

Capital risk management

The bank manages its capital to ensure that it fulfils its role as the Central Bank of The Gambia by applying appropriate structures, systems and procedures. These structures, systems and procedures evolve continuously in response to changes in the financial and economic environment in which the bank operates. An integral part of the Bank's strategy is to maintain its equity under the requirements of the Act which ensures that the Government makes grants of Redeemable Interest-Bearing Notes to cover losses from revaluation of monetary assets and liabilities denominated in foreign currencies.

The capital structure of the Bank consist of deposits of the Government and minimum reserves of the commercial banks and the long- term loan obtained from the IMF, deposits of the Bank in foreign banks, foreign cash held at the bank and equity, comprising share capital, reserves and retained earnings as disclosed in the statement of changes in equity.

Notes to the consolidated and separate financial statements

Gearing ratio

The Bank's board of directors reviews the capital structure on an annual basis, as ensured by the requirement of the government to grant Interest- Bearing notes to cover losses relating to foreign currency denominated monetary assets and liabilities.

The gearing ratio was as follows:

	Bank	
	2020	2019
	D'000	D'000
Debt	**23,132,969**	17,981,518
Equity	**6,246,992**	6,377,821
Debt to equity ratio	3.70	2.82

(a) Debt comprises all liabilities excluding currency in circulation.

(b) Equity comprises all capital, retained earnings and reserves of the Bank.

The improvement of the debt to equity ratio is mainly due to the increase in the equity which in turn was mainly due to the additional capital of GMD 180 invested by the Gambia Government and the improved profitability.

Operational risk

This is the risk of loss due to factors such as inadequate systems, management failure, ineffective controls, misappropriation, human errors or other external events. The Bank is strengthening its risk management capabilities through the formation of an enterprise Risk Management framework currently being developed and deployed during the current year.

Credit risk

Both the Bank and the Group are subject to credit risk through lending and investing activities and in cases where they act as intermediaries on behalf of customers or other third parties. Given the nature of the Bank's role and responsibility, transactions are made with the Gambia Government, other Central Banks and with reputable foreign commercial banks. Credit risk associated with trading and investing activities is managed through the group's credit risk management process.

Concentrations of credit risk that arise from financial instruments exist for counter parties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

The risk that counter parties to financial exposures might default on their obligations is monitored on an ongoing basis. The nature of the Group's main operation as a Central Bank makes its loan portfolio does not lend itself to normal aging analysis. The details of the are as below:

Notes to the consolidated and separate financial statements

Loans & Advances

Details	Stage 1	Stage 2	Stage 3	Total
Rapid/Extended Credit facility	2,279,212	-	-	2,279,212
Loan to financial institutions	-	-	-	-
Staff loans	153,811	-	-	153,811
	2,433,023	-	-	2,433,023

Rapid/Extended Credit facility	Stage 1	Stage 2	Stage 3	Total
Special Credit Facility	359,915	-	-	359,915
RCF Onward Lending Account 201	822,556	-	-	822,556
RCF On-Lending 2020	1,096,742	-	-	1,096,742
	2,279,213	-	-	2,279,213

These are IMF facilities extended to the Gambia through the Bank as the fiscal agent of the Gambia. The Bank is not expected to make either profit or loss as a result of these, rather it will serve as a conduit between IMF and Gambia Government.

Loan to financial institutions	Stage 1	Stage 2	Stage 3	Total
Gamstar Financial Services Ltd	-	-	9,145	9,145
GAWFA	-	-	4,910	4,910
Provisions on loans and advances	-	-	(14,055)	(14,055)
	-	-	-	-

These were facilities extended to the named financial institution in the form of liquidity support. However, the performance of the facilities are less than desirable thus the provisioning of the entire amount.

