Reliance Financial Services Company Limited

Annual Report and Financial Statements

for the year ended 31st December 2019

Contents

Financial Highlights

	2019	2018	2017	**Increase/ Decrease**
				2019 vs 2018
Financial Structure				
Capital to Asset Ratio (at least 20%)	**29%**	31%	24%	-2%
Debt/ Equity Ratio (Times)	**7**	7	7	-
Liquid assets to deposit ratio (30%)	**76%**	82%	85%	-6%
Deposits to loans	**340%**	459%	436%	-119%
Deposits to total assets	**83%**	83%	80%	-
Gross loans Portfolio to Total Assets	**25%**	20%	21%	5%
Outreach Indicators				
Total Number of Borrowers	**33,155**	28,364	26,912	17%
Number of Active borrowers	**27,733**	27,001	26,168	3%
Total Value of loans disbursed (GMD'000)	**540,467**	345,980	280,941	56%
Average Size of Loans Disbursed (GMD'000)	**160**	15	10	967%
Gross Loan Portfolio outstanding (GMD'000)	**260,447**	165,105	150,844	58%
Average Loan balance per borrower (GMD'000)	**8**	8	7	0%
Voluntary Savings (GMD'000)	**851,918**	698,767	573,306	22%
Number of Branches and Kiosks	**21**	21	19	0%
Range of Loan Sizes (GMD'000)	**1-1500**	1-1,500	1-1,500	0%
Financial Performance				
Operational Self-sufficiency	**165%**	161%	109%	4%
Financial Revenue Ratio	**41%**	57%	51%	-16%
Yield on gross Portfolio (Nominal)	**29%**	38%	28%	-9%
Loan Loss Provision Expense Ratio	**0.18%**	3%	-1%	-2.82%
Administrative Expense Ratio	**39%**	38%	32%	1%
Efficiency & productivity				
Operating Expense/ Loan Portfolio	**45%**	62%	65%	-17%
Personnel expense/ Loan Portfolio	**19%**	23%	26%	-4%
Cost per borrower (GMD'000)	**50**	42	30	19%
Borrowers per staff member	**164**	141	134	16%
Borrowers per loan officer	**527**	512	415	3%
Voluntary savers per staff member	**575**	15	3	3,733%
Risk and liquidity				
Portfolio at Risk > 30 Days	**6%**	8%	11%	-2%
Portfolio at Risk > 90 Days	**3%**	8%	14%	-5%
Risk Coverage	**4%**	8%	30%	-4%
Non – earning liquid assets as % Total Assets	**13%**	14%	13%	-1%
Macro Economic Indicators				
Inflation Rate	**7.3%**	6.5%	7.40%	0.8%
Exchange Rate (Customs Valuation) GMD/USD	**51**	50	48	1%
GDP Growth Rate	**3.5%**	4.6%	3.70%	1.1%
GDP Per Capita (USD)	**500**	520	500	-3.8%

General Information

Directors	Mrs. Amie N. D. Bensouda	Chairperson
	Mr. Baboucarr Khan	Managing
	Mr. Ebenezer Olufowose	Non-Executive
	Mr. Cherno S. Jallow	Non-Executive
	Mrs. Nellie N. Taylor	Non-Executive
Secretary	Mrs. Fama Sarjo-Fye (Acting)	Chief Finance Officer

Bankers

Central Bank of The Gambia
1/2 Ecowas Avenue
Banjul
The Gambia

Trust Bank Limited
3/4 Ecowas Avenue
Banjul

Standard Chartered Bank (Gambia) Limited
8 Ecowas Avenue
Banjul

Guaranty Trust Bank Limited
56 Kairaba Avenue
KMC

Access Bank Limited
47 Kairaba Avenue
KMC

First International Bank Limited
2 Kairaba Avenue
KMC

EcoBank Limited
42 Kairaba Avenue
KMC

Mega Bank Gambia Limited
11 AU Liberation Avenue
Banjul

Arab Gambian Islamic Bank Limited
Becca Plaza
Ecowas Avenue
Banjul

Auditors

DT Associates
Audit, Tax and Advisory
Bertil Harding Highway
Kololi
The Gambia

Solicitors

Amie Bensouda & Co.
SSHFC Crescent
Off Bertil Harding Highway
Kanifing Institutional Area
The Gambia

Registered Office

Reliance Plaza
46 Kairaba Avenue
KSMD
The Gambia

Chairperson's statement

Distinguished Shareholders, I present to you, once again the financial statements for the year ended 31st December 2019. As we enter the penultimate year of our strategic planning cycle 2016 to 2020, the company's growth has been anchored on the key strategic pillars the successful implementation of which by Management has delivered yet another strong performance.

Our business philosophy continues to be guided by the basic principles of microfinance through the provision of safe and secure custody of funds for the unbanked and under-banked based on inclusive finance and managed and responsible lending to the Micro, Small and Medium Enterprises (MSME's), the most vulnerable segments of society Women including youth; complemented by our remittances and treasury operations to deliver a comprehensive value proposition to our target customer segments. During the year under review, the company has made impressive in-roads in the deployment of our digital channels such as the Online and Mobile App, ATM and Verve Cards in partnership with Access Bank, SMS Transaction Notification and electronic statement delivery. These services have provided a unique platform for customers to engage and access the company's products and services at a time of their convenience.

During the year, the company renewed its strategic partnership with the Africa Enterprise Challenge Fund (AECF) to support the Women Market programme in the urban and peri-urban areas of the country through a grant funding of USD210,000 for institutional and capacity building matched by USD700,000 for financing loans to women. The company also secured USD218,584 to support the provision of integrated digital financial services and financial education to Cash for Work beneficiaries under the Job, Skills and Financing Programme from the United Nations Capital Development Fund (UNCDF) over a four (4) year period. This is recognition of the leadership and positioning of Reliance in the financial ecosystem of the Gambia, in particular within the context of financial inclusion.

Economic environment

The economy was expected to grow by 6% in 2019 underpinned by strong growth in the services sector mainly tourism, trade, financial services and insurance and telecommunications. The collapse of Thomas Cook in September 2019 at the start of the season dealt a severe blow to the tourism industry and its value chain. Improvements in the foreign exchange reserves at USD258 million as at February 2019 providing 4.5 months of import cover for goods and services coupled with assistances received from development partners and a significant growth in remittances flows of USD319 million during the year helped to stabilize the foreign exchange rate during the year. Notwithstanding the declining monetary policy rate from 15% in 2017 to 12% as at end of the reporting period, lending to the productive sector has not kept up with same pace with the industry liquid assets to deposit ration standing at over 90% in December 2019. The consumer price index deteriorated YoY from 6.5% in 2018 to 7.7% as at year end.

Financial performance

Notwithstanding the mixed fortunes of the economy, Management steered the affairs of the company to exploit opportunities in the market to deliver yet another strong financial performance. Total operating revenues reached new record of GMD155 million; a YoY increase of GMD27 million or 21%. Operating profit increased from GMD25 million to GMD37 million during the year. The company's earnings per share jumped from GMD0.38 in 2018 to GMD0.62 during the year under review, an increase of 63% YoY.

The company recorded total assets GMD1.03 billion as at 31st December representing 68.7% of the total assets of the Non-Bank Financial Institutions Sector. Loans to customers increased by 65% to GMD251 million during the year. The company's assets are funded principally by customer deposits which grew by GMD153 million or 22% to GMD852 million in December 2019. Shareholders' funds increased from GMD102 million to GMD126 million during the year under review.

Dividend

The company's dividend policy continues to be guided by striking the right balance between maximizing shareholder value and the need to strengthen the company's financial position to fund investments for future business growth and most importantly adequate cover for risks inherent in our normal business; after compliance with the statutory and prudential capital ratios. Accordingly the Board is recommending the payment of dividend of GMD0.30 per share.

