Reliance

Reliance Financial Services Company Limited

Annual Report
and Financial Statements

for the year ended 31st December 2018

Contents

Financial Highlights

	2018	2017	2016	Increase/ Decrease
				2018 vs 2017
Financial Structure				
Capital to Asset Ratio (at least 16%)	**31%**	24%	32%	7%
Debt/ Equity Ratio (Times)	**7**	7	6	
Liquid assets to deposit ratio (between 15% and 45%)	**82%**	85%	54%	(3%)
Deposits to loans	**459%**	436%	395%	23%
Deposits to total assets	**83%**	80%	75%	3%
Gross loans Portfolio to Total Assets	**20%**	21%	19%	(1%)_
Outreach Indicators				
Total Number of Borrowers	**28,364**	26,912	17,180	5%
Number of Active borrowers	**27,001**	26,168	16,908	3%
Total Value of loans disbursed (GMD'000)	**345,980**	280,941	188,415	23%
Average Size of Loans Disbursed (GMD'000)	**15**	10	11	50%
Gross Loan Portfolio outstanding (GMD'000)	**165,105**	150,844	121,326	9%
Average Loan balance per borrower (GMD'000)	**8**	7	48	14%
Voluntary Savings (GMD'000)	**698,767**	573,306	411,126	22%
Number of Branches and Kiosks	**21**	19	21	10.5%
Range of Loan Sizes (GMD'000)	**1-1,500**	1-1,500	1-1,500	-
Financial Performance				
Operational Self-sufficiency	**161%**	109%	165%	52%
Financial Revenue Ratio	**57%**	51%	45%	6%
Yield on gross Portfolio (Nominal)	**38%**	28%	35%	10%
Loan Loss Provision Expense Ratio	**3%**	-1%	24%	4%
Administrative Expense Ratio	**38%**	32%	40%	6%
Efficiency & productivity				
Operating Expense/ Loan Portfolio	**62%**	65%	97%	(3%)
Personnel expense/ Loan Portfolio	**23%**	26%	37%	(3%)
Cost per borrower (GMD'000)	**42**	30	7	40%
Borrowers per staff member	**141**	134	15	5%
Borrowers per loan officer	**512**	415	53	23%
Voluntary savers per staff member	**15**	3	630	400%
Risk and liquidity				
Portfolio at Risk > 30 Days	**8%**	11%	24%	(3%)
Portfolio at Risk > 90 Days	**8%**	14%	20%	(3%)
Risk Coverage	**8%**	30%	27%	(22%)
Non – earning liquid assets as % Total Assets	**14%**	13%	16%	1%
Macro Economic Indicators				
Inflation Rate	**6.5%**	7.40%	7.50%	(0.9%)
Exchange Rate (Customs Valuation) GMD/USD	**50**	48	41.99	4%
GDP Growth Rate	**4.6%**	3.70%	4.68%	0.9%
GDP Per Capita (USD)	**520**	500	476	4%

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 (Appointed in July 2018)	Non-Executive

Secretary

Mrs. Fama Sarjo-Fye (Acting)

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

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 2018. The company has been steadfast in the implementation of its strategy focussing on strengthening the gains registered in our core microfinance business targeting the most vulnerable in our society women in the peri-urban and rural areas of the country.

Leveraging on the opportunities in our new core banking system – BankOne, the Board continued to guide Management towards product and service innovation and new technologies to ensure our company takes it rightful position in the current and most importantly the future financial ecosystem of the country. We are aware of the many challenges in the digital world; but continue to draw inspiration from the opportunities presented by new technologies in our relations with our customers and most importantly the next generation of bankable population. Our ambition is to continue leading the sector's digital transformation. The progress registered in this respect has enabled us to achieve positive results in the year to compensate for the challenges posed by the monetary policies of the new administration since 2017, which is a further manifestation of the robustness of our strategy.

The combination of our extensive branch and agency network with our emerging digital and technological offering is a key strength, enabling us to offer the highest quality service to our customers. During the year the company invested heavily in upgrading the branch network with the construction of an ultra-modern two-storey bank branch in Old Yundum, expansion of the Brikama branch and the opening of two new Cash Centres in Brusubi Turntable and Baja Kunda. Reliance continues to set the pace in financial inclusion and is yet again the first financial institution to have a presence in Wuli District of URR as we have done in many of the communities throughout our short history to date.