Staff loans	Stage 1	Stage 2	Stage 3	Total
Staff Personal Loans	9,641	-	-	9,641
Staff Transport Loans	31,630	-	-	31,630
Staff Housing Loan	114,291	-	-	114,291
Provision For Staff Loans	(1,752)	-	-	(1,752)
	153,810	-	-	153,810

Notes to the consolidated and separate financial statements

Foreign currency deposits

For banks and financial institutions, only reputable financial institutions are accepted based on the Bank's internal policy. The Risk Department manages the credit risk exposure, by assessing the counterparties' performances.

The Bank is mainly exposed to the USD, EUR, GBP, CHF and IMF SDR currencies.

The following table details the Bank's sensitivity to a 5% increase and decrease in the Dalasi against the USD, EUR, CHF and GBP currencies respectively. +-5% is a tolerable sensitivity rate used when reporting foreign currency risk internally to the Board and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A negative number below indicates an increase in exchange loss where the Dalasi weakens 5% against the relevant currency for assets and an increase in exchange gains for liabilities.

Currency	**Impact of Plus 5%**	**Impact of Minus 5%**
CHF	408	(408)
EUR	82,823	(82,823)
GBP	90,305	(90,305)
USD	649,016	(649,016)
XDR	88,350	(88,350)
	910,902	(910,902)

No assessment is done in respect of the SDR because the rate changes twice in the year in the Bank's ledger, that is April and December.

The exchange rates at respective period ends are as below:

Currency	**31-Dec-20**	31-Dec-19
USD	**51.64**	**51.10**
EUR	**61.92**	**57.08**
GBP	**68.52**	**66.86**
CHF	**50.88**	**51.04**
SDR	**70.53**	**70.53**

Notes to the consolidated and separate financial statements

Exposure to credit risks

The Financial assets in which the credit risk assessment has been performed as at reporting date are classified at stage one (1).

Asset	Stage 1 D'000	Stage 2 D'000	Stage 3 D'000	**2020** **D'000**	2019 D'000
Foreign currency cash balances & Deposits	12,141,970	-	-	**12,141,970**	7,794,297
Receivable from IMF	4,386,966	-	-	**4,386,966**	4,386,966
Investment in securities	19,986,611	-	-	**19,986,611**	17,735,795
Investment in WACB	353,067	-	-	**353,067**	347,630
Receivables from Mega Bank	300,000	-	-	**300,000**	300,000
Investment in subsidiary	73,800	-	-	**73,800**	73,800
Loans and advances	2,433,023	-	-	**2,433,023**	1,341,226
	39,675,437	-	-	**39,675,437**	31,979,714

	Group **2020** **D'000**	2019 D'000	**Bank** **2020** **D'000**	2019 D'000
Financial assets				
Hold to collect	**39,261,725**	31,275,529	**39,261,725**	31,275,529
Hold to collect and sell	**413,712**	404,185	**413,712**	404,185
	39,675,437	31,679,714	**39,675,437**	31,679,714
Financial liabilities				
Liabilities at amortised cost	**5,062,435**	3,975,001	**5,062,435**	3,975,001
Other liabilities	**29,136,983**	22,360,189	**29,048,830**	22,338,849
	34,199,418	26,335,190	**34,111,265**	26,313,850

Notes to the consolidated and separate financial statements

The maximum exposure to credit risks at the reporting date as follows:

