The Central Bank of The Gambia

Annual Report and Consolidated & Separate Financial Statements 31 December 2017

The Central Bank of The Gambia

Report and Consolidated financial statement

For the year ended 31 December 2017

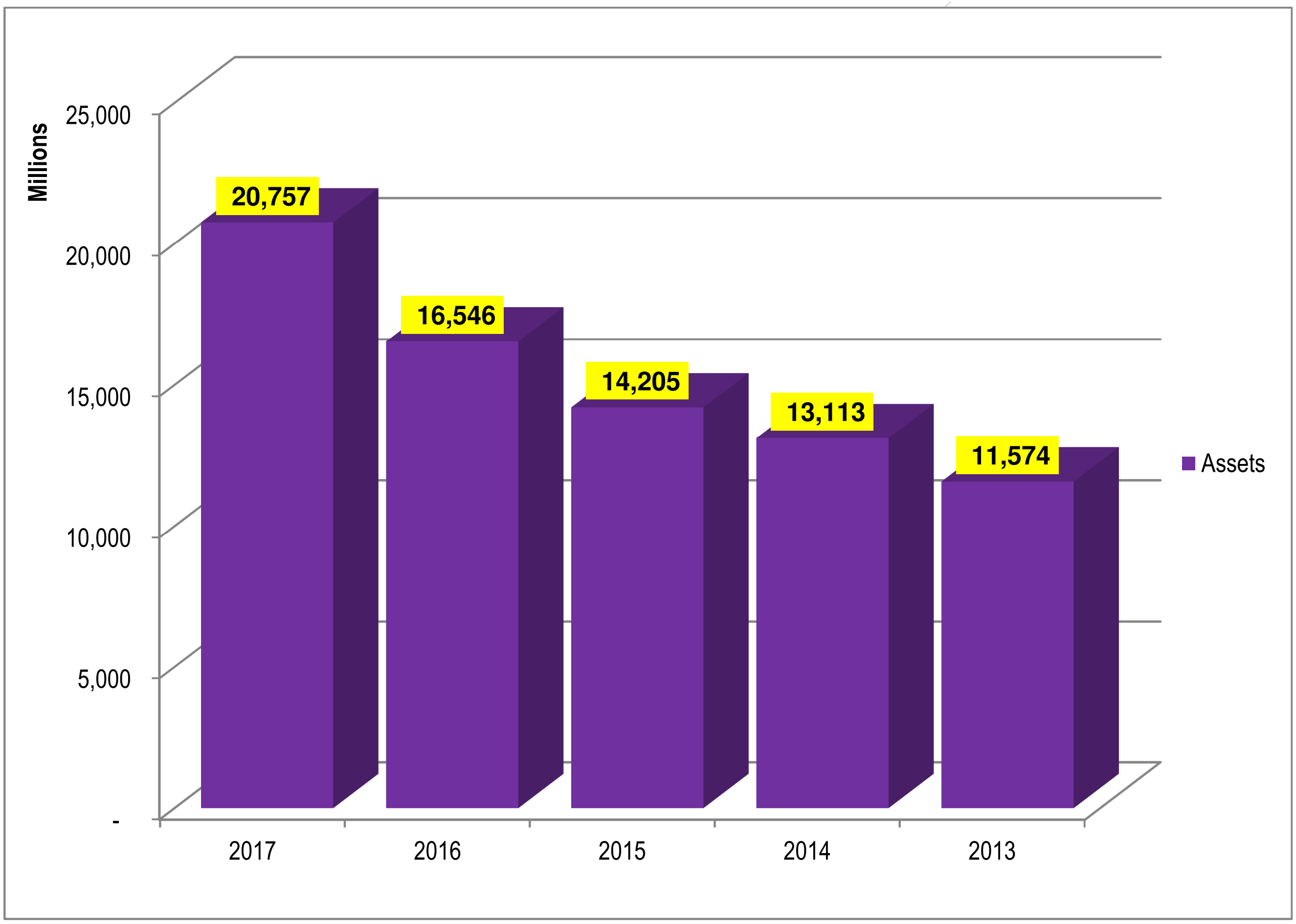
Contents

Financial highlights- The Bank

For the year ended 31 December 2017

Assets Distribution – The Bank

Asset	2017	2016	2015	2014	2013
	D' 000	D' 000	D' 000	D' 000	D' 000
FX cash balances & deposits	4,412,961	1,087,891	2,352,870	2,142,012	3,619,925
Receivable from IMF	806,621	559,572	110,491	93,109	81,258
Investment in securities	13,359,621	13,633,192	6,823,531	8,270,174	7,072,821
Loans and Advances	1,452,395	439,985	3,874,850	1,633,708	61,643
Other Assets	312,392	399,165	577,963	482,441	334,712
PPE	393,089	390,793	408,711	419,791	360,473
Intangibles	20,089	35,308	56,523	71,460	43,451

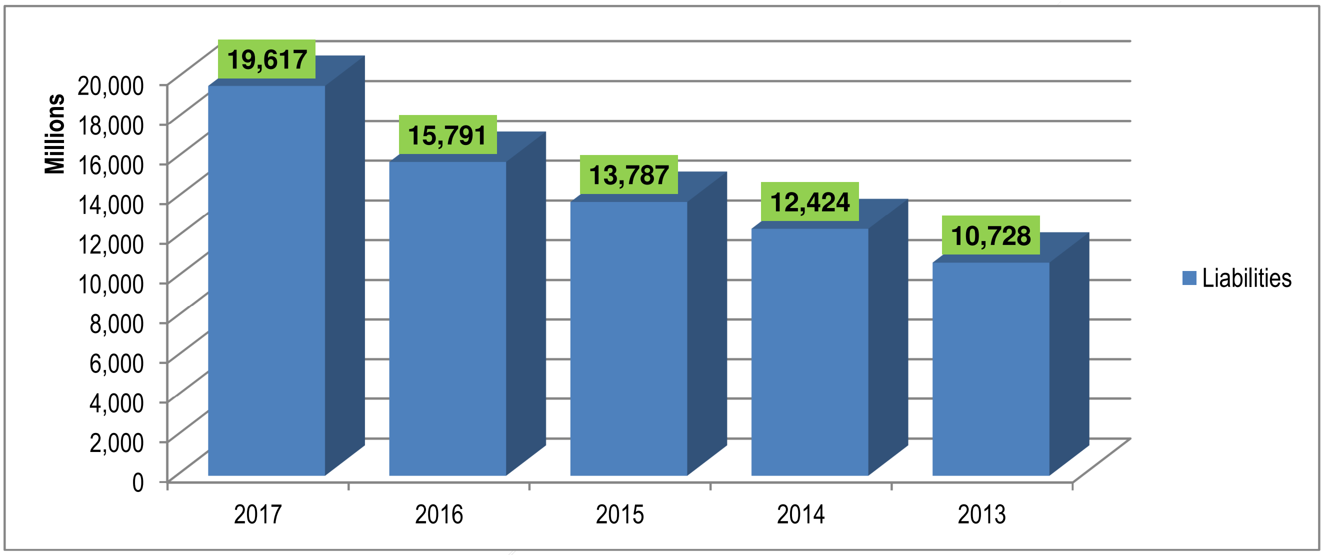


Financial highlights - continued

For the year ended 31 December 2017

Equity & Liability – The Bank

Equity & Liabilities	2017	2016	2015	2014	2013
	D' 000	D' 000	D' 000	D' 000	D' 000
Currency in circulation	6,186,488	5,089,611	4,035,587	3,908,642	3,635,453
Deposits	8,815,118	6,946,425	4,929,224	4,700,617	3,738,833
Long term loan from IMF	4,451,623	3,597,079	4,663,344	3,686,923	3,325,008
Other Payables	163,398	157,691	158,552	127,847	28,593
Capital	100,000	100,000	100,000	100,000	100,000
Retained Earnings	342,083	472,510	312,917	118,709	218,121
Reserves	698,458	141,195	5,315	469,957	528,275