Economic environment

The peaceful democratic transition in 2017 ushered in a confidence-enhancing political environment amid bold economic reforms in the National Development Plan 2018 to 2022 which received pledges of USD1.5 billion from development partners at the Donor Conference in Brussels in May 2018. On the back of this plan, the economy was estimated to grow by 5.5% in 2018, underpinned by a recovery in agriculture following improved weather conditions, a rebound in tourism, robust construction activities, and increased trade and investment on the back of continued implementation of sound macroeconomic policies. Fiscal consolidation and significant external financial support helped to improve the reserves position from 1.4 in 2017 to 4 months of import cover in 2018. This resulted in a stable Gambian Dalasis against other International currencies, and spurred a steady decline in consumer price inflation from 8.8% in 2017 to 6.5% by October 2018. While interest rates have continued in a declining trend, the rate has decelerated compared to 2017 with monetary policy rate moving from 15% in December 2017 to 13.5% in November 2018.

Financial performance

Consistent with our mission to deliver sustained returns to our shareholders, the company reported a profit of GMD19.1 million; an increase of GMD10.5 million or 122% YoY. Total revenues increased to GMD127.6 million from GMD106.9 million in 2017 notwithstanding a 36% decline in investment income. The earnings per share jumped from GMD0.17 in 2017 to GMD0.38 during the year under review, an increase of 112% YoY.

Total assets of the company increased significantly from GMD715 million to GMD840 million representing 17%; funded largely by the surge in customer deposits from GMD573 million to GMD699 million in December 2018. Shareholders' funds increased from GMD84.1 million to GMD102.2 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. Accordingly the Board is recommending the payment of dividend of GMD0.18 per share.

Outlook

The economic is projected to grow by 5.4% in 2019 predicated on the implementation of sound macro-economic policies and economic reforms, a significant improvement in electricity supply and cost, expansion of irrigation and commercial farming, investment in the tourism and trade sectors, and continued infrastructure investment. Headline inflation is expected to decline to slightly below the Central Bank of The Gambia's 5% target in the medium term.

The stability of the financial sector will continue to be a challenge in 2019 and beyond in view of the monetary policies to bring domestic debt servicing costs under control. Promoting credit information systems and financial literacy as well as strengthening creditor rights and their enforcement would help support lending to the productive sectors of the economy. These challenges present opportunities for our company by leveraging the credit reference bureau as well as the collateral registry for our micro and small business segments whereas the group solidarity lending continues to be resilient with high repayment rates. The implementation of our digital finance strategies leveraging our new core banking system coupled with continued innovation and automation of manual processes and procedures will not only improve productivity but will enhance internal controls and save costs in customer service delivery.

Acknowledgements

I will like to express my profound gratitude to the shareholders for their utmost confidence in the Board of Directors to continue to steer the affairs of the Company. My fellow directors on the Board continue to manifest high energy and passion in their duties as Directors. I will also like to welcome our new Director Mrs. Nellie N. Taylor to the Board and to wish her a successful tenure. I extend special appreciation to the Central Bank of The Gambia for their continued support and cooperation to 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 respectively. We continue to draw inspiration by our mission to continue to positively "change your lives".

Amie N. Bensouda

Chairperson of the Board of Directors

Managing Director's Statement

The financial performance for the year under review is further demonstration of the resilience of our business model, robust strategy and the significant improvements in the execution capacity of the Management and Staff under a challenging economic and business environment. Since the restructuring of our business in 2016, Reliance has been making consistent and steady progress in delivering a sustainable growth trajectory. Building on the momentum of 2017, the company has recorded another strong financial results for 2018 with profits after tax of GMD19.1 million; an increase of 122% YoY.

Pursuant to the strategic re-positioning and diversification; our core microfinance business is continuing to be the lead contributor to the revenue generation streams of the company. The funded income as represented by the net interest income contributed 62% of the company's total operating revenues in 2018 and 2017; despite a 36% decrease in investment income YoY due to the monetary policies resulting in the crash in treasury bills rates to single digits in 2018. Interest income from the group and individual loans recorded a growth of 51% YoY. The re-pricing of our customer deposits rates in late 2018 delivered the desired outcome registering a decline of 83% from GMD17 million in 2017 to GMD9 million. Revenues from foreign exchange improved marginally by 6% compared to the 32% decline between 2016 and 2017 explained the relative stability of the Gambian Dalasis during the major part of the year. The introduction of new technology capabilities enhanced our fee income lines resulting in an increase of GMD8.5 million compared to 2017. Despite the inflationary pressures, total operating expenses including depreciation and amortisation grew marginally by 5.2% from GMD97.7 million in 2017 to GMD102.8 million in 2018, well below the inflation of 6.5% during the year arising mainly from the effective cost management strategies instituted by Management. General and administration costs grew from GMD31.5 million in 2017 to GMD34.8 million explained by high fuel prices, expansion of the pool of vehicles to support the Group Lending growth and one-off technical assistance consultancies to help the company in delivering its strategic goals.