Cash balance & Deposits	2020			
USD Deposits				
Bank	**Carrying Amount**	**Maximum exposure**	**Collateral Type**	**Credit Rating**
	D'000	**D'000**		
Union Des BAnque Arabes Franc.	**167410**	167,410	None	A-
FRB NY	10,113,912	10,113,912	None	AA+
Stanchart London	518,213	518,213	None	A2
	10,799,535	10,799,535		
Euro Deposits				
Bank	**Carrying Amount**	**Maximum exposure**	**Collateral Type**	**Credit Rating**
	D'000	**D'000**		
Deutsche Bundesbank	492,820	492,820	None	AAAU
Union Des Banque Arabes Franc.	56,541	56,541	None	A-
BIS	6,582	6,582	None	N/A
Banque de France	153,259	153,259	None	AAAU
	709,202	709,202		
GBP Deposits				
Bank	**Carrying Amount**	**Maximum exposure**	**Collateral Type**	**Credit Rating**
	D'000	**D'000**		
Bank of England	15,505	15,505	None	AA3
Stanchart London	417,306	417,306	None	A2
	432,811	432,811		
SDR Deposits	**Carrying Amount**	**Maximum exposure**		
Bank	**D'000**	**D'000**	Collateral Type	**Credit Rating**
International Monetary Fund	163,264	163,264	None	N/A
	163,264	163,264		
Other FX Deposits -CHF				
Bank	Carrying Amount	Maximum exposure	Collateral Type	**Credit Rating**
	D'000	D'000		
BIS	5,492	5,492	None	N/A
Stanchart London	2,659	2,659	None	A2
	8,151	8,151		

Notes to the consolidated and separate financial statements

Cash balance & Deposits 2020

FX Cash Held

Account	Carrying Amount	Maximum exposure	Collateral Type	Credit Rating
	D'000	D'000		
Cash Holding Acct-USD	7,871	7,871	None	N/A
Cash Holding Acct-GBP	-	-	None	N/A
Cash Holding Acct - Eur	21,136	21,136	None	N/A
	29,007	29,007		

Cash balance & Deposits 2019

USD Deposits

Bank	Carrying amount	Maximum exposure	Collateral type	Credit rating
	D'000	D'000		
Union Des BAnque Arabes Franc.	44,062	44,062	None	A-
FRB NY	5,480,885	5,480,885	None	AAA
Stanchart London	396,724	396,724	None	A+
	5,921,671	5,921,671		

Euro Deposits

Bank	Carrying amount	Maximum exposure	Collateral type	Credit rating
	D'000	D'000		
Deutsche Bundesbank	1,275,661	1,275,661	None	AA
Union Des BAnque Arabes Franc.	51,562	51,562	None	A-
BIS	6,106	6,106	None	AA
Banque de France	303,286	303,286	None	AA
	1,636,615	1,636,615		

GBP Deposits

Bank	Carrying amount	Maximum exposure	Collateral type	Credit rating
	D'000	D'000		
Bank of England	37,074	37,074	None	AA
Stanchart London	6,284	6,284	None	A+
	43,358	43,358		

Notes to the consolidated and separate financial statements

	Cash balance & Deposits	2019		
SDR Deposits	**Carrying amount**	**Maximum exposure**	**Collateral type**	**Credit rating**
Bank	**D'000**	**D'000**		
International Monetary Fund	122,756	122,756	None	AA
	122,756	122,756		

Other FX Deposits -CHF

Bank	Carrying amount	Maximum exposure	Collateral type	Credit rating
	D'000	D'000		
BIS	10,690	10,690	None	AA
Stanchart London	26,217	26,217	None	A+
	36,907	36,907		

FX Cash Held

Account	Carrying amount	Maximum exposure	Collateral type	Credit rating
	D'000	D'000		
Cash Holding Acct-Usd	10,220	10,220	None	N/A
Mariam Bayo Usd Acc	881	881	None	N/A
Mariam Bayo Gbp Acc	215	215	None	N/A
Cash Holding Acct - Eur	21,349	21,349	None	N/A
Mariam Bayo Eur Acc	381	381	None	N/A
Isatou Jaiteh Usd Acc	73	73	None	N/A
	33,119	33,119		

Notes to the consolidated financial statements

Fixed Term investments 2020

USD Investments

Bank	Carrying Amount	Maximum exposure	Collateral Type	Credit Rating
	D'000	D'000		
SCB	1,041,004	1,041,004	None	A2
Santander	537,211	537,211		A2
UBAF	1,452,375	1,452,375	None	A-
	3,030,590	3,030,590		

EURO Investments

Bank	Carrying Amount	Maximum exposure	Collateral Type	Credit Rating
	D'000	D'000		
UBAF	928,936	928,936	None	A-
	928,936	928,936		