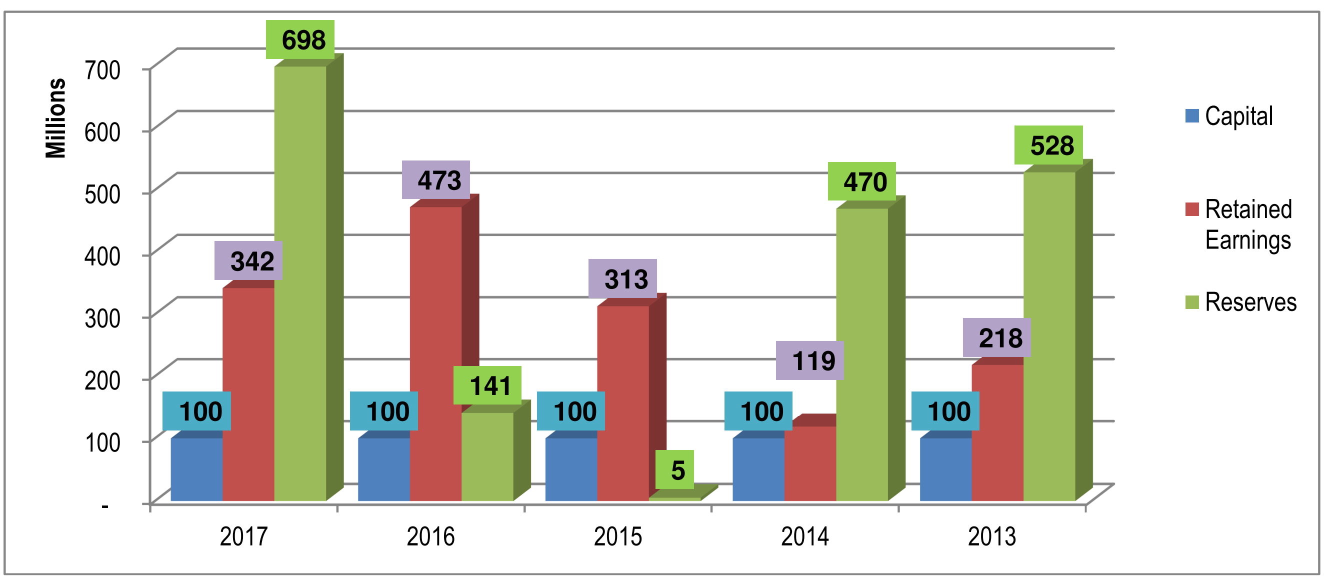


Financial highlights - continued

For the year ended 31 December 2017

Profitability – The Bank

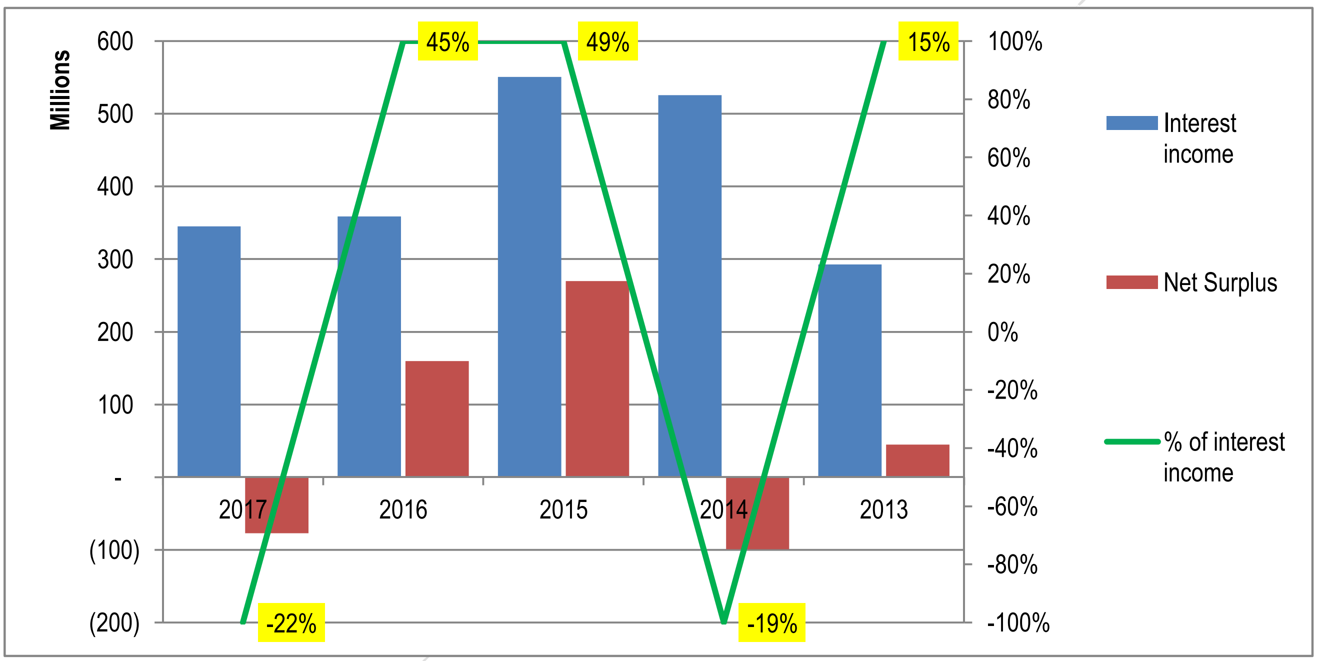
Description	2017	2016	2015	2014	2013
	D' 000	D' 000	D' 000	D' 000	D' 000
Interest income	345,004	358,580	550,920	525,564	292,807
Net Surplus	(77,229)	159,593	269,975	(99,412)	44,947
% of interest income	-22.38%	44.51%	49.00%	-18.92%	15.35%



The Central Bank of The Gambia

Financial highlights - continued

For the year ended 31 December 2017



Corporate information
For the year ended 31 December 2017

Executive director	Mr.Amadou A. Colley	Governor and Chairman (To May 2017)
	Mr. Bakary Jammeh	Governor and Chairman (From May 2017)
Non- executive directors	Mr. Mustapha A.B. Kah	Director (To June 2017)
	Mr. Foday Ceesay	Director (From September 2017)
	Mr. Sarjo Jah	Director (From September 2017)
	Permanent Secretary - Ministry of Finance and Economic Affairs	Director
Audit committee	Mr. Mustapha A.B. Kah	Chairman
	Mr. Foday Ceesay	Chairman
	Mr. Sarjo Jah	Member
	Mr.Momodou B. Mboge	Secretary
First deputy governor	Mr.Basiru A.O. Njai (To May 2017)	
	Dr.Seeku Jaabi (From May 2017)	
Second deputy governor	Mrs.Oumie Savage Samba(To May 2017)	
	Mr.EssaDrammeh (From May 2017)	
Director of Finance	Mr. Ousainou Corr (To May 2017)	
	Mr. Abdourahman Barrow (From May 2017)	
Secretary	Mr. Momodou B. Mboge	
Registered office	1-2 Ecowas Avenue Banjul The Gambia	
Auditors	DT Associates Bertil Harding Highway Kololi	
	Deloitte & Touche The Deloitte Place, Plot No. 71 Off George Walker Bush Highway P O Box GP 453, North Dzorwulu, Accra, Ghana	
Bankers	Bank of England	Standard Chartered Bank Plc
	International Monetary Fund	Union Des BanqueArabes Et Francaise
	Federal Reserve Bank of New York	Deutsche Bundesbank
	Banque De France	Crown Agents
	Bank of International Settlements	Banco Santander

Report of the director

For the year ended 31 December 2017

The directors present their report and the audited consolidated and separated financial statements for the year ended 31 December 2017.

Statement of Directors' responsibilities

The Central Bank of The Gambia Act 2005 requires the directors to prepare consolidated and separated financial statements for each financial year, which give a true and fair view of the state of affairs of the bank and group 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated and separated 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 to enable them to ensure that the financial statements comply with the Central Bank of The Gambia Act 2005. They are also responsible for safeguarding the assets of the bank 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 2005 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;
- 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.

Report of the director

For the year ended 31 December 2017

Results for the year

Results for the year are as presented in the accompanying consolidated and separated financial statements on page 14.

Employees

The number of employees and the cost associated with these employees is as detailed in note 19.

Donations

The bank made charitable donations amounting to D864,000 during the year. (2016: D414,750).

Directors and directors' interest

The directors who held office during the year are shown on page 6.

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. A director shall be eligible for reappointment.

Two of the non-executive directors have since been appointed in line with the CBG Act and both have since assumed their responsibilities.

Going concern

The directors have assessed the ability of the Bank and the group to continue as a going concern. The directors therefore have a reasonable expectation that the Bank and the group has 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 separated financial statements of the Group.

Auditors

The National Audit Office is mandated to appoint the Bank's auditors. DT Associates and Deloitte Ghana were appointed to serve as joint auditors for the 2017 audit.

By order of the board of directors

Secretary

Independent Auditor's Report

To the Shareholders of the Central Bank of the Gambia

Adverse Opinion

We have audited the consolidated financial statements of the Central Bank of The Gambia and its subsidiary (the Group) set out on pages 16 to 64, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion section of our report, the accompanying consolidated financial statements of the Central Bank of The Gambia for the year ended 31 December 2017, are not prepared in all material respects, in accordance with the accounting policies disclosed in the notes to the consolidated financial statements of the Central Bank of The Gambia for the year ended 31 December 2017 and the applicable provisions of the Central Bank of The Gambia Act 2005.

Basis for Adverse Opinion

Non-recognition of Impairment Loss on 5%-30 Year Government Bond

The Gambia Government through the Ministry of Finance & Economic Affairs signed an agreement with the Central bank of The Gambia, which consolidated various government debts into a single 5% 30 year bond payable in thirty years at a frequency of two payments per annum (1st March and 1st September). There was an impairment loss in excess of one billion dalasi as at 31 December 2017.

However, the Central Bank has not recognized the impairment loss estimated at GMD 1.044 billion in respect of the 5% 30-year government bond in the consolidated financial statements. This would lead to an increase in impairment loss for the year and reduction in the carrying value of 5% 30-year government bond.

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 Consolidated Financial Statements section of our report. We are independent of the group and the Bank in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Independent Auditor's Report – (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Adverse Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Loan impairment loss provisions	
The Central Bank of The Gambia carries out an impairment of its loans and advances in compliance with IAS 39, which requires the amount of loss to be measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. In estimating the future cash flows of loan assets, key sensitive judgements and assumptions are made in determining the inputs into these estimates including: • Discount rate • Collateral amount • Realizable value The Bank is also required to compute loan impairment loss provisions in accordance with IAS 39 guidelines. Accordingly, the impairment test of these assets is considered to be a key audit matter. (Refer to Note 6 of the consolidated financial statements)	We challenged management's key assumptions over specific impairment calculation, including the calculation methodology, the basis of the underlying expected cash flows, and the realizable value of collaterals and expected period of realization of the collaterals. We determined whether the cash flow projections are supportable and consistent with current financial information on the borrower included in the loan file. We evaluated the loan's effective interest rate used in discounting expected future cash flows and recalculated the estimate of loss using the cash flow projections and the loan's effective interest rate. We examined the validity of collaterals and verify that the original copies are kept in a secured place. Determined that the current fair value of the collaterals were obtained from qualified professionals either internal or external to the Bank. For fair value estimates supported by current independent appraisals, evaluate the appraiser's qualifications and obtained an understanding of the assumptions adopted for each appraisal. Typically, appraisal assumptions are based on the current performance of the collateral or similar assets. Calculate an estimate of loss for the selected fair value of collateral dependent loans. We ensured that the costs incurred in disposing off the asset are included in arriving at the realizable value. We considered the consistency of the approach with the prior year and evaluated the adequacy of the Bank's disclosures on impairment of loans and advances to customers. We were satisfied with the bank's impairment on loans and advances.

Independent Auditor's Report – (continued)

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Impairment assessment of investment in securities</td></tr>
<tr><td>The Gambia Government were in the economic difficulty of repayment of bonds earlier issued. Hence, a restructuring of numerous bond issues was advised by The Central Bank of the Gambia to enhance repayment.

The Ministry of Finance & Economic Affairs signed an agreement with The Central Bank of The Gambia to convert balances on eleven (11) accounts into a single 5 % 30 year bond payable at a frequency of two payments per annum(1st March and 1st September each year).

These investments have been classified as ''held to maturity'' investments and carried at amortized cost.

Further, there are equity investments and investment in the Mega Bank Gambia Limited which are classified as Available for Sale investments.

There is the risk that these investments might be impaired without any impairment provision being recognized.

(Refer to Note 6 of the consolidated financial statements)</td><td>We determined if there are any indicators of impairment by considering the following possible loss events which were external and/or internal[IAS 39:59]:
a. significant financial difficulty of the issuer or obligor;
b. the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider; or
c. observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group.

We evaluated the bond's effective interest rate used in discounting expected future cash flows.

We determined whether the cash flow in flows from principal and interest repayments are supportable and consistent with current financial information.

We reviewed the financial statements to confirm that the appropriate disclosures have been made.

Management did not recognize the impairment loss on the 5 % 30 year bond which matter is described above in the basis for adverse opinion.</td></tr>
</table>

Independent Auditor's Report – (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of defined benefit scheme (staff benefit scheme)	
The actuarial valuation involves projecting the benefits of the scheme members 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 an area of significant judgement. (Refer to Note 11 and 15 of the consolidated financial statements)	Controls regarding the accurate gathering of information from approved sources (e.g. United Nations, Reuters, etc.) and subsequent input into the Bank's model were tested. We engaged our internal actuarial valuation specialists for an independent valuation of staff scheme reserves. We evaluated management's assessment of the assumptions made in the valuation of the scheme assets and liabilities and evaluated the information contained within the actuarial valuation reports for the scheme with the assistance of the specialists. With the support of our actuarial specialists, we tested the membership data used in the valuation of the scheme. We evaluated and challenged the key assumptions applied in the valuation model which included: salary increases, inflation rates, discount rates and mortality rates. The results of our internal specialist valuation were compared to the fair values of the Bank's reserves and any differences noted evaluated. We are satisfied with the actuarial assumptions applied and the measurement of the reserves. The related disclosure is sufficient.

