Changing Lives
Reliance

Reliance Financial Services Company Limited

Annual Report and Financial Statements

for the year ended 31st December 2016

Contents

Financial Highlights

	2016	2015	2014	**Increase/ Decrease**
	D'000	D'000	D'000	**2016 vs 2015**
Financial Structure				
Capital to Asset Ratio (at least 16%)	**32%**	30%	26%	2%
Debt/ Equity Ratio (Times)	**5**	4	6	1
Liquid assets to deposit ratio (between 15% and 45%)	**54%**	40%	48%	14%
Deposits to loans	**395%**	248%	253%	147%
Deposits to total assets	**75%**	70%	61%	5%
Gross loans Portfolio to Total Assets	**19%**	28%	27%	9%
Outreach Indicators				
Total Number of Borrowers	**17,180**	12,194	9,665	41%
Number of Active borrowers	**16,908**	11,973	9,472	41%%
Total Value of loans disbursed (GMD'000)	**188,415**	197,009	168,039	(4%)
Average Size of Loans Disbursed (GMD'000)	**11**	16	17	(31%)
Gross Loan Portfolio outstanding (GMD'000)	**121,326**	152,928	144,597	(31%)
Average Loan balance per borrower (GMD'000)	**48**	26	26	85%
Voluntary Savings (GMD'000)	**411,126**	379,942	333,455	8%
Number of Branches and Kiosks	**21**	23	20	-9%

	2016	2015	2014	**Increase/ Decrease**
	D'000	D'000	D'000	**2016 vs 2015**
Range of Loan Sizes (GMD'000)	**1-1,500**	1-1,500	1-1,500	-
Financial Performance				
Operational Self-sufficiency	**165%**	105%	123%	60%
Financial Revenue Ratio	**45%**	58%	47%	(10%)
Yield on gross Portfolio (Nominal)	**35%**	23%	29%	12%
Loan Loss Provision Expense Ratio	**24%**	2%	6.20%	22%
Administrative Expense Ratio	**40%**	39%	40%	(4%)
Efficiency & productivity				
Operating Expense/ Loan Portfolio	**97%**	61%	53%	36%
Personnel expense/ Loan Portfolio	**37%**	20%	19%	17%
Cost per borrower (GMD'000)	**7**	11	14	(36%)
Borrowers per staff member	**15**	28	40	(46%)
Borrowers per loan officer	**53**	172	201	(69%)
Voluntary savers per staff member	**630**	286	632	120%
Risk and liquidity				
Portfolio at Risk > 30 Days	**24%**	29%	22	-5%
Portfolio at Risk > 90 Days	**20%**	28%	21%	-8%

	2016	2015	2014	Increase/ Decrease
	D'000	D'000	D'000	2016 vs 2015
Risk Coverage	**27%**	8.39%	8.56%	19%
Non – earning liquid assets as % Total Assets	**16%**	22%	20%	-6%
Macro Economic Indicators				
Inflation Rate	**7.5%**	6.7%	6.90%	0.8%
Exchange Rate (Customs Valuation) GMD/USD	**41.99**	39.63	45.22	6%
GDP Growth Rate	**4.68%**	4.70%	5.50%	(0.02%)
GDP Per Capita (USD)	**476**	610	605	-22%

General Information

Directors

Mrs. Amie N. D. Bensouda	Chairperson
Mr. Baboucarr Khan	Managing Director
Mr. Ebenezer Olufowose	Non-Executive Director
Mr.Cherno S. Jallow	Non-Executive Director
Mr. Ismaila Faal	Executive Director (resigned 31st August 2016)

Secretary

Mrs. Mariam Jaye-Sowe (appointed 1st April 2016)
Mr. Seedy AB Njie (resigned 1st April 2016)

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

MegaBank Gambia Limited
11 AU Liberation Avenue
Banjul

Arab Gambian Islamic Bank Limited
Becca Plaza
Ecowas Avenue
Banjul

Ghana International Bank Plc
67 Cheapside
1st Floor, Regina House
London EC2V 6AZ
United Kingdom

Auditors

PKF
Accountants and business advisers
33 Bijilo Layout Annex
Bijilo
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 2016. The financial and operational performance has yet again confirmed the strong fundamentals of our business and the coherent strategies in a very competitive business environment marred by political uncertainties with the elections just concluded.

The Company was challenged in 2016 arising from significant deteriorations in the administration of our credit business in particular the Micro, Small and Medium Enterprises and Agri-business lending products as well as the overall internal control systems and processes. The core banking system deployed by the Company in 2014 failed to deliver to the expectation and standards resulting in unreliable Management Information Systems (MIS) and in some instances loss of revenues. I reassure the shareholders that the Board and Management has been resolute and steadfast in resolving all the internal control weaknesses and has approved a five year strategic plan that will put the company back on track for increased and sustainable growth henceforth.