The total assets of the company grew by 17.5% from GMD715 million to GMD840 million in 2018. Investments in treasury bills and placements with our correspondent banks and loans and advances accounted for the growth in earning assets increasing by 9% and 16% respectively. Responding to the decline in interest rates on placements, the treasury team was quick in divesting the portfolio to treasury bills during the year to minimise the risks to fixed income earnings. Customer deposits grew by 22% or from GMD573 million to GMD699million; an increase of GMD126 million testimony of the trust in the Reliance brand which continues to grow from strength to strength over the years.

The company continues to be in full compliance with all the statutory and prudential ratios. The primary capital including statutory reserves stands at GMD102 million more than double the minimum requirement of GMD50 million. The capital adequacy ratio for the year increased to 31% from 24% in 2018 compared to the minimum of 16%. The liquidity ratio during the year averaged 82%; decreased from 85% compared to the minimum of 30%. The gearing ratio as at December 2018 was 7 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) which has now been incorporated as a Fund Management Company expired in December 2018. All the activities in the work plan for the implementation of programmes have been fully completed or streamlined into our core business activities after successful pilots. The last instalment of the interest free loan of USD600,000 was fully paid in January 2019. The off-site progress reports submitted to AECF team have all confirmed that the Company is in compliance with the provisions of the agreement.

The scaling up of the Women Finance group lending continued during the year under review and despite the delayed start, 160 new women groups were formed with a total membership of 6,631 borrowers taking the portfolio of groups to 818 which includes the new urban solidarity product under pilot. The field activities have been automated and new chrome note books given to the Credit Officers to conduct all financial transactions online and process on a real time basis. Mobility for the existing and new teams were also significant enhanced with new vehicles thereby reinforcing our commitment to the microfinance business. At the level of the branches, new technology features such as SMS transaction notification, Cash Withdrawal Savings Booklets, automated receipt printing, e-statements delivery were all rolled-out to positively impact the customer experience and reinforce efficiency, security and timely service delivery to customers.

The extensive branch network across the country is one of the pillars of strength of our company and remain a major source of competitive advantage. As a result, we continue to invest and upgrade the infrastructure consistent with our brand promise of enhancing the customer experience throughout the channels. In this regard, the company added two new cash centres in West Coast and Upper River Regions – Brusubi and Baja Kunda respectively – two communities where Reliance was the first to establish a presence as part of the mission of financial inclusion. In addition, the construction of an ultra-modern branch was completed in December 2018 as an upgrade of our Cash Centre in Old Yundum. The Brikama branch received a major refurbishment during the year resulting in more space for customer service delivery and privacy.

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 in improving staff retention.

Outlook

The monetary policy reforms will continue to pose challenges to the financial industry as a whole given government's determination to exercise fiscal discipline; and the strategy of the Central Bank to re-structure the country's domestic debt. The sustainability of the industry is challenged as players seek alternative and reasonably secured investments for the excess liquidity mobilised. Secondly, the availability of the large pool of deposits chasing limited creditworthy borrowers poses high credit risks and non-performing loan portfolios.

We will continue to be guided by our robust credit and lending principles and policy; focussing on our key market segments. We will continually review our strategies, structures, products and services, resources (human and capital) to ensure consistency with our risk tolerance limits and prudential and supervisory guidelines. We will continue to build and enhance our infrastructure in line with our growth ambitions leveraging on technology to drive efficiency and productivity with a stringent cost management programme. We will continually explore opportunities to promote financial inclusion and access to finance for Gambians based on innovative products and services that respond to the daily needs of our customers.

Acknowledgements

I wish to express my gratitude to all our development finance partners – AGRA / AECF, Caurie Microfinance, Whole Planet Foundation, Social Development Fund for their shared belief in the mission of Reliance in alleviating poverty using financial services as platform.