Outlook

The economy is projected to grow by 6.2% in 2020 after initial forecast of 5.4% with agriculture and construction expected to contribute significantly to the growth. With the elections in 2021, coupled with the hosting of the Organisation of Islamic Cooperation (OIC) in 2022, expectations are that there will be continued investment in infrastructure and conclusion of the major reforms of the Constitution, Civil Service, Security sector and Truth, Reconciliation and Reparations Committees based on the implementation of sound macro-economic policies and economic reforms as agreed with the developments partners such as the World Bank. International Monetary Fund and European Union.

The impact of the Corona Virus (COVID-19) pandemic on the global economy will no doubt affect the economies of the countries in Sub-Saharan Africa where the health infrastructure is weak and there are limited or no employment protection or societal safety nets to protect the welfare of the citizenry. The measures thus far taken resulting in the closing of borders has resulted in significant disruptions to the supply chains thereby increasing the risks to food security for the developing countries and potentially increased prices of basic commodities beyond the affordability of the poor and most vulnerable in society women and youth.

The Gambia has received significant donor assistance as budget support during the pandemic including debt relief of USD23 million and USD2.9 million respectively. Disruptions to the operations of the remittances industry which contributed to USD319 million in 2019, coupled with reduced or no income for Gambian migrants coupled with the risks of deportations could significantly affect the volumes; resulting foreign exchange volatility and inflationary pressures. The above external factors could challenge the financial industry in 2020 and beyond in terms of growth due to the tight liquidity, supply chain disruptions; impact of border closures and travel advisory on the tourism and hospitality sectors and the weather risks to the agriculture sector. These could give rise to increasing non-performing loans.

Acknowledgements

I will like to conclude by expressing my sincere appreciation to the shareholders for their utmost confidence in the Board of Directors to ensure the Company is put on the right path to succeed as a financial services provider that is fit for future. As a Board, my fellow directors have been steadfast in the execution of their duties to guide Management to continue to build capacities and deliver on our strategic promises to our customers, employees, stakeholders and support the communities in which we operate. I extend special gratitude to the Central Bank of The Gambia for their continued support and cooperation to the Company.

To the Management and staff we assure you of the commitment of the Board to continue to provide an inclusive work environment where every employee is respected and diversity is a source of strength. The Board will continue to encourage and invest in product and service innovation to respond to the expectations of current and future generation of customers. We continue to draw inspiration from our mission to continue to positively "change your lives".

Amie N. Bensouda

Chairperson of the Board of Directors

Managing Director’s Statement

The Company was able to build on the 2018 performance to deliver impressive financial results for the year ended 31st December 2019 over and above expectations given the difficult economic environment. This positive performance is clear manifestation of the emerging business model that was deployed to serve our chosen market segments, a highly motivated staff, and a visionary Board that continues to establish the long term strategic framework and guide its disciplined execution by Management.

During the year under review, the company recorded profit after tax of GMD31.6 million; representing an increase of 66% compared to 2018. The company recorded 21% increase in total revenue; 15% increase in net interest income and operating expenditure respectively. The Balance Sheet grew to over GMD1.03 billion or 23% compared to the 17% growth registered in 2018; which accounts for more than 68% of the total assets of the Non-Bank Financial Institutions Sector of The Gambia. In the context of the fundamentals of financial services provision, Reliance remains by far the strongest player in the sector, able to attract and retain customer deposits which grew by 22% to GMD852 million in December 2019. These deposits remain a vital source of strength to the company which enable it to offer affordable loans to customers with an outstanding value of GMD251 million and lend to government and banks to the tune of GMD395 million and GMD66 million respectively as at December 2019. Total risk assets combined account for 83% of deposits with cash and bank balances of GMD188 million to service branch operational needs and fund remittances payments.

This is evidenced of the company’s capacity to continually seek to understand and respond to the ever changing needs of our customers in terms of choice, ease of access and flexibility leveraging our emerging digital services to meets these preferences. The quest for efficiency improvements in our operations and the focus on attracting, developing and retaining the best talent continues to be strong enablers for the sustained and successful delivery of financial and operating results.

The company continues to be in full compliance with all the statutory and prudential ratios. The primary capital including statutory reserves stands at GMD126 million more than double the minimum requirement of GMD50 million. The capital adequacy ratio for the year is 29% compared to the minimum of 20%. The liquidity ratio during the year averaged 76%; compared to the minimum of 30%. The gearing ratio as at December 2019 was 7 times equity against the maximum of 10 times.

Business developments and strategic initiatives

Our disciplined and successful track record in the implementation of projects has earned us a strong reputation with Development Finance Institutions (DFI’s) as demonstrated by the signing of the new grant agreement with AECF in October 2019 on the back of completing a six (6) year programme in December 2018 to fund capacity building for women entrepreneurs. In March 2019, Reliance was successful after submitting an Expression of Interest in response to a call by the United Nations Capital Development Fund (UNCDF) for a grant funding of over USD218,000 to provide integrated digital financial services and financial and educational literacy to beneficiaries under a “Cash for Work” project within the overall Jobs, Skills and Financing Programme which is to be implemented over a period of four (4) years. The cash for work is a community based initiative to create local projects that will employ indigenes of communities who are mostly financially excluded to be gainfully employed.

In country, the company extended its collaborative efforts by signing Memoranda of Understanding (MOU) with five (5) of the Local Administrative Councils to provide us with the reach to offer our solidarity lending programmes to the Women at the level of the lowest governance structures – the Wards in consultation with the elected Councillors. In addition, Reliance signed two further MOU’s with the Gambia Women Chamber of Commerce and the Senegalo-Gambian Women Federation will pledges of lending to the tune of GMD100 million to eligible members of these women organisations. This clearly shows Reliance as the leading and preferred financial services provider for Gambian Women entrepreneurs.

Human Resources

We take great pride in our people, the majority of whom Reliance is their first employer after university, college and/or other tertiary institutions. Our company is built on the foundation of identifying and developing talent which often times the company struggles to retain due to the dearth of relevant training and development programmes available to the financial industry. Notwithstanding this challenge, the company has remained steadfast in its tradition of continuous training and development of our most important assets. As we forge ahead, we are committed to developing performance management systems linked to rewards and compensation schemes that we envisage will contribute to improving staff retention.

Outlook

The health measures being implemented by government in response to the COVID-19 pandemic will no doubt have a negative impact on the socio-economic activities and programmes of the country in 2020 and beyond. The Public State of Emergency has resulted in the closure of key sectors of the economy, travel, tourism, entertainment, schools, and community markets (Lumos) and restricted opening hours for the major markets in observance of social and physical distancing will impact businesses not to mention disruptions to supply chain operations. The remittances flows will equally be affected due to the loss of employment and earnings in the diaspora coupled with limited channels in the formal and banking sectors for the transfer of funds which are not accessible to the majority of these migrant workers.

Based on these prognosis, compliance and strict adherence to the company's policies, procedures including regulatory guidelines shall become ever more important given the uncertainties in the global and local economies. A continuous review of strategy and execution including products and services will be critical success factors in building resilience during these challenging times. We shall leverage technology to delivery our products and services where physical human contact is not feasible and will stay close to our customers to offer flexible and reasonable financial solutions to enable them sail through these difficult times while remaining focus on sustaining the long term financial viability of the company.

Acknowledgements

I wish to express my sincere appreciation to all our development finance partners – AGRA / AECF, UNCDF and the Whole Planet Foundation for their shared belief in the mission of Reliance in alleviating poverty using inclusive financial services as platform. We owe our commercial success to the vibrant local economies and communities in which we operate and hence would like to thank our Community Leaders, Local Councillors, and Village Development Committees for their support and cooperation.

The role of the Central Bank of the Gambia in providing a conducive environment for the development of the non-bank financial institutions sector is noted with great commendation and Reliance will continue to support all collaborative reforms and efforts to strengthen the sector. I will like to thank our Shareholders and the Board of Directors for the responsibility given to me to lead such a dynamic and diverse team of employees whose commitment to ensure sustained and consistent performances continues to be undiminished despite the challenges. We are committed to continually engaging with our customers and the wider community to deliver our brand promise of changing lives.

Thank you and God bless Reliance and The Gambia!