Independent Auditor's Report – (continued)

Emphasis of Matter – Conflict between IFRS and the Central Bank of the Gambia Act 2005

We draw attention to Note 2.1 Statement of Compliance of the consolidated financial statements, which describes the basis of accounting. The consolidated financial statements are prepared to assist the Central Bank of The Gambia in complying with the financial reporting provisions per the Central Bank of The Gambia Act 2005. As a result, the consolidated financial statements may not be suitable for another purpose. Our report is intended solely for the Central Bank of The Gambia and should not be distributed to or used by parties other than the Central Bank of The Gambia. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprise the financial highlights (but does not include the consolidated financial statements and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the information included in the Annual Report, which is expected to be made available to us after that date.

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

In connection with our audit of the consolidated 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 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. As described in the Basis for Adverse Opinion section above, the Central Bank of the Gambia should have recorded the impairment loss in respect of the 5% 30-year government bond at the reporting date. We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items in the other information affected by the failure to record the impairment loss in respect of the 5% 30-year government bond at the reporting date.

We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Charter of the Bank, and for such internal control as the Management 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 financial statements, management is 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 management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's Report - (Continued)

The directors are responsible for overseeing the group's and the Bank's financial reporting processes.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 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 management.
- Conclude on the appropriateness of the management's 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 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 or the Bank to cease to continue as a going concern.

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

Independent Auditor's Report - (Continued)

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

Report on Other Legal Requirements

In accordance with the Bank's charter, we also report that we have obtained all the information and explanations we consider necessary for the purposes of our audit.

The Bank breached a number of regulatory requirements, which are disclosed in note 29 to the consolidated financial statements.

The engagement partners on the audit resulting in this independent auditors' report are K**wame Ampim-Darko (ICAG/P/1453**) and **Aji Penda Sankareh (GRAA/18795).**

Deloitte&Touche	DT Associates
Deloitte & Touché (ICAG/F/2018/129) Chartered Accountants The Deloitte Place Plot No. 71, Off George Walker Bush Highway, North Dzorwulu, Accra - Ghana	DT Associates Chartered Accountants Registered Auditors 1 Paradise Beach Place, Bertil Harding Highway, Kololi, The Gambia
31st May, 2019 Date	31st May, 2019 Date

Consolidated Statement of financial position

As at year ended 31 December 2017

	Notes	Group 31-Dec-17 D'000	31-Dec-16 D'000	Bank 31-Dec-17 D'000	31/Dec/16 D'000
Assets					
Foreign currency cash balances and deposits	*4*	**4,458,112**	1,120,254	**4,412,961**	1,087,891
Receivable from IMF	*5*	**806,621**	559,572	**806,621**	559,572
Investment in securities	*6*	**13,285,821**	13,547,340	**13,359,621**	13,591,797
Loans and advances	*7*	**1,452,395**	439,985	**1,452,395**	439,985
Other assets	*8*	**356,765**	458,679	**312,392**	399,165
Property, plant and equipment	*10*	**393,205**	393,191	**393,089**	390,793
Intangible assets	*11*	**20,089**	40,167	**20,089**	35,308
Inventories	*9*		75		
Total assets		**20,773,008**	**16,559,263**	**20,757,168**	**16,504,511**
Liabilities					
Currency in circulation	*13*	**6,186,488**	5,089,611	**6,186,488**	5,089,611
Deposits	*14*	**8,815,118**	6,946,425	**8,815,118**	6,946,425
Long term loan from IMF	*15*	**4,451,623**	3,597,079	**4,451,623**	3,597,079
Other payables	*16*	**215,148**	181,880	**185,616**	157,691
Total liabilities		**19,668,377**	**15,814,995**	**19,638,845**	**15,790,806**
Equity and reserves					
Share capital		**100,000**	100,000	**100,000**	100,000
General reserve	12	**58,513**	5,315	**58,513**	5,315
Share premium	12	**15,377**	10,562	**-**	-
Retained earnings	12	**305,550**	458,779	**335,357**	472,510
Revaluation reserve	12	**356,448**	135,880	**356,448**	135,880
Pension valuation	12	**(15,492)**	-	**(15,492)**	
Equity fair valuation	12	**256,965**	2,463	**283,497**	-
Non- Controlling Interest		**27,271**	31,269	**-**	-
Total equity and reserves		**1,104,632**	**744,268**	**1,118,323**	**713,705**
Total equity and liabilities		**20,773,008**	**16,559,263**	**20,757,168**	**16,504,511**

These financial statements were approved by the Board of Directors on ……………………….. , 2019 and signed on its behalf by:

……………………………… Governor

……………………………… Deputy Governor

……………………………… Director

The notes form an integral part of these financial statements.

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The Central Bank of The Gambia

Consolidated Statement of profit or loss and other comprehensive income

For the year ended 31 December 2017

	Notes	Group 31/Dec/17 D'000	31/Dec/16 D'000	Bank 31/Dec/17 D'000	31/Dec/16 D'000
Interest income	***17***	**357,674**	368,153	**345,004**	358,580
Interest expense and other similar expense	***18***	**(13,219)**	(1,794)	**(8,336)**	(1,135)
Net interest income		**344,455**	366,359	**336,668**	357,445
Other income	***19***	**22,468**	13,895	**19,853**	20,493
Total operating revenue less interest expense		**366,923**	380,254	**356,521**	377,938
Operating expenses					
General and administration expenses	***21***	**(267,807)**	(234,370)	**(260,097)**	(221,537)
Personnel Cost	***20***	**(113,897)**	(91,335)	**(110,386)**	(87,755)
Depreciation	***9***	**(50,671)**	(40,143)	**(48,351)**	(36,194)
Amortisation	***10***	**(26,501)**	(32,458)	**(21,642)**	(22,859)
Impairment of investment in Mega Bank			150,000	**-**	150,000
Total operating expenses		**(458,875)**	(248,306)	**(440,476)**	(218,345)
Net surplus /(deficit) for the year		**(91,952)**	131,948	**(83,955)**	159,593
Other Comprehensive Income/loss:					
Items that will not be reclassified subsequently to profit or loss					
Re-measurement of defined benefit pension plans		**(15,492)**	-	**(15,492)**	-
Items that may be reclassified subsequently to profit or loss					
Net fair value gain on available for sale financial assets		**256,965**	-	**283,497**	-
Other comprehensive income for the year		**241,473**	-	**268,005**	-
Total Comprehensive Income/Loss for the year:		**149,521**	131,948	**184,050**	159,593
Total comprehensive attributes to:				**-**	-
Owners of the Company		**153,519**	156,926	**-**	
Non-Controlling interest		**(3,998)**	(24,978)	**-**	-
		149,521	131,948	**-**	**-**

The notes form an integral part of these financial statements.

Statement of changes in equity

For the year ended 31 December 2017

Company

	Share Capital D'000	General Reserve D'000	Revaluation Reserve D'000	Retained Earnings D'000	Equity Fair valuation D'000	Pension valuation D'000	Total D'000'
Balance as at 1 Jan 2016	100,000	5,315	-	312,917	-	-	418,232
Surplus for the year	-	-	-	159,593	-	-	159,593
Exchange loss	-	-	-	-	-	-	-
Revaluation Reserve	-	-	135,880	-	-	-	135,880
Balance as at 31 Dec 2016	**100,000**	**5,315**	**135,880**	**472,510**	**-**	**-**	**713,705**
Balance as at 1 Jan 2017	**100,000**	**5,315**	**135,880**	**472,510**	**-**	**-**	**713,705**
Loss for the year	**-**	**-**	**-**	**(83,955)**	**-**	**(15,492)**	**(99,447)**
Exchange loss	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Revaluation Reserve (note 21)	**-**	**-**	**220,568**	**-**	**-**	**-**	**220,568**
PY adjustment (S 9)	**-**	**53,198**	**-**	**(53,198)**		**-**	**-**
Fair valuation (note 22)	**-**	**-**	**-**	**-**	**283,497**	**-**	**283,497**
							-
Balance as at 31 Dec 2017	**100,000**	**58,513**	**356,448**	**335,357**	**283,497**	**(15,492)**	**1,118,323**

The Central Bank of The Gambia

Consolidated Statement of profit or loss and other comprehensive income

For the year ended 31 December 2017

Group:

	Share Capital D'000	Share Premium D'000	General Reserve D'000	Revaluation Reserve D'000	Retained Earnings D'000	Equity Fair valuation D'000	Pension valuation D'000	NCI D'000	Total D'000
Balance as at 1 Jan 2016	100,000	-	5,315	-	312,917	-	-	-	418,232
Surplus for the year	-	-	-	-	159,593	-	-	-	159,593
Exchange loss	-	-	-	-	-	-	-	-	-
Revaluation Reserve	-	-	-	135,880	-	-	-	-	135,880
Movement in Non-controlling interest	-	-	-	-	(13,731)	-	-	31,269	17,538
Effect of Intragroup elimination	-	10,562	-	-	-	2,463	-	-	13,025
Balance as at 31 Dec 2016	**100,000**	**10,562**	**5,315**	**135,880**	**458,779**	**2,463**	**-**	**31,269**	**744,268**
Balance as at 1 Jan 2017	100,000	10,562	5,315	135,880	458,779	2,463	-	31,269	744,268
Loss for the year	-	-	-	-	(91,952)	-	(15,492)	-	(107,444)
Exchange loss	-	-	-	-	-	-	-	-	-
Revaluation Reserve (note 21)	-	-	-	220,568	-	-	-	-	220,568
PY adjustment (S 8)	-	5,163	53,198	-	(65,276)	-	-	-	(6,915)
Fair valuation (note 22)	-	-	-	-	-	283,497	-	-	283,497
Movement in Non-controlling interest	-	-	-	-	3,998	-	-	(3,998)	-
Effect of Intragroup elimination	-	(348)		-	-	(2,8995)	-	-	(29,343)
Balance as at 31 Dec 2017	**100,000**	**15,377**	**58,513**	**356,448**	**305,549**	**256,965**	**(15,492)**	**27,271**	**1,104,631**

The notes form an integral part of these financial statements.