In the new strategic direction, the Board reviewed and restructured the design and delivery of products and services in our chosen markets adopting a geographical and flat approach to enable us get and remain close to our customers by removing the unnecessary layers and hierarchies in the company. Within this structure, all businesses were streamlined into products to be delivered through our vast network of branches and agencies across the country including the agency financial services, women finance, loans and deposit mobilization being the foundation of our value proposition under our financial inclusion mission. At the end of last year, the Board reviewed the pilot results of our Women Finance product and approved a full scale roll out nationwide. The Company has for the first time introduced a Risk Management Department as opposed to a Unit under Internal Audit to give more focus on the key risks facing our business and responding promptly to these in a proactive and not reactive manner.

Economic environment

The year under review was difficult for the Gambian economy with major multilateral agencies such as the International Monetary Fund (IMF) and the European Union (EU) all suspending funding activities with the government of The Gambia. As a consequence, the World economic outlook forecast was that real gross domestic product (GDP) will decline from 4.7% in 2015 to 2.3%.

The significance and contributions of the microfinance sector in The Gambia is now being recognized within the overall government socio-economic strategy in general and poverty alleviation in particular; evidenced by the passing into law of the first ever Non-Bank Financial Institutions Act 2016. The introduction of the Collateral Registry by the Central Bank is another welcome development to promote access to finance by easing the burden on collateral requirements and management on the part of financial institutions.

In November 2016, the Central Bank of The Gambia issued a directive to increase transparency in the domestic foreign market with the introduction of a Benchmark or Reference rate designed to harmonize the price of foreign currency transactions regardless of cash, electronic and/or remittances transfer. The Company complied with the directive instant.

Financial performance

A key ingredient in the realization of our vision of changing lives of our customers is financial inclusion for the unbanked and under-served segments of the Gambian communities in particular those living and working in the rural areas. As a Company we continue to be guided by the principles of providing accessibility to financial services that are affordable to our target clientele from within their communities leveraging on technological innovations.

Operating profit for the year under review was GMD17.0 million; an increase of GMD9.5 million or 119% from GMD7.6 million in 2015. Total operating revenue grew by 17% from the previous year to GMD117.6 million comprising of increases in the net interest income and non-funded income of 32% and 5% respectively. The marked improvement in the overall liquidity management explains the 33% decline in interest expense relating to bank overdrafts. However the decline in quality of our loan portfolio necessitated a provisioning of GMD24.8 million which turned the operating profit to a loss after tax of GMD9.7 million compared to a profit of GMD6.1 million in 2015. Total assets of the company reduced marginally from GMD544 million to GMD542 million representing a decrease of GMD2 million. Total earning assets during the year represented 70%. The asset is funded mainly from customer deposits which increased by 8% from GMD380 million in 2015 to GMD411 million during the year under review. Shareholders' funds declined from GMD85.4 million to GMD75.7 million due mainly to the loss for the year.

Dividend

In view of the financial loss recorded for the year under review, the Company will not be recommending for the payment of dividend to the shareholders.

Outlook

According to the World Economic Outlook the Gambian economy is forecast to grow from 2.3% in 2016 to 3.3% in 2017. The election of a coalition of seven parties and one independent candidate into government is received with renewed optimism by the business community and multilateral donor agencies. Internally, the Company will be focusing on the execution of our strategic plan for 2017. The main priority will be the recovery of the non-performing loan portfolio while growing the Women Finance business and investing excess deposits in treasury bills.. The Company will revamp the deposit products in line with the needs of our customers. The recovery of service delivery costs will be pursued in line with the new customer relationship management for our High Network and SME customers.

Acknowledgements

I will like to thank the shareholders for their confidence in the Board of Directors to continue to steer the affairs of the Company. My fellow directors on the Board deserve special commendation for their dedication and courage in always putting the interest of the Company first in all their decisions. May I also thank the Central Bank of The Gambia for their continued support, cooperation and valuable advices to the Board and Management of the Company. To the Management, staff and most importantly the customers of the Company I say a very big thank you for choosing Reliance as your employer and financial service provider changing lives.

Amie N. Bensouda

Chairperson of the Board of Directors

Managing Director's Statement

I am delighted once again to present to you the annual report and financial statements of Reliance Financial Services Company Limited for the year ended 31st December 2016. Overall the company recorded disappointing financial performance with net loss of GMD9.9 million during the year under review. These results did not reflect the strong business fundamentals evident by the 119% YoY increase in operating profit; arising from 17% and 9% growth in revenue and operating expenses respectively.

2016 performance review

The company recorded total operating revenues of GMD117.6 million in 2016; representing an increase of 17% from the prior year. Total operating expense grew by 9% YoY from GMD92.6 million to GMD100.6 million resulting in an operating profit of GMD17.0 million. The impact of the growth of our Women Finance and improvements in the overall treasury management lead to the 32% increase in net interest income compared to last year. Income from foreign exchange and commissions declined by 2% and 15% respectively compared to the previous year due mainly to a volatile domestic foreign exchange market and increased competition in the remittances market. Personnel costs which accounts for 38% of operating expenditure, increased by 24% in line with the average pay rise awarded during the year. . The combination of operational and credit losses provided for during the year under review changed the operating profit from GMD17.0 million to net loss of GMD9.7 million.