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 confidence in my leadership. Finally, I cannot thank our employees enough for their continued hard work and dedication to the mission of the company 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 2018.

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 4.

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 2017 and the date of this report.

	Number of shares held	
	2018	2017
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 ……..........................2019

Independent Auditor’s Report

To the Members of Reliance Financial Services Company Limited

Independent Auditors’ Report

To the Members of Reliance Financial Services Company ltd

Opinion

We have audited the accompanying financial statements of Reliance Financial Services company Limited which comprise the statement of financial position as at 31 December 2018, the statement of comprehensive income, statement of changes in equity, statement of cash flow for the year then ended, and the notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of Reliance Financial Services company Limited as at 31 December 2018 and the financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles (GAAP), and in the manner required by 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 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

The Directors are responsible for the other information. The other information comprises the Directors’ Report, including the MD and the Board Chairperson’s statements, which we obtained prior to the date of this auditor’s report which is expected to be made available to us after that date. 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 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 conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the financial highlights, general information and Directors report if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and they are expected to take appropriate actions to have the uncorrected misstatement brought to the attention of users for whom the auditor’s report is prepared.

Responsibilities of Management and those charged with governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view 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 the management determine 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, the Directors are 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 the Directors either intend to liquidate the Company or to cease operations, or have 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 Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Bank 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 Bank's 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. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Aji Penda Sankareh.

DT Associates
Chartered Accountants
Registered Auditors

Date:...2019

Income Statement

for the year ended 31st December 2018

	Notes	31st December 2018 D'000	31st December 2017 D'000
Interest income	5	**91,626**	86,202
Interest expense	6	**(12,021)**	(19,991)
Net interest income		**79,605**	66,211
Exchange income		**23,573**	22,199
Fees and commission income	7	**23,917**	16,368
Grant income	8	**146**	146
Other revenue		**422**	2,010
Total operating revenue		**127,663**	106,934
Operating expenses			
Personnel cost	9	**(39,704)**	(38,517)
General and administration cost		**(34,793)**	(31,551)
Premise and equipment		**(14,841)**	(15,243)
Depreciation and amortisation	19&20	**(13,457)**	(12,372)
Total operating expenses		**(102,795)**	(97,683)
Operating Profit		**24,868**	9,251
(Provisions) for / Recovery of credit losses		**(4,342)**	973
Profit before taxation	10	**20,526**	10,224
Income tax expense	11	**(1,395)**	(1,591)
Profit for the year		**19,131**	8,633
Basic earnings per share	12	**0.38**	0.17
Diluted earnings per share		**0.38**	0.17

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

Balance Sheet

as at 31st December 2018

	Notes	31st December 2018 D'000	31st December 2017 D'000
Assets			
Cash and local bank balances	14	**126,473**	79,399
Treasury bills	15	**350,591**	192,538
Placements with banks	16	**94,976**	215,625
Loans	17	**152,157**	131,404
Other assets	18	**43,142**	35,489
Property, plant & equipment	19	**64,891**	54,258
Intangible assets		**7,669**	6,219
Total assets		**839,899**	714,932
Liabilities			
Customer deposits	21	**698,767**	573,306
Other payables	22	**13,363**	15,776
Taxation		**311**	400
Deferred Income	23(a)(b)	**145**	290
Long term loan	24	**25,096**	41,054
Total liabilities		**737,682**	630,826
Equity and reserves			
Share capital	25	**50,976**	50,976
Share Premium		**11,028**	11,028
Statutory reserve		**23,518**	18,735
Revaluation reserve		**2,290**	2,290
Profit and Loss reserve		**14,405**	1,077
Total equity and reserves		**102,217**	84,106
Total equity and liabilities		**839,899**	714,932

These financial statements were approved by the board of directors on xx March 2019 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 2018

	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 2017	50,976	11,028	16,577	-	(3,098)	75,483
Profit for the year	-	-	-	-	8,633	8,633
Transfer to reserves	-	-	2,158	-	(2,158)	-
Dividend paid to equity holders	-	-	-	-	(2,300)	(2,300)
Revaluation of property	-	-	-	2,290	-	2,290
Balance as at 31st December 2017	50,976	11,028	18,735	2,290	1,077	84,106
Balance as at 1stJanuary 2018	50,976	11,028	18,735	2,290	1,077	84,106
Profit for the year	-	-	-	-	19,131	19,131
Transfer to reserves	-	-	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**