Notes to the Consolidated financial statements

For the year ended 31 December 2017

	Group		Bank	
	31/Dec/17	**31/Dec/16**	**31/Dec/17**	31/Dec/16
	D'000	D'000	**D'000**	D'000
Operating activities				
Net Income (deficit)/ from operations	**(91,952)**	132,092	**(83,955)**	159,593
Adjustment in PPE- Gain on disposal	**(474)**	-	**(474)**	-
Adjustment in PPE- Proceeds on disposal	**808**	-	**808**	-
Depreciation and amortisation	**77,172**	72,601	**69,993**	59,053
Tax paid	**(283)**			
Interest income	**(345,004)**	(358,580)	**(345,004)**	(358,580)
Interest expense	**8,336**	1,135	**8,336**	1,135
Revaluation losses	**205,076**	135,880	**205,076**	135,880
Equity fair valuation	**283,497**	-	**283,497**	-
	137,176	(2,919)	**138,277**	(2,919)
Change in receivable from IMF	**(231,680)**	(444,547)	**(247,049)**	(449,081)
Change in loans and advances	**(1,012,410)**	3,434,865	**(1,012,410)**	3,434,865
Change in other assets	**86,620**	178,798	**86,773**	178,798
Change in provisions and other liabilities	**26,637**	3,953	**27,925**	(861)
Change in deposit of Government and Financial Institutions	**1,868,693**	2,017,201	**1,868,693**	2,017,201
Change in Currency in Circulation	**1,096,877**	1,054,024	**1,096,877**	1,054,024
Cash absorbed by operations	**1,959,086**	6,232,027	**1,959,086**	6,232,027
Interest paid	**(8,336)**	(1,135)	**(8,336)**	(1,135)
Interest received	**345,080**	358,579	**345,080**	358,579
Net cash outflows from operating activities	**2,308,657**	6,584,866	**2,295,830**	6,589,471

Notes to the Consolidated financial statements

For the year ended 31 December 2017

Cash flows from investing activities				
Purchase of securities	**232,176**	(6,768,266)	**232,176**	(6,768,266)
Acquisition of property, plant and equipment	**(57,518)**	(20,070)	**(57,480)**	(19,919)
Net cash used in investing activities	**174,658**	(6,788,336)	**74,696**	(6,788,185)
Cash flows from financing activities				
Long term loan from IMF	**854,544**	(1,066,265)	**854,544**	(1,066,265)
Reduction in NCI	**-**	-		
Decrease in Share Premium	**-**	-		
Net cash from financing activities	**854,544**	(1,066,265)	**854,544**	(1,066,265)
Net increase/(decrease) in cash & cash equivalent	**3,337,858**	(1,269,735)	**3,325,070**	(1,264,979)
Cash and cash equivalents at 1 January	**1,120,254**	2,390,569	**1,087,891**	2,352,870
Cash and cash equivalents at 31 December	**4,458,112**	1,120,253	**4,412,961**	1,087,891

The notes form an integral part of these financial statements.

1. General information

Central Bank of The Gambia ("the Bank") was established in 1971 by 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 2005 "the Act"). The registered office is: 1-2 Ecowas Avenue, Banjul, The Gambia.

Notes to the Consolidated financial statements

For the year ended 31 December 2017

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 determines 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 profit 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. Basis for preparation

2.1. Statement of Compliance

These financial statements of The Bank have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB) and the Central Bank of The Gambia Act 2005.

A material departure from the provisions of IFRS in the financial statements as a result of compliance with the provisions of the Central Bank of The Gambia Act 2005 is disclosed in note 28

2.2. Going Concern

The bank and the group have reviewed their 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 bank and the group have adequate resources to continue in operational existence for the reasonable future.

Thus that bank and the group continue to adopt the going concern basis of accounting in preparing the annual consolidated and separate financial statements

2.3. Basis of measurement

The financial statements are presented in Gambian Dalasi which represents the functional currency of the Bank, being the currency of the economic environment in which the Bank operates.

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 Bank to revalue certain items of property to fair value.

2.4. Changes in accounting policies and disclosures

The Bank considered for application, certain standards and amendments which are effective for annual periods beginning on or after 1 January 2016. However, these standards and amendments as detailed below, do not significantly impact these annual financial statements.

The nature and the impact of each new standards and amendments are described below:

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

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

At the reporting date, management was yet to perform a preliminary impact assessment of IFRS 9

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014, and amended in April 2016, and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

At the reporting date, management was yet to perform a preliminary impact assessment of IFRS 15.

Notes to the Consolidated financial statements

For the year ended 31 December 2017

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

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

At the reporting date, these amendments were not applicable to the company.

IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2

The IASB issued amendments to IFRS 2 *Share-based Payment* that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.
On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted.

At the reporting date, these amendments were not applicable to the company.

IFRS 16 Leases

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

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

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

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.
At the reporting date, management was yet to perform a preliminary impact assessment of IFRS 16.

IFRS 17 *Insurance Contracts*

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

The core of IFRS 17 is the general model, supplemented by:

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

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

At the reporting date, this standard was not applicable to the company.

Transfers of Investment Property — Amendments to IAS 40

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments.

An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with IAS 8 is only permitted if it is possible without the use of hindsight.

Effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed.

At the reporting date, these amendments were not applicable to the Company.

Annual Improvements 2014-2016 Cycle (issued in December 2016)

These improvements include:

IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters

Short-term exemptions in paragraphs E3–E7 of IFRS 1 were deleted because they have now served their intended purpose.

At the reporting date, these amendments were not applicable to the company.

IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that:

- An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.
- If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

The amendments should be applied retrospectively and are effective from 1 January 2018, with earlier application permitted. If an entity applies those amendments for an earlier period, it must disclose that fact.

At the reporting date, these amendments were not applicable to the company.

Applying IFRS 9 *Financial Instruments* with IFRS 4 *Insurance Contracts* - Amendments to IFRS 4

The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 *Insurance Contracts,* which replaces IFRS 4.
The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after 1 January 2018.

An entity may elect the overlay approach when it first applies IFRS 9 and apply that approach retrospectively to financial assets designated on transition to IFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying IFRS 9.

At the reporting date, these amendments were not applicable to the company.

IFRIC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration. Entities may apply the amendments on a fully retrospective basis.

IFRIC Interpretation 22 *Foreign Currency Transactions and Advance Consideration (cont'd)*

Alternatively, an entity may apply the Interpretation prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

i. The beginning of the reporting period in which the entity first applies the interpretation Or
ii. The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

The Interpretation is effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed. However, since the company's current practice is in line with the Interpretation, the company does not expect any effect on its financial statements.

IFRIC Interpretation 23 *Uncertainty over Income Tax Treatment*

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

Whether an entity considers uncertain tax treatments separately

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

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

2.5. Use of estimates and judgments

In the application of the Bank's accounting policies, which are described in note 3, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 year 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.

In particular, the significant areas of estimation of uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in notes 3.12 and the supplementary information.

3. Significant Accounting Policies

The following accounting policies have been approved by the Board and have been applied consistently to all periods presented in the financial statements in dealing with items that are considered material in relation to the Bank's financial statement.

3.1 Revenue Recognition

3.1.1 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.

3.1.2 Dividend received

Dividends are recognised in the income statement when the Bank's right to receive payment is established.

3.1.3 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 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 Bank 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.

3.1.4 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 relates mainly to transaction and service fees, which are expensed as the services are received.

3.2 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 directly in the revaluation reserve account.

3.3 Taxation

Under section 70 of the Central Bank of The Gambia Act 2005, the Bank is exempt from payment of income taxes. However the Income and Value Added Tax Act 2012 which became effective in January 2013 supersedes section 70 of the Central Bank of The Gambia Act as a result of which the Bank is now liable to Value Added Tax (VAT). Pending the outcome of negotiations with Ministry of Finance & Economic Affairs on exemptions to be granted to the Bank, a total amount of D8.9 million (2016: D5.3 million) of VAT paid is classified under miscellaneous assets.

3.4 Special drawing rights and International Monetary Fund Related Activities

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.

3.5 Financial assets

i. Classification of financial assets and liabilities

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available- for- sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified at fair value through profit and loss, which are initially measured at fair value.

a. Financial assets at fair value through profit and loss

The Bank has no financial assets classified as fair value through profit and loss.

b. Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method. Loans and receivables include loans to government which are recorded at amortised costs.

c. Held to maturity investment

Instruments with fixed or determinable payments and fixed maturity dates that the Bank has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Foreign treasury bills, Gambia Government Bonds and foreign deposits placements are recognised as Held-to-maturity investments and are recorded at amortised cost using the effective interest method, less any impairment, with revenue recognised on an effective yield basis.

d. Available for Sale financial assets (AFS)

The Bank measures fair values in accordance with IFRS 13, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Bank also uses a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value, which gives highest priority to quoted prices.

- ✓ **Level 1 inputs** are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Assets and liabilities are classified as Level 1 if their value is observable in an active market.
- ✓ **Level 2 inputs** are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. A Level 2 input must be observable for substantially the full term of the instrument. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves observable at commonly quoted intervals, implied volatilities; and credit spreads.

Available for Sale financial assets (AFS) (Cont'd)

Assets and liabilities classified as Level 2 have been valued using models whose inputs are observable in an active market.

- ✓ **Level 3 inputs** are unobservable inputs. Assets and liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data.

Where possible, fair value is determined by reference to a quoted market price for the instrument valued.

Subscriptions to associate regional institutions such as the ECOWAS second Monetary zone (WAMZ) through its implementing Agency WAMI (equity contributions) are classifies as Available for sale financial assets. These are recorded at fair value using the valuation obtained from the investee. During the year, the Bank reviewed their carrying value based on the currency (US Dollar) in which they are held in accordance with Section 9 (1) of the CBG Act 2005.

Dividends on these equity instruments are recognised in the income statement when the Bank's right to receive the dividends is established.

ii. Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investment have been impacted.

For unlisted equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.
For all other financial assets, including redeemable notes classified as AFS, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- Becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.
The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.
With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the income statement to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

iii. De-recognition of financial assets

The Bank derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Bank neither transfers nor retains substantially all the risk and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay.
If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

iv. Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on amounts paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial assets, or, where appropriate, a shorter period.

3.6 Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

De-recognition of financial liabilities

The Bank de-recognises financial liabilities when, and only when, the Bank's obligations are discharged, Cancelled or they expire.

3.7 Loans and advances

Loans and advances originated by the Bank are classified as loans and receivables. Loans and advances are stated in the statement of financial position at the estimated recoverable amounts in accordance with note 3.5 (b) above.

The recoverable amounts of loans and advances are the present value of expected future cash flows, discounted at the instruments' original effective interest rate.

3.8 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.

(iii) Long Term Government securities

This represents interest bearing securities issued by the Government of The Gambia to cover the Bank in respect of net exchange losses arising on holdings of Foreign Securities recognised in the Revaluation Account in accordance with Section 9 (1) of the Central Bank of The Gambia Act, 2005. The interest bearing securities are stated at cost to fairly present the substance of these securities.

3.9 Equity Shares and participation Interest

Equity investments are classified as available-for-sale financial assets and measured at fair value after initial recognition. Where the fair value of these investments cannot be reliably measured, they are stated at cost less provision for impairments

3.10 Property, plant and equipment

Recognition and measurement

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

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

Category	*Number of Years*
Buildings	100
Furniture and equipment	10
Office machines	5
Computer equipment	5
Vehicles	5
Computer software	7
Right to use 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.