The total assets of the company declined from GMD543.5 million to GMD542.3 million. Of the risk assets of GMD381.4 million; representing 70% of the total assets, investments in treasury bills and placements with local correspondent banks increased by 22% whereas loans and advances to customers declined from GMD139.5 million to GMD85.3 million explained by the written off portfolio. The cash and bank balances were exceptionally high due to the increasing withdrawals by customers travelling to seek refuge or stock up basic food items during the political impasse. The customer deposits grew by 8% YoY from GMD380 million of GMD411 million; funding 76% of the total assets and 92% of operating assets (risk assets plus cash and bank balances).

The company continues to be in full compliance with all the statutory and prudential ratios. The primary capital including statutory reserve is at GMD75.5 million against the minimum of GMD50 million. The capital adequacy ratio for the year increased to 32% from 30% in 2015 compared to the minimum of 16%. The liquidity ratio during the year averaged 52%; increased from 40% compared to the minimum of 30%. The gearing ratio as at December 2016 was 6 times equity against the maximum of 10 times.

Business developments and strategic initiatives

Our strategic partnership with the Alliance for Green Revolution in Africa (AGRA) for the implementation of the Grant Agreement under the management of the Africa Enterprise Challenge Fund (AECF) continued into its fourth year expiring in December 2018. All the activities in the work plan for the implementation of programmes are either fully completed or on scaling up phase as part of ongoing business after successful pilots. During the year, AECF disbursed the sum of USD100,000 taking the total disbursements since the inception of the agreement to USD999,990; representing 99.9% of total grant. Reliance's counter-part contribution during the period increased to USD1,964,715 from USD1,380,210 or 42% from the previous year. The off and on-site visits by the AECF team have all confirmed that the Company is in compliance with the provisions of the agreement.

The scaling up of the Women Finance product commenced in March 2016 in Lower, Central and Upper River Regions following the successful pilot in West Coast and North Bank Regions. During the year under review, the company added 218 new women groups taking the total number of groups to 349 with a total membership of 14,464 as at 31st December 2016. During the year, the Whole Planet Foundation disbursed the sum of USD200,000 which now takes their total funding to USD300,000 out of the USD500,000 approved to support the programme in Central River Region. Like the Agency Service, the Women Finance has equally been integrated into the core business of the company for management by Retail Finance and delivery through the Branch network countrywide.

We are pleased to have been at the forefront in pioneering the Agency Service as an alternative service channel for the financial industry to further deepen access to finance leveraging on technology. In close collaboration with the Central Bank of the Gambia, the product and all the regulatory guidelines have now been developed and instituted to guide the industry.

Reliance Financial Services continues to be the market leader in the financial services industry when it comes to the provision of access to finance to the Small and Medium Enterprises (SME's) operating in the economy. This culminated in the Gambia Chamber of Commerce and Industry (GCCI) bestowing two awards out of six categories to Reliance for being the Financial Institution Supporting SMEs and SME of the Year for 2016.

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 for 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 in improving staff retention.

Outlook

As a Company, we are very excited by the wind of change blowing in our country with the new government headed by a President from a Coalition of seven parties and one independent candidate. It is our view that under this government, the private sector in general and the financial industry in particular will be well positioned to exploit the advantages in our economy based on sound and transparent macro-economic policies that will benefit society at large. The Gambia being an economy largely driven by the Micro, Small and Medium Enterprises (MSME's) places our company at the forefront of contributing towards the realization of the socio-economic agenda of the new government. In this regard, we will seek strategic collaborations with the multilateral donor agencies such the United Nations systems, European Union, African Development Bank to deliver the pro-poor and other poverty alleviation strategies and programmes for the people of The Gambia focusing on Women including Youths.

We have in place the strategy, structure, products and services, resources (human and capital) as well as the infrastructure to continue to exceed the expectations of our target customers. There are plans to improve the Core Banking System and implement other innovative technological developments to enhance productivity, efficiency and risk management systems. We will continually explore opportunities to promote financial inclusion and access to finance for Gambian women in the rural and peri-urban areas of the country with our all exclusive women finance product.

Acknowledgements

I cannot conclude my statement without giving a special mention to our esteemed customers who continue to choose Reliance as their preferred financial service provider of choice over and above the competition and to re-assure them of our continued resolve to deliver a positive customer experience at every opportunity. Our development finance partners – AGRA / AECF, Caurie Microfinance, Whole Planet Foundation all deserve our sincere appreciation for their confidence in our company aimed at delivering our common mission of promoting financial inclusion in The Gambia.

The Central Bank of the Gambia deserves our special commendation for their cooperation, professionalism and ensuring a conducive environment for the microfinance sector in general and Reliance in particular. I will like to thank our Shareholders and the Board of Directors for their continued support and strategic guidance without which our ability to lead and manage the affairs of the company would have been a more daunting task. Finally, I cannot thank our employees enough for their continued hard work and dedication to the mission of the company of changing lives in the communities in which we serve.

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 2016.

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. 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.

Directors and directors' interest

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

In accordance with the company's Articles of Association, the term of office for board membership is three years and board members can serve two consecutive terms on a rotational basis. Initial rotation should be at least one-third of the outgoing board members. Accordingly all the directors remain in office.

The directors' beneficial interest in the ordinary shares of the company is shown below. No other changes have occurred between 31st December 2016 and the date of this report.