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. 2018: GMD4,783,000; (2017: GMD2,158,000) 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 2018

	Notes	31st December 2018 D'000	31st December 2017 D'000
Operating activities			
Operating Profit		**20,526**	10,224
Depreciation	*19 &20*	**13,457**	12,372
(Increase) / decrease in operating assets	*26*	**(28,406)**	(59,082)
Increase in operating liabilities	*27*	**122,172**	168,037
Cash generated from operations		**127,749**	131,551
Company tax paid		**(1,484)**	(1,939)
Cash flows from operating activities		**126,265**	129,612
Investing activities			
Acquisition of property, plant and equipment	*19*	**(24,664)**	(4,439)
(Investment) in/ Liquidation of Treasury Bills		**(158,053)**	22,269
Liquidation of / (Investment in) Bank Placement		**120,649**	(134,277)
Cash flows from investing activities		**(62,068)**	(116,447)
Financing activities			
Dividend payment		**(1,020)**	(2,300)
Loan/grant received from WPF/ SDF	*23b &24*	**-**	21,000
AECF Repayable Grant	*24*	**(9,649)**	(11,699)
SDF Loan repayment	*24*	**(6,309)**	(13,374)
Transfer of SDF Grant to income	*23b*	**(145)**	(146)
Cash flows from financing activities		**(17,123)**	(6,519)
Net increase in cash and cash equivalent		**47,074**	6,646
Cash and cash equivalent at 1st January		**79,399**	72,753
Cash and cash equivalents at 31st December	*14*	**126,473**	79,399

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 30th March 2019.

(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

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 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; 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 2018 D'000	31st December 2017 D'000
Balances with Central Bank of The Gambia	**65,090**	47,556
Balances with local commercial banks	**37,941**	31,843
Treasury Bills placements with Central Bank	**350,591**	192,538
Investments with commercial banks	**94,976**	215,625
Loans to customers	**152,157**	131,404
Total Risk Assets	**700,755**	618,966

The above table represents a worst case scenario of credit risk exposure to the company as at 31st December 2018 and 2017 without taking account of any collateral or other credit enhancements attached.

Exposure to Regulated Financial and Public Institutions

	31st December 2018 D'000	31st December 2017 D'000
Balances with Central Bank of The Gambia	**65,090**	47,556
Balances with local commercial banks	**37,941**	31,843
Total Bank Balances	**103,031**	79,399

Treasury Bills placements with Central Bank	**350,591**	192,538
Investments with commercial banks	**94,976**	215,625
Total Investments / placements with Banks	**445,567**	408,163

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 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**

31st December 2017

Company's rating	**Loan balance due from customers (%)**	**Impairment provision (%)**
Investment	78	7
Standard	9	1
Sub-standard	1	1
Doubtful loans	1	3
Loss Loans	11	88
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 2018

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

31st December 2017

	SME	Personal	Standard Group Loans	Total
No arrears	GMD'000	GMD'000	GMD'000	GMD'000
Totals	26,180	9,211	91,557	126,948

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 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**

31st December 2017

	SME	Personal	Standard Group Loans	Total
No arrears	GMD'000	GMD'000	GMD'000	GMD'000
Total	2,364	282	-	2,646

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

31st December 2018

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

31st December 2017

	SME	Personal	Standard Group Loan	Total
No arrears	GMD'000	GMD'000	GMD'000	GMD'000
Total	20,231	1,019	-	21,250

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 2018 D'000	31st December 2017 D'000
Loan Portfolio	**165,105**	150,844
Renegotiated loans	**8,451**	4,773
Renegotiated loans as a % of loan portfolio	**5.0%**	3.0%

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 2018 D'000	%	31st December 2017 D'000
Agriculture	**6**	**9,520**	10	14,405
Trading	**87**	**142,922**	84.5	128,293
Transport	**0,2**	**399**	0.1	198
Construction	**1**	**1,132**	0.3	465
Personal loans	**5**	**9,703**	5	7,283
Services	**0.8**	**1,429**	0.1	200
Total Loans and advances to customers	**100**	**165,105**	100	150,844