Baboucarr Khan

Managing Director

Directors' Report

The directors present their report and financial statements for the year ended 31st December 2019.

Statement of Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those 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 financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2013 and the Non-Bank Financial Institutions Act 2016. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities

The company's principal activity is that of non-bank financial intermediation.

Results for the year

The results for the year are as presented in the accompanying financial statements.

Significant changes in fixed assets

Changes in fixed assets are shown in note 19 to the financial statements.

Post Balance Sheet events

There were no significant events after the period end which could affect the results or financial position of the Company. The Board has tasked Management to continually assess the operations of the company vis a vis the COVID-19 pandemic and thus far there are no indications that the results might impact the assets, liabilities, revenue and cost for the year ending 2019.

Directors and directors' interest

The directors who held office during the year are shown on page 4.
The directors' beneficial interest in the ordinary shares of the company is shown below. No other changes have occurred between 31st December 2019 and the date of this report.

	Number of shares held	
	2019	2018
Mr. Baboucarr Khan	**11,549,913**	11,549,913
Mrs. Amie N. Bensouda	**20,539,933**	20,539,933
Mr. Ebenezer Olufowose	**5,097,604**	5,097,604
Mr. Cherno S. Jallow	**8,431,050**	8,431,050
	45,618,500	45,618,500

Auditors

The auditors, DT Associates have indicated their willingness to continue in office pursuant to Section 342 (2c) of the Companies Act 2013.

By order of the board of directors

Secretary

Dated this ....day of ……..........................2020

Report of the Independent Auditors

To the Members of Reliance Financial Services Company Limited

Opinion

We have audited the accompanying financial statements of Reliance Financial Services Company Limited for the year ended 31 December 2019, which comprise of the Balance Sheet as at 31 December 2019, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles and have been properly prepared in accordance with Companies Act 2013.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of The financial statements in The Gambia and we have fulfilled our other responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the General Information, Directors report, Statement of Directors responsibilities as required by the Companies Act of 2013 and Non-Bank Financial Institutions Act 2016. The other information does not include the financial statements and our auditor's report thereon. Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we concluded that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report.

Report of the Independent Auditors (continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Generally Accepted Accounting Principles, and in the manner required by the Companies Act 2013 and the Non-Bank Financial Institutions Act 2016; and for such internal control as 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 financial statements, management is responsible for assessing the company'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 company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

Report of the Independent Auditors (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

DT Associates
Chartered Accountants
Registered Auditors
Partner
Aji Penda Sankareh

Date: 2020

Income Statement

for the year ended 31st December 2019

	Notes	31st December 2019 D'000	31st December 2018 D'000
Interest income	5	**108,576**	91,626
Interest expense	6	**(17,012)**	(12,021)
Netinterestincome		**91,564**	79,605
Exchange income		**29,870**	23,573
Fees and commission income	7	**25,396**	23,917
Grant income	8	**6,506**	146
Other revenue		**1,657**	422
Total operating revenue		**154,993**	127,663
Operating expenses			
Personnel cost	9	**(48,053)**	(39,704)
General and administration cost		**(39,121)**	(34,793)
Premise and equipment		**(15,000)**	(14,841)
Depreciation and amortisation	19&20	**(15,764)**	(13,457)
Total operating expenses		**(117,938)**	(102,795)
Operating Profit		**37,055**	24,868
Provisions for credit losses		**(480)**	(4,342)
Profit before taxation	10	**36,575**	20,526
Income tax expense	11	**(4,962)**	(1,395)
Profit for the year		**31,613**	19,131
Basic earnings per share	12	**0.62**	0.38
Diluted earnings per share		**0.62**	0.38

The attached notes form an integral part of these financial statements.

Balance Sheet

as at 31st December 2019

	Notes	31st December 2019 D'000	31st December 2018 D'000
Assets			
Cash and local bank balances	*14*	**148,805**	126,473
Treasury bills	*15*	**434,523**	350,591
Placements with banks	*16*	**65,727**	94,976
Loans	*17*	**250,767**	152,157
Other assets	*18*	**58,413**	43,142
Property, plant & equipment	*19*	**68,203**	64,891
Intangible assets	20	**3,547**	7,669
Total assets		**1,029,985**	839,899
Liabilities			
Customer deposits	*21*	**851,918**	698,767
Other payables	*22*	**15,513**	13,363
Taxation		**3,879**	311
Deferred Income	*23*	**-**	145
Long term loan	*24*	**32,845**	25,096
Total liabilities		**904,155**	737,682
Equity and reserves			
Share capital	*25*	**50,976**	50,976
Share Premium		**11,028**	11,028
Statutory reserve		**31,421**	23,518
Revaluation reserve		**2,290**	2,290
Profit and Loss reserve		**30,115**	14,405
Total equity and reserves		**125,830**	102,217
Total equity and liabilities		**1,029,985**	839,899

These financial statements were approved by the board of directors on 2020 and were signed on its behalf by:

Director....................................

Director...................................

The attached notes form an integral part of these financial statements

Statement of changes in equity

for the year ended 31st December 2019

	Note	Share Capital D'000	Share Premium D'000	Statutory Reserve D'000	Revaluation Reserve D'000	Accumulated Profit D'000	Total D'000
Balance as at 1st January 2018		50,976	11,028	18,735	2,290	1,077	84,106
Profit for the year		-	-	-	-	19,131	19,131
Transfer to reserves	25.a	-	-	4,783	-	(4,783)	-
Dividend paid to equity holders		-	-	-	-	(1,020)	(1,020)
Balance as at 31st December 2018		50,976	11,028	23,518	2,290	14,405	102,217
Balance as at 1stJanuary 2019		50,976	11,028	23,518	2,290	14,405	102,217
Profit for the year		-	-	-	-	31,613	31,613
Transfer to reserves		-	-	7,903	-	(7,903)	-
Dividend paid to equity holders		-	-	-	-	(8,000)	(8,000)
Balance as at 31st December 2019		**50,976**	**11,028**	**31,421**	**2,290**	**30,115**	**125,830**

The attached notes form an integral part of these financial statements.

Cash Flow Statement

for the year ended 31st December 2019

	Notes	31st December 2019 D'000	31st December 2018 D'000
Operating activities			
Operating Profit		**36,575**	20,526
Depreciation	*19 &20*	**15,764**	13,457
changes in operating assets	*26*	**(113,881)**	(28,406)
Changes in operating liabilities	*27*	**155,437**	122,172
Cash generated from operations		**93,895**	127,749
Company tax paid		**(1,394)**	(1,484)
Cash flows from operating activities		**92,501**	126,265
Investing activities			
Acquisition of property, plant and equipment	*19*	**(15,090)**	(24,664)
Investment in Treasury Bills		**(83,932)**	(158,053)
Liquidation of Bank Placement		**29,249**	120,649
Cash flows from investing activities		**(69,773)**	(62,068)
Financing activities			
Dividend payment	13	**(8,000)**	(1,020)
Loan/grant received from WPF/ SDF	*24*	**11,445**	-
AECF Repayable Grant	*24*	**(3,696)**	(9,649)
SDF Loan repayment	*24*	**-**	(6,309)
Transfer of SDF Grant to income	*23*	**(145)**	(145)
Cash flows from financing activities		**(396)**	(17,123)
Net increase in cash and cash equivalent		**22,332**	47,074
Cash and cash equivalent at 1st January		**126,473**	79,399
Cash and cash equivalents at 31st December	*14*	**148,805**	126,473

The attached notes form an integral part of these financial statements.

Notes (forming part of the financial statements)

1. Reporting entity

Reliance Financial Services is a company domiciled in The Gambia. The registered address of the company is 46A Kairaba Avenue, P. O. Box 4645, K.S.M.D., The Gambia. The company is involved primarily in financial intermediation as a Non-Bank Financial Institution (NBFI).

2. Basis of Preparation

(a) Statement of Compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles, requirements of the Companies Act 2013 and also the Rules and Guidelines volume six.