	Number of shares held	
	2016	2015
Mr. Baboucarr Khan	**11,549,913**	7,533,836
Mrs. Amie N. Bensouda	**20,894,194**	12,559,522
Mr. Ebenezer Olufowose	**4,743,343**	3,616,539
Mr. Cherno S. Jallow	**8,431,050**	8,431,050
Mr. Ismaila Faal	**-**	4,554,556
	45,618,500	36,695,503

Auditors

The auditors, PKF 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 ……..........................2017

Independent Auditor's Report
To the Members of Reliance Financial Services Company Limited

Opinion

We have audited the financial statements of Reliance Financial Services Company Limited, which comprise the statement of financial position as at 31st December 2016, and the statement of comprehensive income, 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 its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles (GAAP) and have been properly prepared in accordance with the Companies Act 2013 and the Non - Bank Financial Institutions Act 2016.

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 [jurisdiction], and we have fulfilled our other ethical 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 and Report of the Directors as required by the Companies Act of 2013. 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, we concluded that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report.

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 GAAP, 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 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.6 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.

- 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.

The engagement partner on the audit resulting in this independent auditor’s report is Donald C Kaye.

PKF
Accountants and business advisers
Registered Auditors
Bijilo, The Gambia

Date:..2017

Income Statement

for the year ended 31st December 2016

	Notes	31st December 2016 D'000	31st December 2015 D'000
Interest income	*5*	**78,799**	72,105
Interest expense	*6*	**(16,958)**	(25,192)
Net interest income		**61,841**	46,913
Exchange income		**32,750**	33,429
Fees and commission income	*7*	**13,937**	16,312
Grant income	8	**4,146**	1,490
Other revenue		**4,937**	2,016
Total operating revenue		**117,611**	100,160
Operating expenses			
Personnel cost	*9*	**(38,294)**	(30,910)
General and administration cost		**(33,021)**	(35,709)
Premise and equipment		**(14,225)**	(14,082)
Depreciation and amortisation	*19&20*	**(15,022)**	(11,872)
Total operating expenses		**(100,562)**	(92,573)
Operating Profit		**17,049**	7,587
(Provisions for) / recovery of credit losses		**(24,959)**	340
(Loss) / Profit before taxation	*10*	**(7,910)**	7,927
Income tax expense	*11*	**(2,018)**	(1,856)
(Loss) / Profit for the year		**(9,928)**	6,071
Basic earnings per share	*12*	**(0.19)**	0.12
Diluted earnings per share		**(0.19)**	0.12

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

Balance Sheet

as at 31st December 2016

	Notes	31st December 2016 D'000	31st December 2015 D'000
Assets			
Cash and local bank balances	*14*	**72,753**	43,830
Treasury bills	*15*	**214,807**	187,841
Placements with banks	*16*	**81,348**	54,890
Loans	*17*	**85,121**	139,502
Other assets	*18*	**22,688**	39,923
Property, plant & equipment	*19*	**56,922**	64,810
Intangible assets	*20*	**8,614**	12,740
Total assets		**542,253**	543,536
Liabilities			
Customer deposits	*21*	**411,126**	379,942
Due to local banks	*14*	**-**	19,695
Other payables	*22*	**9,332**	26,663
Taxation		**748**	486
Deferred Income	*23(a)(b)*	**437**	583
Long term loan	*24*	**45,127**	30,756
Total liabilities		**466,770**	458,125
Equity and reserves			
Share capital	*25*	**62,004**	62,004
Statutory reserve		**16,577**	16,577
Profit and Loss reserve		**(3,098)**	6,830
Total equity and reserves		**75,483**	85,411
Total equity and liabilities		**542,253**	543,536

These financial statements were approved by the board of directors on ……………………………2017 and were signed on its behalf by:

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

The attached notes form an integral part of these financial statements

Statement of changes in equity

for the year ended 31st December 2016

	Share Capital D'000	Statutory Reserve D'000	Accumulated Profit D'000	Total D'000
Balance as at 1st January 2015	62,004	15,059	4,316	81,379
Profit for the year	-	-	6,071	6,071
Dividend	-	-	(2,039)	(2,039)
Transfer to reserves	-	1,518	(1,518)	-
Balance as at 31st December 2015	62,004	16,577	6,830	85,411
Balance as at 1stJanuary 2016	62,004	16,577	6,830	85,411
Loss for the year	-	-	(9,928)	(9,928)
Balance as at 31st December 2016	**62,004**	**16,577**	**(3,098)**	**75,483**

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. 2016: Nil (2015: D1,518,000) was transferred to statutory reserve for the year.