3.11 Intangible assets

Software acquired by the Bank 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 Bank review 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.

3.12 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 cost.

3.13 Employee benefits

The Bank operates a defined benefit scheme which provides benefits based on final pensionable pay. The Bank's obligation for contribution to the scheme is recognised as an expense in the income statement. The Bank's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and any unrecognised past service costs. The calculation is performed by a qualified actuary using the projected unit credit method. Changes in the present value of the plan liabilities are recognised in the income statement. When the calculation results in a benefit to the Bank, the recognised asset is limited to the net total of any unrecognised actuarial losses, unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Short-Term Benefits

Short-Term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under Short-Term cash bonus or profit-sharing plans if the Bank 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.

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. A full actuarial valuation by a qualified independent actuary is carried out every two years. An estimate is made to adjust the benefit obligation on a yearly basis.

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.

3.14 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 comprehensive income. 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.

3.15 Provisions

A provision is recognised if, as a result of a past event, the Bank 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.

3.16 Cash and cash equivalent

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.

3.17 Derivative financial instruments

Derivative instruments are contracts whose value is derived from one or more underlying financials instruments or indices defined in the contract.
They include swaps, forward rate agreements, futures, options and combinations of these instruments and primarily affect the Bank's net interest income, net trading income, net fee and commission income and derivative assets and liabilities. Notional amounts of the contracts are not recorded on the balance sheet. The Bank applies IAS 39. All derivative instruments are held at fair value through profit or loss. Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative.

This includes terms included in a contract or other financial asset or liability (the host), which, had it been a stand-alone contract, would have had met the definition of a derivative. These are separated from the host and accounted for in the same way as a derivative.

3.18 Share capital

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

3.19 General Reserve Fund

The General Reserve Fund, the use of funds which is subject to the Central Bank Act rules. Under this Act, any net loss incurred by the Bank under the accounting standards of the Act shall be charged to the General Reserve Fund. In cases where the General Reserve Fund is inadequate to cover the entire amount of the loss, the balance of the loss shall be carried forward under retained earnings or accumulated losses.

3.20 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 Dalasis or any change in the par value of the currency unit of any country. The use of the account is in line with Section 9 of the CBG Act 2005.

3.21 Retained Earnings

Retained earnings include amounts resulting from the revaluation of certain items of property, plant and equipment and intangible assets under the adoption of IFRS for the first time. These amounts do not represent statutory reserves and are therefore not subject to the requirements of the Act and are therefore not distributable.

Notes to the Consolidated financial statements

For the year ended 31 December 2017

4. Foreign currency cash balances & Deposits

		Group		Bank
	31-Dec-17	31-Dec-16	**31-Dec-17**	31-Dec-16
	D'000	D'000	**D'000**	D'000
USD deposits	**3,060,199**	100,471	**3,060,199**	100,471
EUR deposits	**560,105**	158,695	**560,105**	158,695
GBP deposits	**649,890**	472,526	**649,890**	472,526
SDR deposits	**102,155**	321,363	**102,155**	321,363
Other deposits	**55,760**	42,118	**10,609**	9,755
Foreign currency cash held	**30,003**	25,081	**30,003**	25,081
	4,458,112	1,120,254	**4,412,961**	1,087,891

5. Receivable from IMF

		Group		Bank
	31/Dec/17	31/Dec/16	**31/Dec/17**	31/Dec/16
	D'000	D'000	**D'000**	D'000
Receivables:				
IMF quotas (GMD deposits at IMF)	**4,219,649**	3,746,928	**4,219,649**	3,746,928
Payables:				
IMF account 1	**(3,409,283)**	**(3,183,609)**	**(3,409,283)**	(3,183,609)
IMF account 2	**(3,745)**	**(3,747)**	**(3,745)**	(3,747)
	806,621	**559,572**	**806,621**	559,572

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. The holdings accounts (IMF accounts 1 & 2) represents IMF holdings of local currency with the Central Bank.

Notes to the Consolidated financial statements

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6. Investments in securities

		Group			Bank
		31/Dec/17	31/Dec/16	**31/Dec/17**	31/Dec/16
		D'000	D'000	**D'000**	D'000
Held to maturity at amortised cost	**6.1**	**12,270,845**	12,987,400	**12,270,845**	12,987,400
Available for sale investments @ cost/fair value	**6.2**	**1,014,976**	559,940	**1,088,776**	604,397
		13,285,821	13,547,340	**13,359,621**	13,591,797

6.1. Held to maturity

		Group			Bank
		31-Dec-17	31-Dec-16	**31-Dec-17**	31-Dec-16
		D'000	D'000	**D'000**	D'000
Current:					
Fixed term investment Euro		**566,202**	328,632	**566,202**	328,632
Fixed term investment USD		**964,882**	663,989	**964,882**	663,989
Fixed term investment GBP		**318,943**	-	**318,943**	-
Gambia Government Sukuk		**957**	12,864	**957**	12,864
Gambia Government treasury bills		**-**	227,991	**-**	227,991
		1,850,984	1,233,476	**1,850,984**	1,233,476
Non-current:					
5% 30 year Gambia Government bond	**a**	**10,419,861**	11,753,924	**10,419,861**	11,753,924
		12,270,845	12,987,400	**12,270,845**	12,987,400

a. 5% 30 year Gambia Government bond

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 31st December 2016 into a single 5% 30 year bond payable in thirty years at a frequency of two payment per annum (i.e. 1st March and 1st September each year).
As at end December 2017 the balance on the bond account stance at GMD 10,419,860,649 as a result of repayments and adjustments.

Notes to the Consolidated financial statements

For the year ended 31 December 2017

Description	31-Dec-16 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 $18.14 million)	**910,497**
Advance to Government (Special Deposit T/Bills end Dec. 2015)	**2,459,142**
Overdrawn position Special Deposit T/Bills end Dec. 2016	**721,023**
Old Treasury Main Account overdrawn position	**49,731**
Overdrawn Net Government Treasury position	**2,205,000**
IFTC - GNPC Loan ($ 10.93 million)	**598,691**
CBG holdings of Treasury Bills maturing in 2017	**827,736**
	11,753,924

6.2. Available for sale

	Group		Bank	
	31/Dec/17	31/Dec/16	**31/Dec/17**	31/Dec/16
	D'000	D'000	**D'000**	D'000
Equity investments	**714,976**	259,940	**788,776**	304,397
MegaBank Gambia Limited	**300,000**	300,000	**300,000**	300,000
	1,014,976	**559,940**	**1,088,776**	**604,397**

6.2.1. Equity Investments

		Group		Bank	
		31/Dec/17	31/Dec/16	**31/Dec/17**	31/Dec/16
		D'000	D'000	**D'000**	D'000
Africa Export - Import Bank	**a**	**95,906**	15,996	**95,906**	15,996
Gamswitch Ltd	**b**	**-**	-	**73,800**	44,457
Shares Africa Re-Insurance	**c**	**300,995**	57,726	**300,995**	57,726
West African Central Bank	**d**	**318,075**	186,218	**318,075**	186,218
		714,976	259,940	**788,776**	304,397

Notes to the Consolidated financial statements

For the year ended 31 December 2017

a. Shareholding in Africa Export - Import Bank for an amount of D 95,906 million (2016: D 15,996 million), representing 0.10% holding.
b. Shareholding in Gamswitch Limited or an amount of D 73,800 million (2016: D 44.457 million) representing 50% holding.
c. Shareholding in Africa Re-insurance Company Limited for an amount of D300,995 million (2016: D 57.726 million) representing 0.65% holding.
d. Shares in West African Central Bank for an amount of D 318,075 million (2016: D 186.218 million) representing 6.6% holding.

All the equity investments, with the exception of the West African Central Bank, were fair valued in 2017 thus accounting for the significant movements between the current and prior year values.

The directors have assessed the status of these investments based on their latest financial statements and concluded that there was no objective evidence of impairment and therefore did not make any impairment provision.

6.2.2. Mega Bank Ltd (Formerly Keystone bank)

In May 5, 2014, Central Bank of the Gambia (CBG) took over Keystone Bank (Gambia) Limited (KSB) and subsequently recapitalized in the amount of D 300 million, partly to enhance its risk bearing capacity and ensure continuity of operations as a going concern.

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. Megabank transferred its non-performing loans amounting D 694.3 million to the newly created entity named Keystone Asset Management Company (KAMCO) Gambia Limited (the bad bank) on interest free credit on 31st December 2014.

An impairment review on the investment was carried out at the year-end 2014 using the unaudited financial statements of Megabank and the results of the review indicated that there was objective evidence of a change in value of assets. Therefore 100% provisioning was made on the Investment.

In 2015 an impairment review was done using the unaudited financial statements of Megabank and the results of the review indicated that there was no objective evidence of a significant reduction in value of net assets of the company. Therefore, the directors decided to conservatively reverse 50% (D 150 million) of the provision made in FY2014.

In light of the continued improvements in the health status of bank and the intense interest from diverse potential buyers and the quoted fee currently being negotiated on it is deemed fit to reverse the final 50% of the impairment.

7. Loans and advances

		Group			Bank
		31/Dec/17	31/Dec/16	**31/Dec/17**	31/Dec/16
		D'000	**D'000**	**D'000**	D'000
Current					
Loans to Financial Institutions	**7.1**	**-**	4,910	**-**	4,910
			4,910	**-**	4,910
Non-current					
Staff loans	**7.4**	**103,881**	93,514	**103,881**	93,514
IMF Rapid Credit Facility on-lending to GG	**7.2**	**1,118,163**	341,561	**1,118,163**	341,561
Loan to GG Agencies & Parastatals	**7.3**	**230,351**	-	**230,351**	-
		1,452,395	**439,075**	**1,452,395**	439,075
		1,452,395	**439,075**	**1,452,395**	439,985

7.1. Loans to Financial Institutions

	Group			Bank
	31/Dec/17	31/Dec/16	**31/Dec/17**	31/Dec/16
	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
Impairment	**(14,055)**	(9,145)	**(14,055)**	(9,145)
	-	4,910	**-**	4,910

The above were liquidity support provided to these institutions to help meet their obligations to their depositors.

The impairment of D 14,055 million is made in respect of Gamstar and GAWFA as a result of non-performance. Furthermore, the Bank is currently at the courts with Gamstar who refuse to acknowledge the existence of this facility.