The financial statements were approved by the Board of Directors on 2020.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in The Gambian Dalasis (GMD), which is the Company's functional and presentation currency.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently in all periods presented in these financial statements in dealing with items, which are considered material to the Company's financial statements.

a) Foreign currencies

Transactions in foreign currencies are translated to Dalasi at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Dalasi at the exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are historical cost, are translated to Dalasi at the foreign exchange rate ruling at the date of the transaction.

b) Interest income

Interest revenue is generally recognised when future economic benefits of the underlying assets will flow to the company and it can be reliably measured. It is income derived from use of an entity's assets and hence the interest is mostly dependent on the underlying agreement.

Interest earned comprises of interest on loans, treasury bills and bonds and is accounted for on an accruals basis. In respect of loans, recognition of interest income ceases when payment of interest or principal is in doubt and any interest already recognised during that accounting period is reversed. Interest is thereafter included in income only when received.

c) Fees and commission income

Fees and commission income, including remittances commission, account servicing fees, are recognised as the related services are performed. Fees and commission expense relates to mainly to transaction and service fees, which are expensed as the service is received. Loan fees are credited to income when the loan is granted.

d) Lease payments made

Payments made under operating leases are recognised in Income Statement on a straight-line basis over the term of the lease.

e) Taxation

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

i) Current tax

Current tax is the expected tax payable on taxable profit for the year, using tax rate enacted or substantively enacted at the financial position date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

f) Cash and cash equivalent

Cash and local bank balances included in the balance sheet comprises cash in hand, balances held with banks in The Gambia and banks outside The Gambia denominated in Dalasi and foreign currencies and cash balances with Central Bank of Gambia (CBG).

Cash and cash equivalents included in the cash flow statement comprises of cash and bank balances and short term investment, net of bank overdrafts.

g) Loans and advances

Loans are stated after deduction of applicable unearned income and provisions for possible credit losses. Provision for bad and doubtful debts are made in respect of loans taking into consideration both specific and general risks.

Provisions against loans are based on an appraisal of the loan portfolio. Specific provisions are made where the repayment of identified loans is in doubt and reflect an estimate of the amount of loss expected.

Provisions made during the year less amounts released and recoveries of advances previously written off are charged as a separate amount in the profit and loss account.

h) Investment securities – treasury bills and placements with Banks

Treasury bills are stated at cost. Credit is taken for related income in the period it accrues.

i) Property, plant, equipment and others

(i) Owned assets

Items of property, plant, equipment and others are stated at cost less accumulated depreciation. Freehold and leasehold premises are included in the accounts at their historical costs and the amount of any subsequent valuation.

(ii) Depreciation

Depreciation of fixed assets is calculated and charged to the income statement on a straight-line basis by reference to the expected useful lives of the assets at the following rates:

Land is not depreciated. It is the company's policy to maintain freehold and long leasehold premises in a good state of repair and it is considered that the residual values, based on price prevailing at the time of acquisition or subsequent valuation, are such that any depreciation will not be significant. Accordingly, depreciation for freehold buildings is over the estimated useful economic life to a maximum of 50 years. Short leasehold premises are depreciated over the unexpired period of the lease.

Premises - Leasehold	Shorter of the remaining period of the lease or 50 years
Fixtures and Fittings	10 years
Furniture and equipment	5 years
Motor Vehicles	5 years
Other fixed assets	5 years
Computer hardware	3 years
Computer software (Banking software)	5 years
Motor cycles	6 years
Computer consumables	Written off in year of purchase

Building revaluation will be carried out every five years and revaluation surplus recognised in the Building assets and Revaluation Reserve accounts respectively.

(iii) *Subsequent expenditure*

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognised in the income statement during the financial year in which they are incurred.

j) Provisions

A provision is recognised in the balance sheet when the company has a legal or constructive obligation that can be estimated reliably as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

k) Employee benefits

Obligations for contributions to the Social Security Housing Finance Corporation administered retirement benefit plan are recognised as expense in the Income Statement as incurred.

l) Earnings per share

The company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

m) Segment reporting

A segment is a distinguishable component of the company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The company's primary format for segment reporting is based on business segments.

n) Dividends

Dividends are recognised as a liability in the period in which they are declared.

o) Borrowings (liabilities to banks and customers)

Borrowings are recognised initially at fair value, net of transaction costs incurred. . Borrowings and other forms of financial liabilities shall be de-recognised from the books only when they are extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires.

p) Grant Income

Revenue grant received are recognised in the income statement on a systematic basis over the period necessary to match them with the related cost, for which they are intended to compensate whilst capital grant are recognised in the income statement over the life of the asset to which it relates.

4. Financial risk management

Introduction and overview

Reliance Financial Services has for the first time introduced a separate Risk Management Department as opposed to a Unit under Internal Audit to give more focus on the key risks areas of the business and responding promptly in a proactive and not reactive basis. The Company has exposure to the following risks arising from the use of financial instruments. Typical of such risks are as follows:

- credit risk;
- liquidity risk;
- market risk; and
- operational risk.

These are principal risks of the company. This note presents information about the company's exposure to these risks, including the objectives, policies and processes for measuring and managing the risks as well as their impact on earnings and capital.

Risk management framework

This depends mainly on the Risk Management framework set out by the Central Bank. Company specific framework based on its overall structure, ensures that the Board of Directors has overall responsibility for the establishment and oversight of its risk management framework via its committees - Asset and Liability (ALCO) Committee and Credit and Operational Risk committee. These committees are responsible for developing and monitoring risk management policies in their specified areas. All Board committees have both executive and non-executive members and report regularly to the Board of Directors on their activities.

The company's risk management policies are established to identify and analyse the risks faced by the institution, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The company's Audit Committee is responsible for monitoring compliance with the company's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the company. The Audit Committee is assisted in these functions by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(a) Credit risk

Credit risk is the risk of financial loss to the institution if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's loans and advances to customers and other banks and investment securities. For risk management reporting purposes, the company considers and consolidates all elements of credit risk exposure.

For risk management purposes, credit risk arising on trading securities is managed independently, but reported as a component of market risk exposure.

Management of credit risk

The Board of Directors has delegated responsibility for the management of credit risk to its Board Risk and Credit Committee. A separate Credit department, reporting to the Management and Board Credit Committees, is responsible for oversight of the Company's credit risk, including:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements;

- Establishing the authorisation and structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit Credit Officers. Larger facilities require approval by the Management or Board Credit Committees as appropriate;

- Reviewing and assessing credit risk. The Head, Risk Management assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process;

- Limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances), and by issuer, credit rating band, market liquidity and country (for investment securities);

- Developing and maintaining the company's risk grading in order to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading framework consists of eight grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for setting risk grades lies with the final approving executive / committee as appropriate. Risk grades are subject to regular reviews by the company;

- Reviewing compliance of business units with agreed exposure limits, including those for selected industries and product types; Regular reports are provided to Risk and

- Credit committee on the credit quality of local portfolios and appropriate corrective action is taken;
- Providing advice, guidance, specialist skills and training to business units to promote best practice throughout the company in the management of credit risk.

Each business unit is required to implement company's credit policies and procedures, with credit approval authorities delegated from the Board Credit Committee. The Head, Risk Management reports on all credit related matters to local management and the company's Credit Committee. The Head, Risk Management is responsible for the quality and performance of the credit portfolio and for monitoring and controlling all credit risks in the portfolio, including those subject to central approval. Regular audits of the Credit processes are undertaken by Internal Audit.

Exposure to credit risk before collateral held or other Credit enhancements

	31st December 2019 D'000	31st December 2018 D'000
Balances with Central Bank of The Gambia	**77,396**	65,090
Balances with local commercial banks	**50,526**	37,941
Treasury Bills placements with Central Bank	**434,523**	350,591
Investments with commercial banks	**65,727**	94,976
Loans to customers	**250,767**	152,157
Total Risk Assets	**878,939**	700,755

The above table represents a worst case scenario of credit risk exposure to the company as at 31st December 2019 and 2018 without taking account of any collateral or other credit enhancements attached.