GBP Investments

Bank	Carrying Amount	Maximum exposure	Collateral Type	Credit Rating
	D'000	D'000		
SCB	1,029,261	1,029,261	None	A2
UBAF	344,019	344,019	None	A-
	1,373,280	1,373,280		

Notes to the consolidated financial statements

Fixed Term investments 2019

USD Investments

Bank	Carrying Amount D'000	Maximum exposure D'000	Collateral Type	Credit Rating
SCB	259,397	259,397	None	A+
UBAF	930,792	930,792	None	A-
	1,190,189	1,190,189		

EURO Investments

Bank	Carrying Amount D'000	Maximum exposure D'000	Collateral Type	Credit Rating
UBAF	570,889	570,889	None	A-
	570,889	570,889		

GBP Investments

Bank	Carrying Amount D'000	Maximum exposure D'000	Collateral Type	Credit Rating
SCB	133,946	133,946	None	A+
UBAF	1,209,534	1,209,534	None	A-
	1,343,480	1,343,480		

Notes to the consolidated financial statements

Risk limit control and mitigation policy

The Central Bank manages limits and controls the concentration of credit risk wherever identified. Exposure to credit risk is managed through regular analysis of the ability of the borrowers to meet interest and capital repayment obligations. The Central Bank employs policies and practices to mitigate credit risk. The most traditional of these is the taking of security for advances. The Central Bank of The Gambia implements guidelines on the acceptability of specific classes of collateral or other credit risk mitigation. The principal collateral for loans and advances to staff includes provident funds and property deeds for staff loans. Collateral on all loan and advances to the Government of The Gambia and other financial institutions is their deposit accounts held at the Bank when contracts are signed.

Impairment and provisioning policy

Loans are designated as impaired and considered non-performing where recognised weakness indicates that full payment of either interest or principal becomes questionable or as soon as payment of interest or principal is 90 days or more overdue. Where any amount is considered uncollectible, an individual impairment provision is raised, being the difference between the loan carrying amount and the present value of estimated future cash flows.

In any decision relating to the raising of provisions, the bank attempts to balance economic conditions, local knowledge and experience, and the results of independent asset reviews. Where it is considered that there is no realistic prospect of recovering an element of an account against which an impairment provision has been raised, then that amount will be written off.

A portfolio impairment provision is also held to cover the inherent risk of losses, which, although not identified, are known through experience to be present in the loan portfolio. The provision is estimated by using the historical loss rate, the migration or incident rate and the balance of the performing loan portfolio. The portfolio impairment provision is set with reference to past experience using loss rates, and judgmental factors such as the economic environment and the trends in key portfolio indicators.

Write off policy

The Group writes off a loan balance (and any related allowances for impairment losses) when the Group determines that the loans 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 pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

Modification of financial assets

The Group sometimes modifies the terms of loans provided to customers due to renegotiations or for distressed loans with a view to maximizing recovery. Such restructuring activities include extended payment term arrangements. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review.

Notes to the consolidated financial statements

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. The Group monitors the subsequent performance of modified assets. The Group may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for three consecutive months or more. There were no such assets held as at 31 December 2020.

The Group continues to monitor if there is a subsequent significant increase in credit risk in relation to such assets through the use of specific models for modified assets.

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.

Significant increase in credit risk (SICR)

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Qualitative criteria

For Loan portfolios, if the borrower meets one or more of the following criteria:

- In short-term forbearance
- Direct debit cancellation
- Extension to the terms granted
- Previous arrears within the last 12 months
- If the borrower is on the Watch list and/or the instrument meets one or more of the following criteria:
- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring

Notes to the consolidated financial statements

- Actual or expected significant adverse change in operating results of the borrower
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early signs of cashflow/liquidity problems such as delay in servicing of trade creditors/loans

The assessment of SICR incorporates forward-looking information and is performed on a quarterly basis at a portfolio level. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness.