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

Cash Flow Statement

for the year ended 31st December 2016

	Notes	31st December 2016 D'000	31st December 2015 D'000
Operating activities			
Operating (Loss)/ profit		**(7,910)**	7,927
Depreciation	*19&20*	**15,022**	11,872
Increase / (decrease) in operating assets	*26*	**71,616**	(8,431)
Increase in operating liabilities	*27*	**33,308**	58,717
Cash generated from operations		**112,036**	70,085
Company tax paid		**(1,756)**	(1,979)
Cash flows from operating activities		**110,280**	68,106
Investing activities			
Acquisition of property, plant and equipment	*19*	**(22,463)**	(35,006)
Cash flows from investing activities		**(22,463)**	(35,006)
Financing activities			
Dividend payment		**-**	(2,039)
Loan/grant received from WPF/ SDF - EPMDP	*23b&24*	**18,400**	4,000
AECF Repayable Grant	*24*	**1,266**	10,116
SDF Loan repayment	*24*	**(5,295)**	(3,428)
Transfer of Non Repayable grant to Income	*23a*	**-**	(1,344)
Transfer of SDF Grant to income	*23b*	**(146)**	(146)
Cash flows from financing activities		**14,225**	7,159
Net increase in cash and cash equivalent		**102,042**	40,259
Cash and cash equivalent at 1st January		**266,866**	226,607
Cash and cash equivalents at 31st December	*14*	**368,908**	266,866

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 …………….March 2017.

(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) Income tax

Income tax on the chargeable profit or total revenue for the year comprises current tax and is recognised in the income statement.

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

(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 are subsequently stated at amortised cost using the effective interest method, any differences between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings. 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;
- 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 2016 D'000	31st December 2015 D'000
Balances with Central Bank of The Gambia	**30,073**	21,909
Balances with local commercial banks	**30,062**	8,759
Treasury Bills placements with Central Bank	**214,807**	187,841
Investments with commercial banks	**81,348**	57,661
Loans to customers	**85,268**	152,929
Total Risk Assets	**441,558**	429,099

The above table represents a worst case scenario of credit risk exposure to the company as at 31st December 2016 and 31st December 2015 without taking account of any collateral or other credit enhancements attached.

Exposure to Regulated Financial and Public Institutions

	31st December 2016 D'000	31st December 2015 D'000
Balances with Central Bank of The Gambia	**30,073**	21,909
Balances with local commercial banks	**30,062**	8,759
Total Bank Balances	**60,135**	30,668
Treasury Bills placements with Central Bank	**214,807**	187,841
Investments with commercial banks	**81,348**	57,661
Total Investments / placements with Banks	**296,155**	245,502

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 2016

Company's rating	Loan balance due from customers (%)	Impairment provision (%)
Investment	67	4
Standard	4	1
Sub-standard	4	4
Doubtful loans	6	16
Loss Loans	19	75
Total	100	100

31st December 2015

Company's rating	Loan balance due from customers (%)	Impairment provision (%)
Investment	68	11
Standard	13	8
Sub-standard	13	32
Doubtful loans	2	7
Loss Loans	4	42
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 2016

	Express	Micro	SME	Personal	Standard Group Loans	Total
No arrears	GMD'000	GMD'000	GMD'000	GMD'000	GMD'000	GMD'000
Total	**8**	**492**	**36,696**	**6,416**	**50,617**	**94,229**

31st December 2015

	Express	Micro	SME	Personal	Standard Group Loans	Total
No arrears	GMD'000	GMD'000	GMD'000	GMD'000	GMD'000	GMD'000
Totals	10	1,737	38,263	2,979	11,981	54,970

b) Assets past due but not yet impaired (0-30 days)

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

31st December 2016

	Express	Micro	SME	Personal	Standard Group Loans	Total
No arrears	GMD'000	GMD'000	GMD'000	GMD'000	GMD'000	GMD'000
Total	**1,979**	**323**	**3,581**	**1,877**	**24,622**	**32,382**

31st December 2015

	Express	Micro	SME	Personal	Standard Group Loans	Total
No arrears	GMD'000	GMD'000	GMD'000	GMD'000	GMD'000	GMD'000
Total	8	427	22,423	541	35,170	58,569

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

31st December 2016

	Express	Micro	SME	Personal	Standard Group Loan	Total
No arrears	GMD'000	GMD'000	GMD'000	GMD'000	GMD'000	G'000
Total	**44**	**158**	**30,003**	**1,603**	**-**	**31,808**

31st December 2015

	Express	Micro	SME	Personal	Standard Group Loan	Total
No arrears	GMD'000	GMD'000	GMD'000	GMD'000	GMD'000	GMD'000
Total	122	795	14,305	647	0	15,869

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 2016 D'000	31st December 2015 D'000
Loan Portfolio	**104,002**	152,929
Renegotiated loans	**5,874**	7,646
Renegotiated loans as a % of loan portfolio	**6.0**	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 2016 D'000	%	31st December 2015 D'000
Agriculture	**21**	**21,736**	17	26,051
Cottage Industries	**-**	-	2	3,601
Trading	**66**	**68,334**	68	104,337
Transport	**4**	**4,082**	4	5,864
Construction	**-**	**589**	-	10
Personal loans	**6**	**6,447**	9	12,983
Services	**3**	**2,814**	-	83
Total Loans and advances to customers	**100**	**104,002**	100	152,929

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 2016 D'000	%	31st December 2015 D'000
Banjul	**3**	**3,846**	4	5,762
Kanifing	**66**	**68,948**	47	72,109
West Coast	**9**	**8,876**	26	39,065
North Bank	**19**	**19,522**	19	29,971
Lower River	**-**	**142**	-	512
Central River	**2**	**1,727**	2	3,002
Upper River	**1**	**941**	2	2,508
Total Loans and advances to customers	**100**	**104,002**	100	152,929