Exposure to Regulated Financial and Public Institutions

	31st December 2019 D'000	31st December 2018 D'000
Balances with Central Bank of The Gambia	**77,396**	65,090
Balances with local commercial banks	**50,526**	37,941
Total Bank Balances	**127,922**	103,031
Treasury Bills placements with Central Bank	**434,523**	350,591
Investments with commercial banks	**65,727**	94,976
Total Investments / placements with Banks	**500,250**	445,567

Risk limit control and mitigation policies

The Company takes on exposure to credit risk, which is the most important risk for the Company's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in lending activities that lead to loans.

Credit default risk from customer credit exposures is defined as the risk of losses due to a potential non-fulfilment of the contractual payment obligations associated with a customer credit exposure. For risk management reporting purposes the Company considers and consolidates all elements of credit risk exposure (such as individual obligor default risk and sector risk).

The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Risk and Compliance Department is responsible to identify potential risks, propose measures for their minimization (or limits for control), and monitor the implementation of the measures approved and report on developments in the subsequent meeting.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and principal repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees.

Collateral

The Company measures the exposure to credit risk associated with certain kinds of collateral. Accordingly, the Company monitors its reliance on different kinds of collateral. To the extent that real estate prices are dropping coupled with slow and bureaucratic process for realization of such properties, the Company expects that its credit risk losses on impaired lending may increase as the value of collateral decreases.

The Company employs a range of policies and practices to mitigate credit risk. The company implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Cash
- Mortgages on residential properties
- Charges on business assets such as premises, inventory and accounts receivable.

In order to minimise the credit loss, the Company seeks additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans. Treasury bills and placement with other banks are generally unsecured.

Credit risk management

The company accounts for counterparty risks arising from the loan portfolio by making allowances for impaired loans. Individually impaired loans are loans for which the company determines that there is objective evidence of impairment and it does not expect to collect all principal and interest due according to the contractual terms of the loan. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

Credit exposures in arrears are defined as credit exposures for which contractual interest and/or principal payments are overdue. The quality of the loan portfolio is monitored on an ongoing basis. The measure for loan portfolio quality is the portfolio at risk (PAR), which the company defines as all credit exposures outstanding with one or more payment of interest and/or principal in arrears by more than 30 days.

Typically, the primary sign of impairment of a credit exposure is that it is in arrears by more than 30 days. This means that any principal and/or interest payment from a client that is overdue by more than 30 days is viewed as evidence of impairment. The company also views a credit exposure as being impaired if it obtains objective evidence for impairment – even if the credit exposure is not in arrears by more than 30 days.

If the loan is impaired, the total credit exposure towards the client is taken into consideration and the contamination principle applies. This means that once one loan is impaired, every individual loan to the client and to related parties will be reviewed in order to determine the extent to which other loans to the client or the group are also impaired.

The criteria for classification of financial assets into these groups are as follows:

Company’s internal Provision classifications

Company’s rating	**classification of provisions**	%
Less than 30 days	General	1
31-90days	Standard	5
91-180 days	Sub-Standard	20
181-364 days	Doubtful	50
>365 days	Loss	100
Restructured loans		5

Loss loans over two years are written off from the company’s records and a memorandum list maintained for continuous monitoring for recoveries.

Impairment and provisioning policies

The internal rating systems focus more on credit-quality mapping from the inception of the lending and investment activities. In contrast, impairment provisions are recognised for financial reporting purposes only for losses that have been incurred at the reporting date based on objective evidence of impairment. The impairment provision shown in the statement of financial position at period-end is derived from each of the internal rating grades. However, the majority of the impairment provision comes from the bottom two grades. The table below shows the percentage of the Company's on balance sheet items relating to loans and the associated impairment provision for each of the Company's internal rating categories:

31st December 2019

Company's rating	Loan balance due from customers (%)	Impairment provision (%)
Investment	**94**	**24%**
Standard	**1**	**3**
Sub-standard	**1**	**1**
Doubtful loans	**1**	**4**
Loss Loans	**3**	**68**
Total	**100**	**100**

31st December 2018

Company's rating	Loan balance due from customers (%)	Impairment provision (%)
Investment	90	12
Standard	1	1
Sub-standard	1	1
Doubtful loans	2	13
Loss Loans	6	73
Total	100	100

The Company's policy requires the review of individual financial assets that are above materiality thresholds at least annually or more regularly when required by individual circumstances. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at reporting date on a case-by-case basis, and are applied to all individually significant accounts.

The assessment does not take into account collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account.

Assets exposed to credit risk
a) Assets neither past due nor impaired (no arrears)

The credit quality of the portfolio of loans were as follows:

31st December 2019

	SME	Personal	Standard Group Loans	Total
No arrears	GMD’000	GMD’000	GMD'000	GMD'000
Total	**52,378**	**11,437**	**162,178**	**225,993**

31st December 2018

	SME	Personal	Standard Group Loans	Total
No arrears	GMD’000	GMD’000	GMD'000	GMD’000
Totals	19,981	12,683	108,840	141,504

b) Assets past due but not yet impaired (1-30 days)

The gross amounts of loans and advances to customers by product that were past due but not impaired were as follows:

31st December 2019

	SME	Personal	Standard Group Loans	Total
No arrears	GMD’000	GMD’000	GMD'000	GMD'000
Total	**7,800**	**1,067**	**12,229**	**21,096**

31st December 2018

	SME	Personal	Standard Group Loans	Total
No arrears	GMD’000	GMD’000	GMD'000	GMD’000
Total	3,814	355	5,036	9,205

c) Assets impaired (arrears of more than 30 days)

31st December 2019

	SME	Personal	Standard Group Loan	Total
No arrears	GMD'000	GMD'000	GMD'000	G'000
Total	**10,002**	**289**	**3,067**	**13,358**

31st December 2018

	SME	Personal	Standard Group Loan	Total
No arrears	GMD'000	GMD'000	GMD'000	GMD'000
Total	11,453	718	2,225	14,396

Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the institution has made concessions that it would not otherwise consider. The status or risk grade of a restructured facility does not change until there is evidence of performance over a reasonable period of time.

	31st December 2019 D'000	31st December 2018 D'000
Loan Portfolio	**260,447**	165,105
Renegotiated loans	**1,050**	8,451
Renegotiated loans as a % of loan portfolio	**0.4%**	5.0%

Concentration of risks of financial assets with credit risk exposure

The Company monitors concentrations of credit risk by economic sector and by geographic location. The structure of the loan portfolio is regularly reviewed by the Risk Department in order to identify potential events, which could have an impact on large areas of the loan portfolio (common risk factors) and, if necessary, limit the exposure towards certain sectors of the economy.

Credit portfolio risk is limited by the Company's credit strategy; in particular the focus on SMEs and the broad geographical and economic sector diversification of the loan portfolio. An analysis of such concentrations at the reporting date is shown below:

Economic sector risk concentrations

	%	31st December 2019 D'000	%	31st December 2018 D'000
Agriculture	**1**	**3,642**	6	9,520
Trading	**85**	**223,096**	87	142,922
Transport	**1**	**1,976**	0.2	399
Construction	**4**	**10,334**	1	1,132
Personal loans	**7**	**17,397**	5	9,703
Services	**2**	**4,002**	0.8	1,429
Total Loans and advances to customers	**100**	**260,447**	100	165,105

The Company follows a guideline that limits concentration risk in the loan portfolio by ensuring that large credit exposures (those exceeding 15% of regulatory capital) are approved by the Board.

Geographic risk concentrations

	%	31st December 2019 D'000	%	31st December 2018 D'000
Banjul	**3**	**6,882**	10	17,049
Kanifing	**32**	**83,609**	42	70,044
West Coast	**30**	**78,736**	8	13,709
North Bank	**13**	**34,366**	13	20,869
Lower River	**6**	**15,997**	9	14,201
Central River	**8**	**20,231**	11	17,623
Upper River	**8**	**20,626**	7	11,610
Total Loans and advances to customers	**100**	**260,447**	100	165,105

Write-off policy

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

Settlement risk

The company's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of a counterparty to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For certain types of transactions the company mitigates this risk by conducting settlements through a settlement / clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval / limit monitoring process described earlier. Acceptance of settlement risk on free settlement trades requires transaction specific or counterparty specific approvals from company's Risk Committee.