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 2018 D'000	%	31st December 2017 D'000
Banjul	**10**	**17,049**	1	1,508
Kanifing	**42**	**70,044**	68	102,573
West Coast	**8**	**13,709**	10	15,084
North Bank	**13**	**20,869**	13	19,610
Lower River	**9**	**14,201**	2	3,016
Central River	**11**	**17,623**	4	6,037
Upper River	**7**	**11,610**	2	3,016
Total Loans and advances to customers	**100**	**165,105**	100	150,844

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 2018	31st December 2017
At 31 December	**82%**	85%
Average for the period	**47%**	50%
Maximum for the period	**69%**	72%
Minimum for the period	**33%**	36%
Minimum statutory requirement	**30%**	**30**%

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**	**702,463**
Liquidity Gap	**(207,868)**	**190,364**	**34,065**	**(3,279)**	**34,682**

31st December 2017

	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	79,399				79,399
Treasury bills	37,000	-	145,538	10,000	192,538
Placements with banks	107,498	-	108,127	-	215,625
Loans to customers	85,814	46,191	8,857	9,982	150,844
Total Financial Assets	**309,711**	**46,191**	**262,522**	**19,982**	**638,406**
Financial Liabilities					
Deposits from customers	540,236	-	33,070		573,306
Borrowed funds	-	-	19,654	21,400	41,054
Total Financial Liabilities	**540,236**	**-**	**52,724**	**21,400**	**614,360**
Liquidity Gap	**(230,525)**	**46,191**	**209,798**	**(1,418)**	**24,046**

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 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**	**702,463**
Interest rate sensitivity Gap	**(207,868)**	**190,364**	**34,065**	**(3,279)**	**34,682**

31st December 2017

	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	79,399				79,399
Treasury bills	37,000	-	145,538	10,000	192,538
Placements with banks	107,498	-	108,127	-	215,625
Loans to customers	85,814	46,191	8,857	9,982	150,844
Total Financial Assets	**309,711**	**46,191**	**262,522**	**19,982**	**638,406**
Financial Liabilities					
Deposits from customers	540,236	-	33,070		573,306
Borrowed funds	-	-	19,654	21,400	41,054
Total Financial Liabilities	**540,236**	**-**	**52,724**	**21,400**	**614,360**
Interest rate sensitivity Gap	**(230,525)**	**46,191**	**209,798**	**(1,418)**	**24,046**

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 2018 D'000	31st December 2017 D'000
Tier 1 capital		
Ordinary share capital	**50,976**	50,976
Share Premium	**11,028**	11,028
Capital Reserve	**23,518**	18,735
Retained earnings	**16,695**	3,377
	102,217	84,116
Total Risk-weighted assets	**328,767**	346,455
Capital ratios		
Total regulatory capital expressed as a percentage of total risk-weighted assets	**31%**	24%

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 2018 D'000	31st December 2017 D'000
Loans	**63,131**	41,747
Investments	**28,495**	44,455
	91,626	86,202

6. Interest expense

Savings	**8,245**	11,681
Time deposits	**1,040**	5,321
Bank Charges	**2,438**	2,003
Long term borrowing	**298**	986
	12,021	19,991

7. Fees & Commission Income

	31st December 2018 D'000	31st December 2017 D'000
Remittances	**6,941**	7,276
Loans	**4,782**	5,361
Other	**12,194**	3,731
	23,917	16,368

8. Grant Income

Social Development Fund Grant (Note 23(b)	**146**	146
	146	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 (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	**1**	1
Management staff	**5**	7
General staff	**219**	188
	225	196

The aggregate payroll costs of these persons were as follows:

	31st December 2018 D'000	31st December 2017 D'000
Wages and salaries	**13,305**	18,230
Allowances including bonuses	**20,934**	13,278
Other staff costs	**5,465**	7,009
	39,704	38,517

10. Profit before taxation

The profit before taxation is stated after:
Charging:

Directors' remuneration	**1,770**	1,564
Audit fees	**415**	471

11. Income tax expense

The charge for taxation is calculated as follows:

Company tax at 1% of total revenue (2017: 1.5% of total revenue)	**1,395**	1,591
Over provision from previous years		-
	1,395	1,591

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

Total revenue for the year	**139,538**	126,925
	======	======
Tax calculated at a rate of 1% (2017: 1.5%)	**1,395**	1,591