7.2. IMF RCF for onward lending to GG

		Group			Bank
		31/Dec/17	31/Dec/16	**31/Dec/17**	31/Dec/16
		D'000	D'000	**D'000**	D'000
Rcf Onward Lending Account 2017	a	**733,510**	-	**733,510**	-
Special Credit Facility	b	**384,653**	341,561	**384,653**	341,561
		1,118,163	341,561	**1,118,163**	341,561

a. RCF Onward Lending Account 2017

On June 26, 2017 the International Monetary Fund (the Fund) approved a Rapid Credit Facility (RCF) loan of 18.75 percent of quota, or SDR 11.66 million (GMD 733.51 million) to Gambia. 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.

b. Special Credit Facility

The amount of GMD384,652,800: SDR 5.67 million (2016: GMD341,561,000 : SDR5.67 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 is 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.

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7.3. Loan to GG Agencies & Parastatals

		Group		Bank
	31-Dec-17	31-Dec-17	**31-Dec-17**	31-Dec-16
	D'000	D'000	**D'000**	D'000
Loan to GIA	**86,711**	-	**86,711**	-
Loan to GNPC	**143,640**	-	**143,640**	-
	230,351	-	**230,351**	-

7.4. Staff loans

		Group		Bank
	31/Dec/17	31/Dec/16	**31/Dec/17**	31/Dec/16
	D'000	D'000	**D'000**	D'000
Personal Loans	**6,306**	5,758	**6,306**	5,758
Transport Loans	**31,898**	29,515	**31,898**	29,515
Housing Loan	**85,603**	75,644	**85,603**	75,644
Staff Loans Amortised Cost	**(18,098)**	(17,403)	**(18,098)**	(17,403)
Provision for staff loans	**(1,828)**	-	**(1,828)**	-
	103,881	93,514	**103,881**	93,514

Notes to the Consolidated financial statements

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8. Other assets

			Group		Bank
		31/Dec/17	31/Dec/16	**31/Dec/17**	31/Dec/16
		D'000	D'000	**D'000**	D'000
Current					
Stock of notes not yet issued		**189,188**	251,289	**188,960**	251,289
Commemorative coins		**1,230**	1,230	**1,230**	1,230
Other accounts receivables		**(9,437)**	102,802	**(53,582)**	43,288
Prepayments		**7,814**	4,808	**7,814**	4,808
Value Added Tax (VAT) receivable		**8,933**	5,323	**8,933**	5,323
		197,728	305,938	**153,355**	305,938
Provision for VAT irrecoverable		**-**	-	**-**	-
		197,728	365,452	**153,355**	305,938
Non-current					
WAMI stabilisation fund	a	**159,037**	93,227	**159,037**	93,227
		356,765	458,679	**312,392**	399,165

a. 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 Monetary Zone (WAMZ) under the ECOWAS Single currency program. The Bank contributed USD 3,321,571.00.

9. Inventory.

		Group		Company
	31/Dec/17	31/Dec/16	**31/Dec/17**	31/Dec/16
	D'000	D'000	**D'000**	D'000
Inventory	**-**	**75**	-	-

Notes to the Consolidated financial statements

For the year ended 31 December 2017

10. Property, Plant & Equipment

Company:

	Leasehold Land	Building	Furniture & Fittings	Motor Vehicle	Computer Equipment	WIP	Total
	D'000	D'000	D'000	D'000	D'000	D'000	D'000
Cost							
As at 1 Jan 2017	25,000	337,035	86,562	63,625	80,922	2,361	595,505
Additions in period	-	518	43,564	5,475	1,500	-	51,057
Disposals in period	-	-	(494)	(3,238)	-	-	(3,732)
Adjustment	-	-	-	-	-	(137)	(137)
As at 31 Dec 2017	25,000	337,553	129,632	65,862	82,422	2,224	642,693
Depreciation							
As at 1 Jan 2017	(2,250)	(40,263)	(56,620)	(49,770)	(55,809)	-	(204,712)
Charge in period	(250)	(3,376)	(19,095)	(9,146)	(16,484)	-	(48,351)
Disposals in period	-	-	221	3,238	-	-	3,459
As at 31 Dec 2017	(2,500)	(43,639)	(75,494)	(55,678)	(72,293)	-	(249,604)
NBV							
At 31 Dec 2017	22,500	293,914	54,138	10,184	10,129	2,224	393,089
At 31 Dec 2016	22,750	296,772	29,942	13,855	25,113	2,361	390,793

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Group:

	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 2017	25,000	337,035	86,645	63,625	100,623	2,361	615,289
Additions in period	-	518	43,564	5,475	1,538	-	51,095
Disposals in period	-	-	(494)	(3,238)	-	-	(3,732)
Adjustment	-	-		-	-	(137)	(137)
As at 31 Dec 2017	25,000	337,553	129,715	65,862	102,161	2,224	662,515
Depreciation							
As at 1 Jan 2017	(2,250)	(40,263)	(56,628	(49,770)	(73,187)	-	(222,098)
Charge in period	(250)	(3,376)	(19,103)	(9,146)	(18,796)	-	(50,671)
Disposals in period	-	-	221	3,238	-	-	3,459
As at 31 Dec 2017	(2,500)	(43,639)	(75,510)	(55,678)	(91,983)	-	(269,310)
NBV							
At 31 Dec 2017	22,500	293,914	54,205	10,184	10,178	-	393,205
At 31 Dec 2016	22,750	296,772	30,017	13,855	27,436	2,361	393,191

MAJ CONSULTS, an independent appraiser, re-valued the administrative building as of September 2008. Their revaluation was based on the observed asset conditions and asset replacement cost by reference to market evidence of recent transactions for similar properties and replacement cost estimation methodologies.

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). On the basis of the September valuation, management of the Bank estimated that the fair value of the building as at 31 December 2012 will not be significantly different.

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. The fair value of these rights now represent the deemed costs for the rights of use of land. The valuation was performed by an independent appraiser together with the valuation of the administrative building.

Notes to the Consolidated financial statements

For the year ended 31 December 2017

11. Intangibles

Company:

	Software	Wamz pyt system	Total
	D'000	D'000	D'000
Cost			
As at 1 Jan 2017	74,114	50,626	124,740
Additions in period	6,423	-	6,423
Disposals in period	-	-	-
As at 31st Dec 2017	80,537	50,626	131,163
Amortisation			
As at 1 Jan 2017	(59,054)	(30,378)	(89,432)
Charge in period	(11,517)	(10,125)	(21,642)
Disposals in period	-	-	-
As at 31 Dec 2017	(70,571)	(40,503)	(111,074)
NBV			
At 31 Dec 2017	9,966	10,123	20,089
At 31 Dec 2016	15,060	20,248	35,308

Group:

	Software	Wamz pyt system	Total
	D'000	D'000	D'000
Cost			
As at 1 Jan 2017	112,511	50,626	163,137
Additions in period	6,423	-	6,423
Disposals in period	-	-	-
As at 31st Dec 2017	118,934	50,626	169,560
Amortisation			
As at 1 Jan 2017	(92,592)	(30,378)	(122,970)
Charge in period	(16,376)	(10,125)	(26,501)
Disposals in period	-	-	-
As at 31 Dec 2017	(108,968)	(40,503)	(149,471)
NBV			
At 31 Dec 2017	9,966	10,123	20,089
At 31 Dec 2016	19,919	20,248	40,167

Notes to the Consolidated financial statements

For the year ended 31 December 2017

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 provided under the grant.

12. Reserves

Group

	Share Premium	General Reserve	Revaluation Reserve	Retained Earnings	Equity Fair valuation	NCI	**Total**
	D'000	D'000	D'000	D'000	D'000	D'000	**D'000**
Balance as at 1 Jan 2016	-	5,315	-	312,917	-	-	**318,232**
Surplus for the year	-	-	-	159,593	-	-	**159,593**
Exchange loss	-	-	-	-	-	-	**-**
Revaluation Reserve	-	-	135,880	-	-	-	**135,880**
Movement in Non-controlling interest	-	-	-	(13,731)	-	31,269	**17,538**
Effect of Intragroup elimination	10,562	2,463	-	-	-	-	**13,025**
Balance as at 31 Dec 2016	**10,562**	**7,778**	**135,880**	**458,779**	-	**31,269**	**644,268**
Balance as at 1 Jan 2017	10,562	7,778	135,880	458,779	-	31,269	**644,268**
Loss for the year	-	-	-	(85,226)	-	-	**(85,226)**
Exchange loss	-	-	-	-	-	-	**-**
Revaluation Reserve (note 21)	-	-	220,568	-	-	-	**220,568**
PY adjustment (S 8)	5,163	53,198	-	(65,276)	-	-	**(6,915)**
Fair valuation (note 22)	-	-	-	-	283,497	-	**283,497**
Movement in Non-controlling interest	-	-	-	3,998	-	(3,998)	**-**
Effect of Intragroup elimination	(348)	(28,995)	-	-	-	-	**(29,343)**
Balance as at 31 Dec 2017	**15,377**	**31,981**	**356,448**	**312,275**	**283,497**	**27,271**	**1,026,849**

Notes to the Consolidated financial statements

For the year ended 31 December 2017

Company:

	General Reserve	Revaluation Reserve	Retained Earnings	Equity Fair valuation	Pension fund valuation	Total
	D'000	D'000	D'000	D'000	D'000	**D'000'**
Balance as at 1 Jan 2016	5,315	-	312,917	-	-	**318,232**
Surplus for the year	-	-	159,593	-	-	**159,593**
Exchange loss	-	-	-	-	-	**-**
Revaluation Reserve	-	135,880	-	-	-	**135,880**
Balance as at 31 Dec 2016	**5,315**	**135,880**	**472,510**	**-**	**-**	**613,705**
Balance as at 1 Jan 2017	5,315	135,880	472,510	-	-	**613,705**
Loss for the year	-	-	(83,955)	-	(15,492)	**(99,447)**
Exchange loss	-	-	-	-	-	**-**
Revaluation Reserve (note 21)	-	220,568	-	-	-	**220,568**
PY adjustment (S 9)	53,198	-	(53,198)		-	**-**
Fair valuation (note 22)	-	-	-	283,497	-	**283,497**
Balance as at 31 Dec 2017	**58,513**	**356,448**	**335,357**	**283,497**	**(15,492)**	**1,018,323**

We are required by section 8 of the CBG Act 2005 to allocate one-third of the profit for 2016 into the General reserve account. The allocation was not done in the 2016 financial statements, thus the adjustment.

Notes to the Consolidated financial statements

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13. Currency in circulation

	Group		Bank	
	31-Dec-17	31-Dec-16	**31-Dec-17**	31-Dec-16
	D'000	D'000	**D'000**	D'000
Breakdown as follows:				
Notes in Circulation	**-**	5,032,767	**-**	5,032,767
Coins in Circulation	**-**	56,705	**-**	56,705
Treasurers Account	**(16,299)**	-	**(16,299)**	-
Notes Printed Accounts	**8,230,359**	-	**8,230,359**	-
Coins Minted A/C	**72,139**	-	**72,139**	-
Gold And Silver Minted Account	**139**	139	**139**	139
Notes Destroyed A/C	**(315,742)**	-	**(315,742)**	-
Defective Coin Account	**(374)**	-	**(374)**	-
Mutilated Notes A/C	**(319,176)**	-	**(319,176)**	-
New Notes (Mint) Acct	**(990,125)**	-	**(990,125)**	-
New Coins (Mint) Acct	**(9,465)**	-	**(9,465)**	-
Reissued Coins Account	**(31)**	-	**(31)**	-
Reissue Notes Account - Gmd	**(464,570)**	-	**(464,570)**	-
Cic Vms Takeon Difference Acco	**(367)**	-	**(367)**	-
	6,186,488	5,089,611	**6,186,488**	5,089,611

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 D6,186,488 (2016: D5,089,611). Changes in the level of the liability are mainly influenced both by the Government's fiscal policies and monetary policies of the Bank.