(b) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations from its financial liabilities as they fall due. The risk arises from mismatches in the timing of cash flows.

Management of liquidity risk

The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The treasury function receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. Treasury then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, placements with local correspondent banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the company as a whole. The liquidity requirements of business units are met by drawing on lines of credit with local correspondent banks to cover any short-term fluctuations and longer term funding to address any structural liquidity requirements.

The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions.

All liquidity policies and procedures are subject to review and approval by ALCO and the Board Risk and Credit Committee. Daily reports cover the liquidity position of the company.

Exposure to liquidity risk

The key measure used by the company for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose net liquid assets are considered as including cash and cash equivalents and investment securities for which there is an active and liquid market less any deposits from banks. Details of the reported company (liquid ratio) ratio of net liquid assets to deposits from customers at the reporting date and during the reporting period were as follows:

	31st December 2019	31st December 2018
At 31 December	**76%**	82%
Average for the period	**52%**	47%
Maximum for the period	**76%**	82%
Minimum for the period	**44%**	33%
Minimum statutory requirement	**30%**	30%

31st December 2019

	0 -3 mths GMD'000	**3 - 6 mths GMD'000**	**6 - 12 mths GMD'000**	**1 - 5 yrs GMD'000**	**Total GMD'000**
Financial Assets					
Cash and Cash equivalents	**148,805**	**-**	**-**	**-**	**148,805**
Treasury bills	**242,830**	**177,432**	**4,261**	**10,000**	**434,523**
Placements with banks	**65,727**	**-**	**-**	**-**	**65,727**
Loans to customers	**7,643**	**97,369**	**122,103**	**33,332**	**260,447**
Total Financial Assets	**465,005**	**274,801**	**126,364**	**43,332**	**909,502**
Financial Liabilities					
Deposits from customers	**837,516**	**-**	**14,402**	**-**	**851,918**
Borrowed funds	**-**	**-**	**32,845**	**-**	**32,845**
Total Financial Liabilities	**837,516**	**-**	**47,247**	**-**	**884,763**
Liquidity Gap	**(372,511)**	**274,801**	**79,117**	**43,332**	**24,739**

31st December 2018

	0 -3 mths GMD'000	3 - 6 mths GMD'000	6 - 12 mths GMD'000	1 - 5 yrs GMD'000	Total GMD'000
Financial Assets					
Cash and Cash equivalents	126,473				126,473
Treasury bills	289,000	46,591	5,000	10,000	350,591
Placements with banks	47,175	32,787	15,014	-	94,976
Loans to customers	15,844	127,089	14,051	8,121	165,105
Total Financial Assets	**478,492**	**206,467**	**34,065**	**18,121**	**737,145**
Financial Liabilities					
Deposits from customers	682,664	16,103	-		698,767
Borrowed funds	3,696	-	-	21,400	25,096
Total Financial Liabilities	**686,360**	**16,103**	**-**	**21,400**	**723,863**
Liquidity Gap	**(207,868)**	**190,364**	**34,065**	**(3,279)**	**13,282**

The previous table shows the undiscounted cash flows on the company's financial liabilities and unrecognised loan commitments on the basis of their earliest possible contractual maturity. The company's expected cash flows on these instruments vary significantly from this analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance; and unrecognised loan commitments are not all expected to be drawn down immediately.

The Gross nominal inflow / (outflow) disclosed in the previous table is the contractual, undiscounted cash flow on the financial liability or commitment.

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rate, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Management of market risk

Overall authority for market risk is vested in ALCO. The Risk Department is responsible for the development of detailed risk management policies (subject to review and approval by ALCO) and for the day-to-day review of their implementation.

Exposure to interest rate risk – non-trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows of financial instrument because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. The ALCO is the monitoring body for compliance with these limits and is assisted by Risk Management in its day-to-day monitoring activities. A summary of the company's interest rate gap position on non-trading portfolios is as follows:

31st December 2019

	0 -3 mths GMD'000	3 - 6 mths GMD'000	6 - 12 mths GMD'000	1 - 5 yrs GMD'000	Total GMD'000
Financial Assets					
Cash and Cash equivalents	**148,805**	-	-	-	**148,805**
Treasury bills	**242,830**	**177,432**	**4,261**	**10,000**	**434,523**
Placements with banks	**65,727**	-	-	-	**65,727**
Loans to customers	**7,643**	**97,369**	**122,103**	**33,332**	**260,447**
Total Financial Assets	**465,005**	**274,801**	**126,364**	**43,332**	**909,502**
Financial Liabilities					
Deposits from customers	**837,516**	**-**	**14,402**	-	**851,918**
Borrowed funds	-	-	**32,845**	-	**32,845**
Total Financial Liabilities	**837,516**	**-**	**47,247**	**-**	**884,763**
Liquidity Gap	**(372,511)**	**274,801**	**79,117**	**43,332**	**24,739**

31st December 2018

	0 -3 mths GMD'000	3 - 6 mths GMD'000	6 - 12 mths GMD'000	1 - 5 yrs GMD'000	Total GMD'000
Financial Assets					
Cash and Cash equivalents	126,473				126,473
Treasury bills	289,000	46,591	5,000	10,000	350,591
Placements with banks	47,175	32,787	15,014	-	94,976
Loans to customers	15,844	127,089	14,051	8,121	165,105
Total Financial Assets	**478,492**	**206,467**	**34,065**	**18,121**	**737,145**
Financial Liabilities					
Deposits from customers	682,664	16,103	-		698,767
Borrowed funds	3,696	-	-	21,400	25,096
Total Financial Liabilities	**686,360**	**16,103**	**-**	**21,400**	**723,863**
Interest rate sensitivity Gap	**(207,868)**	**190,364**	**34,065**	**(3,279)**	**13,282**

Foreign Currency risk

The Company is exposed to currency risk through transactions in foreign currencies. Foreign currency exposure arises mainly from our international remittances where the Company receives settlements in foreign currency from remittance partners. The Central Bank of The Gambia has set the overnight net open position limit for each currency at 10% of the adjusted capital and reserves and the overall net open position to 15% of adjusted capital and reserves. The limits on the level of exposure by currency; and in total for over-night positions, are monitored on a daily basis by the Treasury Department. Based on the department's reports, the Company's ALCO takes strategic currency decisions. The Company's balance sheet positions are mainly in local currency and so the Company's exposure toward currency risk is between the ranges of medium to low.

(d) Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the company's operations and are faced by all business entities.

The company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties;
- requirements for the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and
- review adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

Compliance with company's standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the company.

(e) Capital management

Regulatory capital

The Central Bank of The Gambia sets and monitor capital requirements for the company as a whole. In implementing current capital requirements The Central Bank of The Gambia requires the company to maintain a prescribed ratio of total capital to total risk-weighted assets. The company calculates this ratio using the risk weightings for credit risk provided by the Central Bank of The Gambia. The company is also required to maintain a credible capital plan to ensure that the capital level of the company is maintained in consonance with the company's risk appetite. The company's regulatory capital is analysed into two tiers:

- Tier 1 capital, which includes ordinary share capital, retained earnings and Capital reserve.
- Tier 2 capital, which includes qualifying subordinated liabilities. The company does not have any subordinated debt during the year under review.

Various limits are applied to elements of the capital base. Qualifying tier 2 capital cannot exceed tier 1 capital; and qualifying term subordinated loan capital may not exceed 50 percent of tier 1 capital.