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 2016	31st December 2015
At 31 December	**51%**	40%
Average for the period	**45%**	47%
Maximum for the period	**52%**	54%
Minimum for the period	**34%**	40%
Minimum statutory requirement	**30%**	30%

31st December 2016

	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	72,753	-	-	-	72,753
Treasury bills	26,000	12,000	190,473	-	228,473
Placements with banks	25,043	7,985	51,600	-	84,628
Loans to customers	14,281	63,600	17,209	8,912	104,002
Total Financial Assets	**138,077**	**83,585**	**259,282**	**8,912**	**489,856**
Financial Liabilities					
Deposits from customers	102,186	96,544	173,779	38,617	411,126
Borrowed funds	-	-	16,046	29,079	45,128
Total Financial Liabilities	**102,186**	**96,544**	**189,825**	**67,696**	**456,254**
Liquidity Gap	**35,890**	**(12,959)**	**69,457**	**(58,784)**	**33,602**

31st December 2015

	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	43,830	-	-	-	43,830
Treasury bills	-	10,000	187,669	-	197,669
Placements with banks	-	13,827	43,834	-	57,661
Loans to customers	41,592	47,197	36,075	28,065	152,929
Total Financial Assets	85,422	71,024	267,578	28,065	452,089

Financial Liabilities

Deposits from customers	75,988	49,392	222,348	32,214	379,942
Borrowed funds	-	-	-	29,224	29,224
Total Financial Liabilities	75,988	49,392	222,348	61,438	409,166
Liquidity Gap	9,434	21,632	45,230	(33,373)	42,923

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 2016

	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	72,753	-	-	-	72,753
Treasury bills	26,000	12,000	190,473	-	228,473
Placements with banks	25,043	7,985	51,600	-	84,628
Loans to customers	14,281	63,600	17,209	8,912	104,002
Total Financial Assets	**138,077**	**83,585**	**259,282**	**8,912**	**489,856**
Financial Liabilities					
Deposits from customers	102,186	96,544	173,779	38,617	411,126
Borrowed funds	-	-	16,046	29,079	45,128
Total Financial Liabilities	**102,186**	**96,544**	**189,825**	**67,696**	**456,254**
Interest rate sensitivity Gap	**35,890**	**(12,959)**	**69,457**	**(58,784)**	**33,602**

31st December 2015

	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	43,830	-	-	-	43,830
Treasury bills	-	10,000	187,669	-	197,669
Placements with banks	-	13,827	43,834	-	57,661
Loans to customers	41,592	47,197	36,075	28,066	152,930
Total Financial Assets	85,422	71,024	267,578	28,066	452,090
Financial Liabilities					
Deposits from customers	75,988	49,392	222,348	32,214	379,942
Borrowed funds				29,224	29,224
Total Financial Liabilities	75,988	49,392	222,348	61,438	409,166
Interest rate sensitivity Gap	9,434	21,632	45,230	(33,372)	42,924

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, including 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 the 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 2016 D'000	31st December 2015 D'000
Tier 1 capital		
Ordinary share capital	**62,004**	62,004
Capital Reserve	**16,577**	16,577
Retained earnings	**(3,098)**	6,830
	75,483	85,411
Total Risk-weighted assets	**238,103**	347,728

Capital ratios

Total regulatory capital expressed as a percentage of total risk-weighted assets	**32%**	25%

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 2016 D'000	31st December 2015 D'000
Loans	**36,299**	35,641
Investments	**42,500**	36,464
	78,799	72,105

6. Interest expense

Savings	**11,100**	8,499
Time deposits	**3,661**	3,863
Bank Overdraft	**1,720**	12,199
Long term borrowing	**477**	631
	16,958	25,192

7. Fees & Commission Income

	31st December 2016 D'000	31st December 2015 D'000
Remittances	**4,622**	4,739
Loans	**2,428**	8,343
Other	**6,887**	3,230
	13,937	16,312

8. Grant Income

AECF (See note 8.a. below)	**4,000**	1,344
Social Development Fund Grant (Note 23(b)	**146**	146
	4,146	1,490

8.a. AECF Grant Income

This represents an amount of USD 100,000.00 of the total non-repayable grant recognised in the Income Statement as the final instalment of the total AECF grant of USD 400,000.00.

8.b. 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 (six years) based on the depreciation charge for the year.