Backstop

A backstop is applied, and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

Low credit risk exception

The Group has not used the low credit risk exemption for any financial instruments in the year ended 31 December 2020.

Definition of default and credit-impaired assets

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria

The borrower is more than 90 days past due on its contractual payments.

Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is in long-term forbearance
- The borrower is deceased
- The borrower is insolvent
- The borrower is in breach of financial covenant(s)
- An active market for that financial asset has disappeared because of financial difficulties
- Concessions have been made by the lender relating to the borrower's financial difficulty
- It is becoming probable that the borrower will enter bankruptcy
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Group's expected loss calculations.

Notes to the consolidated financial statements

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months.

Measuring ECL — Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired.

Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

Measuring ECL — Explanation of inputs, assumptions and estimation techniques (continued)

- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- Loss Given Default (LGD) represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type. The assumptions underlying the ECL calculation — such as how the maturity profile of the PDs and how collateral values change etc. — are monitored and reviewed on a quarterly basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Notes to the consolidated financial statements

Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

Economic variable assumptions

The most significant period end *economic variable assumptions* assumptions considered for the ECL estimate as at 31 December 2020 were GDP growth, USD foreign exchange rate and inflation.
Sensitivity analysis

The most significant variables affecting the ECL model are as follows:

1. GDP Growth – GDP growth is used to assess the relative health of the economy. Forward looking information is incorporated by using the projected GDP growth rate for the current year as a base.
2. USD/D - The Central Bank of The Gambia average USD rate on the date of assessment and for the last three quarters is used in the tool. This is because of the sensitivity of the economy to exchange rate fluctuations.
3. Inflation – Inflation is used due to its influence on monetary policy and on interest rates. Interest rates have an impact on borrowers' likelihood of default. Forward looking information is incorporated by using the expected change in inflation rates for the next three quarters.

A sensitivity analysis of the impact of a 10% change in the economic variable assumptions did not result in a significant change in ECL.

Credit quality per class of financial instrument

The credit quality of financial asset is managed by the Group based on ongoing assessments performed.

At 31 December 2020, the Group's credit exposures were categorised under IFRS 9 as follows:

- Stage 1 – At initial recognition and no significant increase in credit risk after initial recognition
- Stage 2 – Significant increase in credit risk since initial recognition
- Stage 3 – Credit impaired

The Group's credit exposures were categorised under IFRS 9 as follows:

- Exposures that are neither past due nor impaired;
- Exposures that are past due but not impaired; and
- Individually impaired facilities.

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represent the Group's maximum exposure to credit risk on these assets.

Notes to the consolidated financial statements

Market risk

Market risk is the risk that changes in market prices such as interest rates, foreign exchange rates and credit spreads will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Market risk arises from open positions in interest rates and currency, 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 and foreign exchange rates.

The Central Bank's primary exposure to market risk lies with its deposits held overseas which are exposed to changes in interest and exchange rates.
Exposure to market risk is formally managed in accordance with risk limits set by the Board.

Foreign currency risk management

Exchange rate exposures are covered through the government grant or redemption of redeemable Interest-bearing notes to cover losses or to offset gains relating to exchange rate differences on monetary assets and liabilities.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date will have an increase/decrease on profit or loss, and equity by amounts shown below. Each analysis assumes all other variables; in particular foreign currency rates remain constant. The analysis is performed on the same basis for 2019.

Interest rate risk

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest earning assets (including investments) and interest-bearing liabilities mature or re-price at different times or in differing amounts.

In the case of floating rate assets and liabilities the Group is also exposed to basis risk, which is the difference between re-pricing characteristics of the various floating rate indices, such as the savings rate and six months LIBOR and different types of interest. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Group's strategies.

Asset-liability risk management activities are conducted in the context of the Group's sensitivity to interest rate changes. The actual effect will depend on a number of factors, including the extent to which repayments are made earlier or later than the contracted dates and variations in interest rate sensitivity within re-pricing periods and amongst currencies.