The company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the company recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The company has complied with all externally imposed capital requirements throughout the period. There have been no material changes in the company's management of capital during the period. The Company's regulatory capital position at 31st December was as follows:

	31st December 2019 D'000	31st December 2018 D'000
Tier 1 capital		
Ordinary share capital	**50,976**	50,976
Share Premium	**11,028**	11,028
Capital Reserve	**33,744**	23,518
Retained earnings	**30,213**	16,695
	125,961	102,217
Total Risk-weighted assets	**437,111**	328,767
Capital ratios		
Total regulatory capital expressed as a percentage of total risk-weighted assets	**29%**	31%

Capital allocation

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

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

5. Interest income

	31st December 2019 D'000	31st December 2018 D'000
Loans	**76,748**	63,131
Investments	**31,828**	28,495
	108,576	91,626

6. Interest expense

Savings	**12,638**	8,245
Time deposits	**1,302**	1,040
Bank Charges	**3,072**	2,438
Long term borrowing	**-**	298
	17,012	12,021

7. Fees & Commission Income

	31st December 2019 D'000	31st December 2018 D'000
Remittances	**6,431**	6,941
Loans	**7,349**	4,782
Account Maintenance	**6,109**	6,646
Other Service Fees (7a)	**5,507**	5,548
	25,396	23,917

7a Other service fees includes fees earned from Mobile money operators, account opening, closing fees, Agency fees and NANA Cash distributions.

8. Grant Income

Social Development Fund Grant (Note 8a and 23(b)	**-**	146
UNCDF Grant Income (Note 8b)	**1,354**	-
AECF Grant Income (Note 8c)	**5,152**	-
	6,506	146

8.a. SDF Grant Income

This represents a grant of five motor cycles received from Social Development Fund (SDF) in 2014 with a value of D 875,000 which was capitalised and recognised in the income statement over the life of the asset (five years) based on the depreciation charge for the year.

8.b UNCDF Grant Income

The company has signed the Grant Agreement with the United Nations Capital Development Fund (UNCDF) to the tune of USD218,000 to be implemented over a 4 year period commencing in April 2019 to deliver financial services and educational literacy to 6,000 beneficiaries under a "Cash for Work" programme in LRR, NBR, and CRR. The programme is being implemented jointly with QMoney. Release of grant to the Income Statement is based on actual project implementation cost incurred during the year.

8.c AECF Grant Income

Reliance submitted a grant proposal on Africa Agribusiness Window Round One - Additional Financing on Gender Lens investing to the Africa Enterprise Challenge Fund amounting to USD750,000. Reliance application was shortlisted in March 2019 and the Investment Committee approved the sum of USD210,000. The grant agreement was reviewed and signed on the 1st October 2019 for a period of six months ending 31st March 2020. First disbursement of USD105,000 (GMD5,152) was received on the.4th December 2019 and recognised as income.

9. Staff numbers and cost

The average number of staff employed during the year (including directors) analysed by category, is as follows:

	31st December 2019	31st December 2018
Executive directors	**1**	1
Management staff	**5**	5
General staff	**211**	219
	217	225

The aggregate payroll costs of these persons were as follows:

	31st December 2019 D'000	31st December 2018 D'000
Wages and salaries	**18,592**	13,305
Allowances including bonuses	**22,464**	20,934
Other staff costs	**6,997**	5,465
	48,053	39,704

10. Profit before taxation

	31st December 2019 D'000	31st December 2018 D'000
The profit before taxation is stated after:		
Charging:		
Directors' remuneration	**2,475**	1,770
Audit fees	**300**	415

11. Income tax expense

	31st December 2019 D'000	31st December 2018 D'000
The charge for taxation is calculated based on the higher of: 27% of Taxable profit and 1% of Turnover as follows:		
Profit before tax / Turnover net of grant income (2018)	**37,055**	139,539
Taxable expense	**15,865**	**-**
Capital allowance	**(15,015)**	**-**
Tax Free Income	**(19,528)**	**-**
Taxable profit	**18,377**	139,539
Tax Expense @ 27% of Taxable Profits	**4,962**	1,395

12. Earnings per share

Basic Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders. The company made a profit of D31.613 million during the year (Profit of D 19.131 million in 2018) and a weighted average number of ordinary shares outstanding of 50,097,031 million calculated as follows:

	31st December 2019 D'000	31st December 2018 D'000
Profit attributable to ordinary shareholders		
Net profit for the year attributable to equity holders of the Company	**31,613**	19,131
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January 2019	**50,976,031**	50,976,031
Weighted average number of ordinary shares 31/12/19	**50,976,031**	50,976,031

13. Dividend per share

	31st December 2019 D'000	31st December 2018 D'000
The following dividends were declared and paid during the period ended:		
Balance at the beginning of period	**-**	-
Dividend declared	**8,000**	1,020
Payment during the period	**(8,000)**	(1,020)
	-	-

Payment of dividend is subject to withholding tax at the rate of 15% for resident and non- resident shareholders.

14. Cash and local bank balances

	31st December 2019 D'000	31st December 2018 D'000
Cash	**20,883**	23,442
Balances with local banks (note 14a)	**127,922**	103,031
Cash and cash equivalents in the statement of cash flow	**148,805**	126,473

14a. Local bank balances

Balance with Central Bank of The Gambia	**77,396**	65,090
Balance with local banks	**50,526**	37,941
	127,922	103,031

15. Treasury bills

	31st December 2019 D'000	31st December 2018 D'000
Treasury bills at maturity value	**434,523**	350,591

16. Placements with banks

	31st December 2019 D'000	31st December 2018 D'000
Placements with Banks at maturity value	**65,727**	94,976

17. Loans

	31st December 2019 D'000	31st December 2018 D'000
SME Loan	**50,651**	25,728
Micro Enterprises	-	191
Agriculture	**3,642**	9,520
Standard group	**177,128**	116,101
Personal/ Consumer loans	**29,026**	13,565
Gross loans	**260,447**	165,105
Less:		
Specific provision for bad debts	**(7,219**	(11,313)
General provision for bad debts	**(2,461)**	(1,635)
Net Loans	**250,767**	152,157

18. Other assets

	31st December 2019 D'000	31st December 2018 D'000
Receivables	**13,844**	16,986
Due from MTOs	**40,749**	22,320
Prepayments	**3,820**	3,836
	58,413	43,142

19. Property, plant and equipment

	Work In Progress D'000	Equipment Furniture & Fittings D'000	Motor Vehicle D'000	Other Fixed Assets D'000	Land & Building D'000	Total D'000
Cost						
At 1st January	8,560	41,611	33,376	1,011	21,764	106,322
Additions	899	6,686	7,505	-	-	15,090
Transfer	(5,161)	845		-	4,316	-
Write offs	(235)	-	-	-	-	(235)
At 31st Dec 2019	**4,063**	**49,142**	**40,881**	**1,011**	**26,080**	**121,177**
Depreciation						
At 1st January	-	23,308	16,624	382	1,117	41,431
Charge for the year	-	5,732	5,458	158	269	11,617
Write offs	-	(74)	-	-	-	(74)
At 31st Dec 2019	**-**	**28,966**	**22,082**	**540**	**1,386**	**52,974**
Net book value						
At 31st December 2019	**4,063**	**20,176**	**18,799**	**471**	**24,694**	**68,203**
At 31st December 2018	8,560	18,303	16,752	629	20,647	64,891

Work in progress represents the amount so far spent on the acquisition of land, computer and other equipment. The assets written off during the year represent software purchased in 2015 and deemed not to be compatible with current Banking software.

20. Intangible assets

	31st December 2019 D'000	31st December 2018 D'000
Cost	**16,920**	16,920
Additions:	-	**-**
Balance 31st December	**16,920**	16,920
Amortisation brought forward	**7,669**	(6,219)
Amortisation charge for the year	**(4,147)**	(3,835)
Adjustment	**25**	803
Carrying amount	**3,547**	7,669

20a. Adjustments relates to residual value of the Bankers Realm which was replaced by new accounting software BankOne.