9. Staff numbers and cost

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

Executive directors	**2**	2
Management staff	**7**	7
General staff	**173**	180
	182	189

The aggregate payroll costs of these persons were as follows:

	31st December 2016 D'000	31st December 2015 D'000
Wages and salaries	**17,505**	8,567
Allowances including bonuses	**12,393**	12,520
Other staff costs	**8,396**	9,823
	38,294	30,910

10. Profit before taxation

The profit before taxation is stated after:
Charging:

Directors' remuneration	**1,271**	1,862
Audit fees	**300**	300

11. Income tax expense

The charge for taxation is calculated as follows:

Company tax at 1.5 % of total revenue (2015: 1.5% of total revenue)	**2,018**	1,880
Over provision from previous years	**-**	(24)
	2,018	1,856

The tax on the company's total revenue agrees with the effective tax rate of the company as follows:

Total revenue for the year	**134,569**	125,352
	======	======
Tax calculated at a rate of 1.5% (2015: 1.5%)	**2,018**	1,880

Reconciliation of effective tax rate

	31st December 2016 %	31st December 2015 %
Income tax using the domestic tax rate	**1.5**	1.5

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 loss D 9.734 million during the year (profit of D 6.071 million in 2015) and a weighted average number of ordinary shares outstanding of D 62 million calculated as follows:

Profit attributable to ordinary shareholders

	31st December 2016 D'000	31st December 2015 D'000
Net (loss)/profit for the year attributable to equity holders of the Company	**(9,928)**	6,071

	31st December 2016	31st December 2015
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January	**50,976,041**	50,976,041
Weighted average number of ordinary shares 31 December	**50,976,041**	50,976,041

13. Dividend per share

The following dividends were declared and paid during the period ended:

	31st December 2016 D'000	31st December 2015 D'000
Balance at the beginning of period	**-**	-
Dividend declared	**-**	2,039
Payment during the period	**-**	(2,039)
	-	-

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

Cash (note 14a)	**12,617**	13,162
Balances with local banks (note 14b)	**60,136**	30,668
	72,753	43,830
Due to local banks	**-**	(19,695)
Treasury bills (note 15)	**214,807**	187,841
Placements with banks (note 16)	**81,348**	54,890
Cash and cash equivalents in the statement of cash flow	**368,908**	266,866

14a. Cash

Cash	**12,673**	12,665
Outward clearing	**(56)**	497
	12,617	13,162

		31st December 2016 D'000	31st December 2015 D'000
14b.	**Local bank balances**		
	Balance with Central Bank of The Gambia	**30,073**	21,909
	Balance with local banks	**30,063**	8,759
		60,136	30,668

15. Treasury bills

Treasury bills at maturity value	**228,473**	197,669
Interest unearned	**(13,666)**	(9,828)
	214,807	187,841

16. Placements with banks

Placements with Banks at maturity value	**84,628**	57,661
Interest unearned	**(3,280)**	(2,771)
	81,348	54,890

17. Loans

	31st December 2016 D'000	31st December 2015 D'000
SME Loan	**37,553**	82,822
Micro Enterprises	**1,699**	3,382
Agriculture	**21,736**	24,861
Standard group	**26,146**	16,055
Others	**16,868**	25,809
Gross loans	**104,002**	152,929
Less:		
Specific provision for bad debts	**(18,183)**	(11,398)
General provision for bad debts	**(698)**	(1,439)
Interest in suspense	**-**	(590)
Net Loans	**85,121**	139,502

18. Other assets

Receivables	**11,985**	25,059
Due from MTOs	**4,852**	9,362
Prepayments	**5,851**	5,502
	22,688	39,923

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	27,869	33,053	22,266	378	10,891	94,457
Additions	12,742	8,067	1,654	-	-	22,463
write offs	(19,134)	(13,323)	(4,700)	(113)	(1,799)	(39,069)
At 31st Dec 2016	**21,477**	**27,797**	**19,220**	**265**	**9,092**	**77,851**
Depreciation						
At 1st January	-	18,748	8,915	223	1,761	29,647
Charge for the year	-	6,282	4,318	170	126	10,896
write offs	-	(13,353)	(4,276)	(223)	(1,762)	(19,614)
At 31st Dec 2016	**-**	**11,677**	**8,957**	**170**	**125**	**20,929**
Net book value						
At 31st December 2016	**21,477**	**16,120**	**10,243**	**95**	**8,967**	**56,922**
At 31st December 2015	27,869	14,305	13,351	155	9,130	64,810

Work in progress represents the amount so far spent on the acquisition of land, vehicles, computer and other equipment.

20. Intangible assets

	31st December 2016 D'000	31st December 2015 D'000
Cost	**15,920**	15,920
Balance 31st December	**15,920**	15,920
Amortisation brought forward	**(3,180)**	-
Amortisation charge for the year	**(4,126)**	(3,180)
Carrying amount	**8,614**	12,740

21. Customer deposits

Savings	**384,110**	347,728
Fixed deposit accounts	**27,016**	32,214
	411,126	379,942

22. Other payables

Accruals	**5,477**	11,894
Interest payable to depositors	**1,030**	5,187
Employees' Income Tax	**336**	386
Due to Money Transfer Organisations	**2,489**	9,196
	9,332	26,663

23. Deferred Income

	31st December 2016 D'000	31st December 2015 D'000
SDF Capital Grant (23b)	**437**	583
	437	583

23. (a) AECF Non Repayable Grant

	31st December 2016		31st December 2015	
	USD '000	**GMD '000**	USD '000	GMD '000
Balance brought forward	-	-	34	1,344
Transferred to Income Statement	-	**-**	(34)	(1,344)
Deferred Income	**-**	-	-	-