Reconciliation of effective tax rate

	%	%
Income tax using the domestic tax rate	**1**	1.5

	31st December 2018 D'000	31st December 2017 D'000
Tax liability brought forward	**400**	590
Add: Tax provisions	**1,395**	1,781
Less: Payments	**(1,484)**	(1,971)
Tax Liability	**311**	400

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 D19,131 million during the year (Profit of D 8.633 million in 2017) and a weighted average number of ordinary shares outstanding of D50,097,031 million calculated as follows:

Profit attributable to ordinary shareholders

	31st December 2018 D'000	31st December 2017 D'000
Net profit for the year attributable to equity holders of the Company	**19,131**	8,633

Weighted average number of ordinary shares

Issued ordinary shares at 1 January	**50,976,031**	50,976,031
Weighted average number of ordinary shares 31 December	**50,976,031**	50,976,031

13. Dividend per share

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

Balance at the beginning of period	-	2,300
Dividend declared	**,1,020**	-
Payment during the period	**(1,020)**	(2,300)
	-	-

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

	31st December 2018 D'000	31st December 2017 D'000

14. Cash and local bank balances

Cash (note 14a)	**23,442**	14,207
Balances with local banks (note 14b)	**103,031**	65,192
Cash and cash equivalents in the statement of cash flow	**126,473**	79,399

14a. Cash

Cash	**23,442**	14,207

14b. Local bank balances

Balance with Central Bank of The Gambia	**65,090**	47,556
Balance with local banks	**37,941**	17,636
	103,031	65,192

15. Treasury bills

Treasury bills at maturity value	**350,591**	192,538
	350,591	192,538

	31st December 2018 D'000	31st December 2017 D'000

16. Placements with banks

Placements with Banks at maturity value	**94,976**	216,625
	94,976	216,625

17. Loans

SME Loan	**25,728**	28,216
Micro Enterprises	**191**	2,204
Agriculture	**9,520**	15,276
Standard group	**116,101**	91,557
Others	**13,565**	13,591
Gross loans	**165,105**	150,844
Less:		
Specific provision for bad debts	**(11,313)**	(19,155)
General provision for bad debts	**(1,635)**	(286)
Net Loans	**152,157**	131,404

18. Other assets

Receivables	**16,986**	22,017
Due from MTOs	**22,320**	8,257
Prepayments	**3,836**	5,215
	43,142	35,489

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	9,571	32,093	22,543	228	21,764	86,199
Additions	3,530	9,518	7,300	783	-	21,131
Transfer	(3,533)	-	3,533	-	-	-
write offs	(1,008)	-	-	-	-	(1,008)
At 31st Dec 2017	**8,560**	**41,611**	**33,376**	**1,011**	**21,764**	**106,322**
Depreciation						
At 1st January	-	18,226	12,559	223	933	31,941
Charge for the year	-	5,214	4,065	159	184	9,622
write offs	-	(132)	-	-	-	(132)
At 31st Dec 2017	**-**	**23,308**	**16,624**	**382**	**1,117**	**41,431**
Net book value						
At 31st December 2018	**8,560**	**18,303**	**16,752**	**629**	**20,647**	**64,891**
At 31st December 2017	9,571	13,867	9,984	5	20,831	54,258

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

20. Intangible assets

	31st December 2018 D'000	31st December 2017 D'000
Cost	**16,920**	15,920
Additions:	**-**	100
Balance 31st December	**16,920**	16,920
Amortisation brought forward	**(6,219)**	(7,306)
Amortisation charge for the year	**(3,835)**	(3,430)
Adjustment	**803**	935
Carrying amount	**7,669**	6,219

21. Customer deposits

Savings	**682,664**	540,236
Fixed deposit accounts	**16,103**	33,070
	698,767	573,306

	31st December 2018 D'000	31st December 2017 D'000

22. Other payables

Accruals	**9,847**	7,966
Interest payable to depositors	**1,450**	5,338
Employees' Income Tax	**356**	408
Due to Money Transfer Organisations	**1,710**	2,064
	13,363	15,776

23. Deferred Income

SDF Capital Grant

Balance brought forward	**291**	437
Transferred to Income statement	**(146)**	(146)
Deferred income	**145**	291

24. Long term loans

SDF (note 24a)	**6,309**	19,683
AECF Repayable Grant (note 24b)	**13,345**	25,044
Whole Planet Foundation (WPF) (note 24c)	**21,400**	21,400
	41,054	66,127
Less: Repayments during the year	**(15,958)**	(25,073)
Outstanding balance due	**25,096**	41,054