21. Customer deposits

	31st December 2019 D'000	31st December 2018 D'000
Savings	**837,516**	682,664
Fixed deposit accounts	**14,402**	16,103
	851,918	698,767

22. Other payables

	31st December 2019 D'000	31st December 2018 D'000
Accruals	**12,472**	9,847
Interest payable to depositors	**1,336**	1,450
Employees' Income Tax	**445**	356
Due to Money Transfer Organisations	**1,260**	1,710
	15,513	13,363

23. Deferred Income

	31st December 2019 D'000	31st December 2018 D'000
SDF Capital Grant		
Balance brought forward	**145**	291
Transferred to Income statement	**(145)**	(146)
Deferred income	**-**	145

24. Long term loans

	31st December 2019 D'000	31st December 2018 D'000
SDF (note 24a)	-	6,309
AECF Repayable Grant (note 24b)	**3,696**	13,345
Whole Planet Foundation (WPF) (note 24c)	**32,845**	21,400
	36,541	41,054
Less: Repayments during the year	**(3,696)**	(15,958)
Outstanding balance due	**32,845**	25,096
Payable as follows:		
Less than 1 years	**5,350**	3,696
Between 2 and 5 years	**27,495**	21,400
Outstanding balance due	**32,845**	25,096

	31st December 2019 D'000	31st December 2018 D'000

24. (a). Social Development Funds (SDF)

Opening balance	**-**	6,309
Disbursement during the year	-	-
Less: Repayments during the year	**-**	(6,309)
Outstanding balance due	-	-

A supplementary loan of GMD12 million was received in two instalments of GMD9 million and GMD3 million on the 10th February 2017 for a tenor of eighteen months (18) months at an interest rate of 14% per annum computed on a reducing balance basis and repayable on a quarterly instalment basis. The purpose of the loan is for on-lending to the Women Finance product. In this case, it was used as Company's counter-part funds towards the matching funds under the AECF grant agreement. The loan is unsecured.

24. (b). Africa Enterprise Challenge Fund (AECF)

	31st December 2019 D'000	31st December 2018 D'000
AECF Repayable Grant	**-**	3,696

The Africa Enterprise Challenge Fund is a "special Partnership Initiative" of the Alliance for Green Revolution in Africa (AGRA) funded by the Consultative Group to Assist the Poor (CGAP), the UK's Department for International Development (DFID), The International Fund for Agricultural Development (IFAD), the Netherlands Ministry of Foreign Affairs (NMFA), the Australian Government Aid Program (AUSAID and the Danish Ministry of Foreign Affairs (Danish MoFa).

In September 2012, Reliance was awarded AECF Funds by AGRA from a total of over 450 business plan proposals in response to the call under the Agribusiness Africa Window (AAW) Round 1 for a total sum of USD1.0 million; comprising a USD400,000.00 and USD600,000.00 non repayable and repayable grants respectively. The repayable grant of USD600,000.00 is interest free, unsecured and disbursement was completed in 2015.

Repayment is based on quarterly equal instalments of USD75,000.00 commencing in March in 2017 for two years..

As per the Grant Agreement signed in February 2013, Reliance's obligation is to match the above USD 1.0 million with counter-part funding of USD 1.136 million comprising of an overdraft line of USD500,000.00; Cash contribution of USD300,000.00; SDF loan of USD 200,222 and in-kind contributions of USD135,778 from January 2013 and 31st December 2015.

The repayable grant was successfully paid during the year.

AECF Repayable Loan

	31st December 2019 USD '000	31st December 2019 GMD '000	31st December 2018 USD '000	31st December 2018 GMD '000
Opening balance	**75**	**3,696**	300	13,345
Repayment during the year	**(75)**	**(3,696)**	(225)	(9,649)
Outstanding Balance	**-**	**-**	75	3,696

24c Whole Planet Foundation (WPF)

	31st December 2019 D'000	31st December 2018 D'000
At start of year	**21,400**	21,400
Disbursement during the year	**11,445**	-
At end of year	**32,845**	21,400

The Whole Planet Foundation, a Delaware non - Stock Corporation is located at 550 Bowie Street Austin Texas. Its mission is poverty alleviation through Micro credit in communities around the world that supply Whole Foods Market Stores with products.

In September 2015, Reliance was approved a loan of USD500,000 in local currency for on-lending capital to support post-pilot growth of the Women Finance loan product over three years by adding 5,000 new borrowers to the Institution's Women Finance portfolio in Central River Region South. The loan is interest free, unsecured and the final disbursement of USD200,000 was received on month 2017.

Repayment of the initial loan amount of GND21,400,000 will be payable into eight equal instalments of GMD2,675,000, commencing on the 31st July 2020 and end on the 30th April 2022.

On the 28th December 2018, Reliance was approved a loan of USD250,000 in local currency for on-lending capital to support growth over three years and to assist in reaching a 2021 scale goal of 100,000 Women Finance group borrowers in conjunction with funding from other sources. The repayment date is 31st January 2022.

25. Share Capital

	31st December 2019 D'000	31st December 2018 D'000
Authorised ordinary shares of 90 million with a par value of GMD1.00	**90,000**	90,000
Issued and fully paid ordinary shares of 50,976,031 at a par value of GMD1.00	**50,976**	50,976

25a statutory reserves

Central Bank of The Gambia requires all licensed Financial Institutions that do not meet the minimum capital and statutory reserve ratio of 1:1 to transfer 25% of their annual profits to statutory reserve. In. 2019,: GMD7,903,000 ; (2018: GMD4,783,000) was transferred to statutory reserve for the year.

26. (Increase) / Decrease in operating assets

	31st December 2019 D'000	31st December 2018 D'000
Funds advanced to customers	**(98,610)**	(20,753)
Other assets	**(15,271)**	(7,653)
	(113,881)	(28,406)

27. Increase in operating liabilities

	31st December 2019 D'000	31st December 2018 D'000
Deposits from customers	**153,151**	125,461
Other payables	**2,150**	(2,413)
Write offs/ (write back)	**136**	(876)
	155,437	122,172

28. Related party transactions

Compensation of Senior Management:	31st December 2019 D'000	31st December 2018 D'000
Salaries and allowances	**6,270**	5,442
Pension Contributions	**540**	403
Other benefits	**1,241**	873
	8,051	6,718

The following are loan and rent payments to related party:

Directors, officers and other employees	31st December 2019 D'000	31st December 2018 D'000
Directors	**-**	1,373
Officers and other employees	**8,113**	5,871
	8,113	7,244
Legal fees	**954**	122
Head office rent	**1,308**	1,052

30. Value Added Statement

for the year ended 31st December 2019

	31st December 2019 D'000	31st December 2018 D'000
Interest earned and Other Operating Income	**163,842**	139,116
Direct cost of Services	**(68,657)**	(59,885)
Value Added from Financial Services	**95,185**	79,231
Non-Financial Services Income	**8,163**	568
Impairments	**(480)**	(4,342)
Value Added	**102,868**	75,457
Distributed as follows:		
To Employees:-		
Directors (excluding Executives)	**2,475**	1,770
Executive Director	**1,801**	1,628
Other Employees	**38,253**	37,056
To Government:-		
Income Tax	**4,962**	1,395
To Providers of Capital		
Dividend to shareholders	**8,000**	1,020
To Expansion and Growth:-		
Depreciation and amortisation	**15,764**	13,457
Surplus Retained earnings	**31,613**	19,131

Supplementary Information

1.1 General and administration cost

	31st December 2019 D'000	31st December 2018 D'000
Printing and stationery cost	**2,945**	2,398
Communications costs	**6,501**	5,795
Equipment maintenance expenses	**367**	462
Transport and travel costs	**10,565**	13,262
Business promotion costs	**3,184**	2,011
Professional fees	**6,909**	7,068
Other costs	**8,649**	3,797
	39,120	34,793

1.2 Premises cost

	2019	2018
Office rent	**3,690**	4,494
Electricity expenses	**4,917**	4,439
Cleaning	**1,409**	903
Rates and taxes	**548**	504
Security costs	**3,311**	3,056
Property insurance	**128**	140
Property maintenance	**997**	1,305
	15,000	14,841