23. (b) SDF Capital Grant

	31st December 2016 D'000	31st December 2015 D'000
Balance brought forward	**583**	729
Transferred to Income statement	**(146)**	(146)
Deferred income	**437**	583

24. Long term loans

	31st December 2016 D'000	31st December 2015 D'000
SDF (note 24a)	**12,978**	6,406
AECF Repayable Grant (note 24b)	**25,044**	23,778
Whole Planet Foundation (WPF) (note 24c)	**12,400**	4,000
	50,422	34,184
Less: Repayments during the year	**(5,295)**	(3,428)
Outstanding balance due	**45,127**	30,756
Payable as follows:		
Less than 1 years	**16,047**	2,978
Between 2 and 5 years	**29,080**	27,778
Outstanding balance due	**45,127**	30,756

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

Opening balance	**2,978**	6,406
Disbursement during the year	**10,000**	-
Less: Repayments during the year	**(5,295)**	(3,428)
Outstanding balance due	**7,683**	2,978

A supplementary loan of GMD10 million was received in July 2016 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 2016 D'000	31st December 2015 D'000
AECF Repayable Grant	**25,044**	23,778

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 balance of GMD 25,045,000 relates to the repayable grant.

AECF Repayable Loan

	31st December 2016		31st December 2015	
	USD '000	**GMD '000**	USD '000	GMD '000
Opening balance	**600**	**23,778**	327	13,662
Disbursement during the year	**-**	**-**	273	8,584
Translation difference	**-**	**1,266**	-	1,532
Outstanding Balance	**600**	**25,044**	600	23,778

24c Whole Planet Foundation (WPF)

	31st December 2016 D'000	31st December 2015 D'000
At start of year	**4,000**	-
Disbursement during the year	**8,400**	4,000
At end of year	**12,400**	4,000

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 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 disbursement is expected to be completed by 31st December 2017 when the remaining USD200,000 will be received.

Repayment is based on the Gambian Dalasi equivalent of three instalments of USD100,000, USD200,000 and USD200,000 in 2018.

25. Share Capital

The total number of authorised ordinary shares as at 31st December 2016 was D90 million ordinary shares with a par value of D1.00 per share (2015: 90 million ordinary shares with a par value of D 1 each).

26. Decrease / (Increase) in operating assets

	31st December 2016 D'000	31st December 2015 D'000
Funds advanced to customers	**54,381**	(7,866)
Other assets	**17,235**	(565)
	71,616	(8,441)

27. Increase in operating liabilities

	31st December 2016 D'000	31st December 2015 D'000
Deposits from customers	**31,184**	46,487
Other payables	**(17,331)**	12,495
Loan write offs	**19,455**	(265)
	33,308	58,717

28. Contingent liabilities

Acceptances, endorsements and other obligations	**-**	-

29. Capital commitments

Authorised by the Board and contracted for	**-**	-
Authorised by the Board but not contracted for	**-**	-

30. Related party transactions

	31st December 2016 D'000	31st December 2015 D'000
Compensation of Senior Management:		
Salaries and allowances	**5,115**	6,009
Pension Contributions	**293**	370
Other benefits	**742**	907
	6,150	7,286

The following are loan and rent payments to related party:

Directors, officers and other employees

	31st December 2016 D'000	31st December 2015 D'000
Directors	**1,136**	3,320
Officers and other employees	**4,605**	6,290
	5,741	9,610
Legal fees	**495**	129
Head office rent	**1,335**	1,120

Notes (forming part of the financial statements) continued

31. Value Added Statement

for the year ended 31st December 2016

		31st December 2016 D'000	31st December 2015 D'000
Interest earned and Other Operating Income		**126,603**	124,502
Direct cost of Services		**(62,933)**	(73,122)
Value Added from Financial Services	**63,670**	51,380	
Non-Financial Services Income		**8,732**	3,506
Impairments		**(25,726)**	(2,315)
Value Added		**46,676**	52,571
Distributed as follows:			
To Employees:-			
Directors (excluding Executives)		**1,271**	1,862
Executive Directors		**2,363**	3,320
Other Employees		**35,930**	27,590
To Government:-			
Income Tax		**2,018**	1,856
To Expansion and Growth:-			
Depreciation and amortisation		**15,022**	11,872
(Deficit) / Retained earnings		**(9,928)**	6,071

Supplementary Information

1.1 General and administration cost

	31st December 2016 D'000	31st December 2015 D'000
Finance cost and charges	**1,272**	1,044
Printing and stationery cost	**3,075**	3,308
Communications costs	**4,430**	1,932
Equipment maintenance expenses	**587**	652
Transport and travel costs	**6,112**	11,442
Business promotion costs	**2,836**	5,417
Professional fees	**3,389**	4,991
Other costs	**11,320**	6,923
	33,021	35,709

1.2 Premises cost

	31st December 2016 D'000	31st December 2015 D'000
Office rent	**5,385**	4,949
Electricity expenses	**3,133**	3,726
Cleaning	**895**	870
Rates and taxes	**764**	774
Security costs	**2,820**	2,742
Property insurance	**73**	58
Property maintenance	**1,155**	963
	14,225	14,082