	31st December 2018 D'000	31st December 2017 D'000
Payable as follows:		
Less than 1 years	**3,696**	19,654
Between 2 and 5 years	**21,400**	21,400
Outstanding balance due	**25,096**	41,054

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

	31st December 2018 D'000	31st December 2017 D'000
Opening balance	**6,309**	7,683
Disbursement during the year	**-**	12,000
Less: Repayments during the year	**(6,309)**	(13,374)
Outstanding balance due	**-**	6,309

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 2018 D'000	31st December 2017 D'000
AECF Repayable Grant	**3,696**	13,345

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 2018		31st December 2017	
	USD '000	**GMD '000**	USD '000	GMD '000
Opening balance	**300**	**13,345**	600	25,044
Repayment during the year	**(225)**	**(9,649)**	(300)	(11,699)
Outstanding Balance	**75**	**3,696**	300	13,345

24c Whole Planet Foundation (WPF)

	31st December 2018 D'000	31st December 2017 D'000
At start of year	**21,400**	12,400
Disbursement during the year	**-**	9,000
At end of year	**21,400**	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 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 is based on the Gambian Dalasi equivalent of three instalments of USD100,000, USD200,000 and USD200,000 on January 2019, October 2019 and June 2020 respectively. On 28th December 2018, the repayment dates for all these three instalments were deferred to 31st July 2020 based on an addendum to the original agreement and on the same terms and conditions.

25. Share Capital

	31st December 2018 D'000	31st December 2017 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

26. (Increase) / Decrease in operating assets

	31st December 2018 D'000	31st December 2017 D'000
Funds advanced to customers	**(20,753)**	(46,282
Other assets	**(7,653)**	(12,800)
	(28,406)	(59,082)

27. Increase in operating liabilities

Deposits from customers	**125,461**	162,180
Other payables	**(2,413)**	6,445
Write (back)/ offs	**(876)**	(588)
	122,172	168,037

28. Capital commitments

Authorised by the Board and contracted for	-	2,604
Authorised by the Board but not contracted for	-	2,604

29. Related party transactions

	31st December 2018 D'000	31st December 2017 D'000
Compensation of Senior Management:		
Salaries and allowances	**5,442**	5,778
Pension Contributions	**403**	347
Other benefits	**873**	1,023
	6,718	7,148

The following are loan and rent payments to related party:

Directors, officers and other employees

Directors	**1,373**	2,659
Officers and other employees	**5,871**	4,384
	7,244	5,948
Legal fees	**122**	410
Head office rent	**1,052**	1,052

Notes (forming part of the financial statements) continued

30. Value Added Statement

for the year ended 31st December 2018

	31st December 2018 D'000	31st December 2017 D'000
Interest earned and Other Operating Income	**139,116**	124,769
Direct cost of Services	**(59,885)**	(65,221)
Value Added from Financial Services	**79,231**	59,548
Non-Financial Services Income	**568**	2,156
Impairments	**(4,342)**	973
Value Added	**75,457**	62,677
Distributed as follows:		
To Employees:-		
Directors (excluding Executives)	**1,770**	1,564
Executive Director	**1,628**	1,625
Other Employees	**37,056**	34,592
To Government:-		
Income Tax	**1,395**	1,591
To Providers of Capital		
Dividend to shareholders	**1,020**	2,300
To Expansion and Growth:-		
Depreciation and amortisation	**13,457**	12,372
Surplus Retained earnings	**19,131**	8,633

Supplementary Information

1.1 General and administration cost

	31st December 2018 D'000	31st December 2017 D'000
Printing and stationery cost	**2,398**	2,704
Communications costs	**5,795**	6,123
Equipment maintenance expenses	**462**	539
Transport and travel costs	**13,262**	7,230
Business promotion costs	**2,011**	2,908
Professional fees	**7,068**	4,803
Other costs	**3,797**	7,244
	34,793	31,551

1.2 Premises cost

	31st December 2018 D'000	31st December 2017 D'000
Office rent	**4,494**	5,726
Electricity expenses	**4,439**	3,454
Cleaning	**903**	565
Rates and taxes	**504**	894
Security costs	**3,056**	2,872
Property insurance	**140**	123
Property maintenance	**1,305**	1,609
	14,841	15,243