The Central Bank has capacity to manage these risks by monitoring interest rates daily and ensuring within the limits of its policy function that its financial liabilities match the maturing profile of its financial assets.

Notes to the consolidated financial statements

The following show the extent to which the Bank's interest rate exposures on assets and liabilities are matched. These are allocated to time bands by reference to the earlier of the next contractual interest rate re-pricing date and maturity.

Foreign currency risk

Foreign exchange risk arises from:

- maintenance of a portion of foreign currency reserves for liquidity management purposes;
- currency intervention to meet monetary policy objectives; and
- active management undertaken in trading portfolios.

The US dollar is the base currency for the entire foreign reserves portfolio. However, investments of the foreign reserves in other approved currencies is permissible.

Foreign exchange risk is managed as follows:

- Positions in securities not denominated in the base currency (i.e. USD) should be hedged to the extent reasonably practicable into the base currency. Foreign currency exposures other than the United States dollar are all managed from the United States dollar perspective.
- A portfolio may also hold foreign exchange forward contracts in non-permissible currencies whose bonds are in a portfolio's benchmark only to the extent that it can be fully hedged to the base currency.
- The internally managed portfolio has determined currency limits that take into consideration the Bank's expected foreign exchange liquidity needs. Since the majority of foreign exchange liabilities are in U.S. dollars it carries the most weight in this currency distribution.

The Bank also prepares and presents its financial statements in Dalasi. As a result, movement in the exchange rates of the various foreign currencies in which the Bank maintains selected assets and liabilities impacts these financial statements.

Other price risks

The bank is not exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes in regional bodies for the purpose of facilitating the harmonisation and integration of Central Banks in the Africa sub-region and promotion of intra-regional trade. The Bank does not actively trade in these investments.

Capital management

The Bank does not have a regulator that sets and monitors its capital requirements. The Bank considers its stated capital and other reserves as its capital. The Central Bank's objective in managing capital and reserves is to ensure the Central Bank's ability to continue to perform its function as set by the Central Bank of The Gambia Act 2018.

Notes to the consolidated financial statements

29. Events after reporting date

The Directors, having reviewed the transactions since the end of 2020, have concluded that the following event(s) have occurred since the year end that requires a disclosure in the financial statement:

a. Extended Credit Facility arrangement

The IMF at its board meeting of the 15th January 2021 approved a facility of XDR 20 million for the Gambia (equivalent to USD 28.8 million). The facility is due for disbursement on the 20th January 2021. The facility is to be onward-lend to the Gambia Government.

30. Comparative information

The comparative information have been reclassified, where applicable, to conform to the current year's presentation.

31. Contingent liabilities

a) Access Bank (Gambia) Ltd V Hatib G. Janneh – Ganishee proceedings against the Central Bank of the Gambia:

The High Court ruled in favour of the Plaintiff and valued his claim at US$19,411.00. with interest at the rate of 25% per annum. The High Court decided that the Central Bank should pay 90% of the claim. The High Court also ordered the Bank to pay D32,000.00 cost to the Plaintiff.
The Bank, being dissatisfied with the judgment of the High Court appealed to the Court of Appeal. The Court of Appeal passed judgment in favour of the Bank and set aside the judgment of the High Court. It is against the judgment of the Court of Appeal that the Appellant is now appealing to the Supreme Court.

b) Mrs Mbosseh N'diaye v The Central Bank of The Gambia

The plaintiff, the former MD/CEO of Megabank for wrongful dismissal, sued the Bank. The case was ruled in favour of the Bank, but the plaintiff is appealing against that ruling.

In this case, the Bank was sued by the Plaintiff (Great Alliance Insurance Co. Limited), the former MD/CEO of Megabank asking the Court to restrain the Bank from cancelling the registration of the Plaintiff to carry on the business of an Insurance Company in The Gambia.

32. Capital Commitments

At the end of 31 December 2020, the Bank had committed itself to acquiring capital items to the tune of GMD 50.5 million to better position the Bank to execute its mandate.