14. Deposits

	Group			Bank
	31/Dec/17	31/Dec/16	**31/Dec/17**	31/Dec/16
Deposits comprise of:	**D'000**	D'000	**D'000**	D'000
Deposits of commercial banks	**3,980,760**	3,164,168	**3,980,760**	3,164,168
The Gambia Government deposits	**4,557,060**	3,376,149	**4,557,060**	3,376,149
Other deposits	**277,298**	406,108	**277,298**	406,108
	8,815,118	6,946,425	**8,815,118**	6,946,425

As stipulated under the provisions of the Central Bank of The Gambia Act 2005, 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. 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% (2016: 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.

15. Long term loan from IMF

The liabilities to the IMF includes the poverty reduction growth facility (PRGF), extended credit facility (ECF) and the rapid credit facility (RCF). The sum total of these facilities is SDR 36.2 million (2016: SDR 29.8 million). During the period under review:

a. Central bank repaid SDR 5.24 million to the IMF in terms of principal repayment.

b. An RCF facility of SDR 11.66m was disbursed to the CBG for onward lending to the Gambia Government. The facility is intended to address urgent balance of payment and fiscal needs. The first repayment towards this facility is due in June 2022 and the facility will be fully liquidated by December 2031.

The Bank, on behalf of the Government of 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 (2016: SDR 29.8 million).

	Group		Bank	
	2017	2016	**2017**	2016
	D'000	D'000	**D'000**	D'000
Within 1 year	**388,809**	313,714	**388,809**	313,714
After 2 years	**323,996**	332,110	**323,996**	332,110
After 3 years	**259,215**	275,559	**259,215**	275,559
After 4 years	**282,591**	218,868	**282,591**	218,868
5 years and after	**1,177,547**	663,601	**1,177,547**	663,601
	2,432,158	1,803,852	**2,432,158**	1,803,852
SDR allocations	**2,019,465**	1,793,227	**2,019,465**	1,793,227
	4,451,623	3,597,079	**4,451,623**	3,597,079

16. Other payables

		Group		Bank	
		31-Dec-17	31-Dec-16	**31-Dec-17**	31-Dec-16
		D'000	D'000	**D'000**	D'000
Current					
Accrued interest & accounts payable		**65,212**	49,122	**35,692**	26,286
Provisions and other liabilities		**137,917**	98,213	**137,905**	98,107
AfDB Grant (deferred income)	a	**12,019**	24,039	**12,019**	24,039
		215,148	171,374	**185,616**	148,432
Non-current					
Provisions and other liabilities		**-**	10,507	**-**	9,259
		215,148	181,881	**185,616**	157,691

a. This represents income received from African Development Bank (AfDB) in respect of projects completed as at year-end 2013. These amounts which are deferred to the following period, relate to the modernization of the payment system implement by West African Monetary Institute (WAMI) for The Gambia, Sierra Leone, Guinea and Liberia.

17. Interest income

	Group		Bank	
	31/Dec/17	31/Dec/16	**31/Dec/17**	31/Dec/16
	D'000	D'000	**D'000**	D'000
Interest on Government Bonds	**313,852**	347,627	**313,852**	347,627
Interest on USD deposits	**27,775**	9,255	**27,775**	9,255
Interest on EUR deposits	**275**	1,148	**275**	1,148
Interest on GBP deposits	**215**	-	**215**	-
Interest on other foreign currency deposits	**15,557**	10,123	**2,887**	550
	357,674	368,153	**345,004**	358,580

18. Interest expense

	Group		Bank	
	31-Dec-17	31-Dec-16	**31-Dec-17**	31-Dec-16
	D'000	D'000	**D'000**	D'000
Interest on IMF Loan	**13,219**	1,794	**8,336**	1,135
	13,219	1,794	**8,336**	1,135

19. Other income

	Group		Bank	
	31/Dec/17	31/Dec/16	**31/Dec/17**	31/Dec/16
	D'000	D'000	**D'000**	D'000
Gain on sale of investment	**2,645**	(6,324)	**30**	274
Miscellaneous income	**7,771**	8,164	**7,771**	8,164
Rental income	**33**	36	**33**	36
AfDB Grant amortised	**12,019**	12,019	**12,019**	12,019
	22,468	13,895	**19,853**	20,493

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20. Personnel cost

	Group		Bank	
	31/Dec/17	31/Dec/16	**31/Dec/17**	31/Dec/16
			D'000	D'000
Salaries	**63,225**	54,314	**63,764**	50,804
Transport allowances	**20,543**	14,452	**20,508**	14,382
Contribution to provident fund	**3,734**	3,459	**3,734**	3,459
Professional allowances	**2,760**	2,751	**2,760**	2,751
Other pension costs	**12,026**	8,517	**12,026**	8,517
Other	**7,594**	7,842	**7,609**	7842
	113,897	91,335	**110,386**	87,755

20.1 Staff Numbers

Details	Group		Bank	
	31-Dec-17	31-Dec-16	**31-Dec-17**	31-Dec-16
	D'000	D'000	**D'000**	D'000
Senior Management	**22**	19	**21**	18
Other staff	**277**	254	**274**	251
	299	**273**	**295**	**269**

21. General and administrative expenses

	Group		Bank	
	31/Dec/17	31/Dec/16	**31/Dec/17**	31/Dec/16
	D'000	D'000	**D'000**	D'000
Contributions to regional organisations	**58,363**	49,160	**58,363**	49,160
Currency printing cost amortisation	**51,233**	78,459	**51,233**	78,459
Training expenses	**34,056**	13,718	**34,056**	13,718
Travel and transport operating expenses	**25,265**	12,713	**25,265**	12,713
Software license fees	**30,773**	29,202	**30,773**	29,202
Telecommunication expenses	**5,157**	4,603	**5,157**	4,603
Other costs and expenses	**62,959**	46,515	**55,250**	33,682
	267,807	234,370	**260,097**	221,537

Notes to the Consolidated financial statements

For the year ended 31 December 2017

22. Exchange rate gains and losses

Exchange rate gains and losses can be summarized as follows:

	Group		Bank	
	31-Dec-17	31-Dec-16	**31-Dec-17**	31-Dec-16
	D'000	D'000	**D'000**	D'000
Exchange rate gains and losses can be summarised as follows:				
Net exchange rate differences on foreign currency deposits	**390,710**	135,880	**390,710**	135,880
Net exchange rate differences on SDR	**(170,142)**	-	**(170,142)**	-
Currency revaluation	**(2,615)**	(6,598)	**-**	-
	217,953	**129,282**	**220,568**	**135,880**

23. Equity fair valuation

	Group	Bank	**Group**	Bank
	31/Dec/17	31/Dec/16	**31/Dec/17**	31/Dec/16
	D'000	D'000	**D'000**	D'000
Name of Investee:				
Africa Export - Import Bank	**42,760**	-	**42,760**	-
Gamswitch Ltd	**28,800**	-	**28,800**	-
Shares Africa Re-Insurance	**211,937**	-	**211,937**	-
Total	**283,497**	-	**283,497**	-

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 (as at end Dec 2017).

Details	FV hierachy	no. of shares	Currency	Nominal value per share	Fair value per share	Rate to GMD	Total fair value (GMD)
Afrexim Bank	Level 1	111.00	USD	10,000.00	18,045.55	47.88	42,759,523.67
Africa Re	Level 1	18,600.00	USD	100.00	337.98	47.88	211,937,372.64
Gamswitch	Level 2	45,000,000.00	GMD	1.00	1.64	1.00	28,800,000.00
							283,496,896.31

24. Provisions & other liabilities

25. Financial instruments

i. 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.

ii. 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 at the yearend was as follows:

		31-Dec-17	31-Dec-16
		D'000	D'000
Debt	a	**13,430,139**	10,701,195
Equity	b	**1,140,541**	713,705
Debt to Equity ratio (times)		**11.78**	14.99

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 revaluation and fair valuation of the equity investments.

iii. Categories of financial instruments

Financial assets

	31-Dec-17	31-Dec-16
	D'000	D'000
Held to maturity investments	**12,270,845**	12,987,400
Loans & Receivables (Including cash and cash equivalents	**6,984,369**	2,486,613
Available for sale financial Assets	**1,088,776**	604,397
	20,343,990	16,078,410

Financial liabilities

	31-Dec-17	31-Dec-16
	D'000	D'000
Liabilities at amortised cost	**2,432,158**	1,803,852
Other liabilities	**17,184,469**	13,986,954
	19,616,627	15,790,806

iv. Financial risk management objectives

The Bank's board monitors and manages the financial risks relating to the operations of the Bank through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include operational risk, market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

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 enter into or trade financial instruments, including derivatives financial instruments, for any purpose.

v. 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.

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vi. Market risk

The Bank's activities expose it primarily to the financial risk of changes in foreign currency exchange rate and interest rates. The Bank does not manage its exposure to interest rate and foreign currency risk except for the government grants of Interest-bearing redeemable notes to cover foreign currency exchange rate losses on monetary assets and liabilities.

vii. 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.

The carrying amounts of the Bank's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

Foreign currency sensitivity analysis

The Bank is mainly exposed to the USD, EUR, GBP 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 and GBP currencies respectively. +-5% is 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. For a 5% strengthening of the Dalasi against the relevant currency, there would be an equal and opposite impact on the exchange gains and the balances below would be negative for asset and positive for liabilities.

Currency	% change	Exchange Rate	Base Currency	Increase by 5%	Impact strengthening	Decrease by 5%	Impact weakening
Euro	± 5%	56.61	3,896,838.01	4,091,679.92	194,841.90	3,701,996.11	(194,841.90)
US$	± 5%	47.88	4,607,351.71	4,837,719.30	230,367.59	4,376,984.13	(230,367.59)
GBP	± 5%	63.7	3,463,108.32	3,636,263.74	173,155.42	3,289,952.90	(173,155.42)
CFR	± 5%	48.22	4,574,865.20	4,803,608.46	228,743.26	4,346,121.94	(228,743.26)
SDR	± 5%	67.84	3,251,768.87	3,414,357.31	162,588.44	3,089,180.42	(162,588.44)

Currency	**Exchange Rates as at:**	
	31-Dec-17	31-Dec-16
European Union	56.61	46.87
United States	47.88	43.89
Great Britain	63.7	55.6
Switzerland	48.22	43.98
SDR	67.84	60.24

viii. Interest rate risk management

The bank is exposed to interest rate risk as it borrows funds primarily from the IMF at fixed interest rates. The Bank does not enter into any derivatives transactions to manage its exposure to interest rate risk.

The Bank's exposure to interest rate on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

ix. interest rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure of the Bank primarily to interest rates on assets and liabilities at the date (comprising primarily foreign currency deposits with foreign commercial and central banks, Redeemable interest-bearing Notes, the 5% Gambia Government bond and the IMF long interest bearing borrowing. for floating rate assets, the analysis is prepared assuming the amount of asset outstanding at the end of the reporting was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to the Board of Directors and represents the Bank's assessment of the reasonably possible change in the interest rates. However, the current Global financial crisis has made it much more difficult to predict interest rate movements. There is a general decline in interest rate in developed economies which encourages more borrowing with a view to stimulate their economies. Considering that interest rates are at their lowest- virtually zero and negative in the Euro Zone, the near term outlook is that it will remain the same at least for now.

x. 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.

xi. Credit risk management

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Bank. 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. Therefore, the Bank's credit risk exposure is mitigated within acceptable levels of the Bank's risk management policy. The carrying amount of financial assets recorded in the financial statements as at 31 December 2017 represents the Bank's maximum exposure to credit risk. The bank risk appetite is risk averse and its priority is liquidity and safety.

Foreign currency cash balances and deposits:

Year ended 31st December 2017					
USD Deposits					
Bank	**Carrying Amount**	**Maximum exposure**	Denomination	Collateral Type	Credit Rating
	D'000	**D'000**			
Stanchart London	520,765	520,765	USD	None	A+
Frb Ny	2,531,134	2,531,134	USD	None	AA+
Union Des Banque Arabes Franc.	8,300	8,300	USD	None	A-
	3,060,198	3,060,198			

Euro Deposits

Bank	Carrying Amount	Maximum exposure	Denomination	Collateral Type	Credit Rating
	D'000	D'000			
Banque De France	522,262	522,262	Euro	None	AA
Bis	6,139	6,139	Euro	None	N/A
Union Des Banque Arabes Franc.	17,485	17,485	Euro	None	A-
Deutsche Bundesbank	14,219	14,219	Euro	None	A-
	560,105	560,105			

GBP Deposits

Bank	Carrying Amount	Maximum exposure	Denomination	Collateral Type	Credit Rating
	D'000	D'000			
Stanchart London	620,333	620,333	GBP	None	A+
Bank Of England	29,557	29,557	GBP	None	AA
	649,890	649,890			

SDR Deposits

Bank	Carrying Amount	Maximum exposure	Denomination	Collateral Type	Credit Rating
	D'000	D'000			
International Monetary Fund	102,155	102,155	SDR	None	N/A
	102,155	102,155			

Notes to the Consolidated financial statements

For the year ended 31 December 2017

Other Deposits

Bank	Carrying Amount D'000	Maximum exposure D'000	Denomination	Collateral Type	Credit Rating
Stanchart London	344	344	CHF	None	A+
Bis	10,265	10,265	CHF	None	N/A
	10,609	10,609			

FX cash holding

Currency	Carrying Amount D'000	Maximum exposure D'000	Denomination	Collateral Type	Credit Rating
Euro	22,174	22,174	Euro	None	N/A
USD	4,835	4,835	USD	None	N/A
GBP	2,995	2,995	GBP	None	N/A
	30,003	30,003			

Year ended 31st December 2016

USD Deposits

Bank	Carrying Amount D'000	Maximum exposure D'000	Denomination	Collateral Type	Credit Rating
Union Des BanqueArabes Franc.	**4,281**	**4,281**	USD	None	BBB+
Stanchart London	**27,056**	**27,056**	USD	None	A+
FRB NY	**69,137**	**69,137**	USD	None	AA+u
	100,474	**100,474**			

Euro Deposits

Bank	Carrying Amount D'000	Maximum exposure D'000	Denomination	Collateral Type	Credit Rating

Notes to the Consolidated financial statements

For the year ended 31 December 2017

BIS	**5,120**	**5,120**	Euro	None	N/A
Deutsche Bundesbank	**10,941**	**10,941**	Euro	None	A-
Union Des BAnqueArabes Franc.	**14,493**	**14,493**	Euro	None	BBB+
Banque de France	**128,141**	**128,141**	Euro	None	NR
	158,695	**158,695**			

GBP Deposits

Bank	**Carrying Amount D'000**	**Maximum exposure D'000**	Denomination	Collateral Type	Credit Rating
Bank of England	**65,941**	**65,941**	GBP	None	AA
Standard chartered Bank London	**406,585**	**406,585**	GBP	None	A+
	472,526	**472,526**			

DR Deposits

Bank	Carrying Amount D'000	Maximum exposure D'000	Denomination	Collateral Type	Credit Rating
International Monetary Fund	**321,363**	**321,363**	SDR	None	N/A
	321,363	**321,363**			

FX cash balance held

Currency	Carrying Amount D'000	Maximum exposure D'000	Denomination	Collateral Type	Credit Rating
GBP	**2,614**	**2,614**	GBP	None	N/A
USD	**3,958**	**3,958**	USD	None	N/A
EUR	**18,508**	**18,508**	EUR	None	N/A
	25,081	**25,081**			

xii. Liquidity risk management

Liquidity risk refers to the risk that the Bank will encounter difficulty in meeting obligations associated with financial liabilities. The ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Bank's short, medium and long-term funding and liquidity management requirements. The Bank manages liquidity risk by maintaining adequate amounts on very short term deposit with foreign commercial and central banks, by having ability to draw down on the IMF facilities up to the approved limits, by continuously monitoring forecast and actual cash flows related primarily to Government projects and matching the maturity profiles of financial assets and liabilities. Included in note 5 is a summary of undrawn amounts from the IMF under approved facilities that the Bank has as its disposal.

xiii. Forwards and futures

Forward and futures contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over–the–counter market. Futures contracts are transacted in standardised amounts on regulated exchanges and are subject to daily cash margin requirements. The main differences in the risks associated with forward and futures contracts are credit risk and liquidity risk.

The Bank has credit exposure to the counterparties of forward contracts. The credit risk related to future contracts is considered minimal because the cash margin requirements of the exchange help ensure that these contracts are always honoured. Forward contracts are settled gross and are, therefore, considered to bear a higher liquidity risk than the futures contracts that are settled on a net basis. Both types of contracts result in market risk exposure.

xiv. Swaps

Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts, in relation to movements in a specified underlying index such as an interest rate, foreign currency rate or equity index. Interest rate swaps relate to contracts taken out by the Bank with other financial institutions in which the Bank either receives or pays a floating rate of interest, respectively, in return for paying or receiving a fixed rate of interest. The payment flows are usually netted against each other, with the difference being paid by one party to the other. In a currency swap, the Bank pays a specified amount in one currency and receives a specified amount in another currency. Currency swaps are mostly gross–settled.

				2017				2016
	Assets	Fair Value Liabilities	Net Amount	Nominal Amount	Assets	Fair Value Liabilities	Net Amount	Nominal Amount
	D'000	D'000	D'000	USD'000	D'000	D'000	D'000	USD'000
Currency swaps - Guaranty Trust Bank	-	-	-	-	-	-	-	20,000
Currency swaps - Ecobank	-	-	-	-	-	-	-	19,700
Forwards	-	-	-	-	-	-	-	-
Futures	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	39,700

26. Related parties

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

Transactions with related parties in 2017 can be summarised as follows:

Name	Receivables D'000	Payables D'000	Revenue D'000	Expenses D'000
Ministry of Finance	10,419,861	-	-	-
Sukuk -Al-Salam	1,005	-	-	-
Senior Management of the Bank	14,271	-	-	-
	10,435,137	-	-	-

Transactions with related parties in 2016 can be summarised as follows:

Name	Receivables	Payables	Revenue	Expenses
	D'000	D'000	D'000	D'000
Ministry of Finance	11,753,924	-	-	468,804
GG Treasury bills	240,855	-	-	-
Senior Management of the Bank	12,961	-	-	-
	12,007,740	-	-	468,804

Remuneration of board of Directors

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

	31-Dec-17	31-Dec-16
	D'000	D'000
Board of Directors		
Directors fees and sitting allowances	593	330
Senior Management		
Salary	6,458	5,847
Other Benefits	11,572	6,018
	18,623	12,195

27. Events after reporting date

The Directors, having reviewed the transactions since the end of 2017, have concluded that no events have occurred since the year end that requires either a disclosure or an adjustment.

28. Comparative information

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

29. Departure from IFRS

As mentioned in the basis of preparation we were compelled by the provisions the CBG Act 2005 not to recognize the revaluation gains/loss on other currencies held through the income statement. Consequently, revaluation gains in the period to the tune of D 220.6 million were booked in equity instead of the income statement as required by IAS 21 “The effect of changes in foreign exchange rates”.

30. Regulatory breaches

a) Limit on loans and advances to the Government

The total loans, advances and securities owed to the Bank by the Gambia Government stood at about D11.53 billion whereas the estimated 10% of the previous fiscal year tax revenue of about D7.9 billion is D793 Million. Consequently, the total outstanding balance exceeds the legal limit by about 1455%. This exceeds the 10% limit of section 32(2) of the CBG Act 2005.

b) Tenor of investments in security

The Bank currently maintains investment in a 5% 30 year Gambia Government Bond with a value in excess of D10 billion at the end of the year under review. This exceeds the maximum tenor of twenty (20) years as captured in Section 43 (1) (h) (i) and (ii) of the CBG Act.

c) Investment in Government securities as % of currency in circulation

The Bank's total holding of Government securities (including treasury bills and bonds) as a percentage of currency in circulation stood at 211% which represents a violation in excess of 151% above the statutory limit of 60% as per section 43(2) of the CBG Act 2005.

d) Loans and advances to the Public Enterprises

The Bank granted Gambia International Airlines (GIA) and Gambia National Petroleum Corporation (GNPC) loans of US$4.6 million and US$3 million respectively. These could be in violation of the CBG Act 2005 as we could not find anywhere in the Act that states that the Bank could grant loans and advances to public enterprises.

e) Equity Investments

The Bank currently maintains several investments in both local and international institutions such as Afrixim Bank, Africa Re, and Mega Bank. However, the Act does not detail relevant statutory sections that confer upon the Bank the mandate to undertake and continue holding investments in the equities of these institutions.

31. Contingent Liability

a) Access Bank (Gambia) Ltd V Hatib G. Janneh – Ganishee proceedings against the Central Bank of the Gambia: The Bank has been ordered by the High Court of The Gambia to pay D15 million to Mr. Hatib G Janneh. Non- payment by the Bank led to contempt of court proceedings against the Bank. The matter is pending in the High 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. This case attracted D396, 267.00 legal fees. The amount has already been paid.