Changing Lives
Reliance

Reliance Financial Services Company Limited

Annual Report
and Financial Statements

for the year ended 31st December 2015

Contents

Financial Highlights

	2015	2014	2013	**Increase/ Decrease**
	D'000	D'000	D'000	**2015 vs 2014**
Financial Structure				
Capital to Asset Ratio (at least 16%)	**30%**	26%	27%	4%
Debt/ Equity Ratio (Times)	**4**	6	5	(2)
Liquid assets to deposit ratio (between 15% and 45%)	**40%**	48%	50%	(8%)
Deposits to loans	**248%**	253%	335%	(5%)
Deposits to total assets	**70%**	61%	74%	9%
Gross loans Portfolio to Total Assets	**28%**	27%	21.2%	1%
Outreach Indicators				
Total Number of Borrowers	**5,686**	5,639	1,244	0.83%
Number of Active borrowers	**5,465**	5,446	768	0.35%
Total Value of loans disbursed (GMD'000)	**197,009**	168,039	131,603	17%
Average Size of Loans Disbursed (GMD'000)	**33**	30	106	(10%)
Gross Loan Portfolio outstanding (GMD'000)	**152,928**	144,597	74,007	6%
Average Loan balance per borrower (GMD'000)	**26**	26	96	-
Voluntary Savings (GMD'000)	**379,942**	333,455	247,525	14%

	2015	2014	2013	**Increase/ Decrease**
	D'000	D'000	D'000	**2015 vs 2014**
Number of Branches and Kiosks	**23**	23	22	0%
Range of Loan Sizes (GMD'000)	**1-1,500**	1-1,500	1-1,500	-
Financial Performance				
Operational Self-sufficiency	**105%**	123%	122%	(18%)
Financial Revenue Ratio	**58%**	47%	37.70%	11%
Yield on gross Portfolio (Nominal)	**23%**	29%	27.40%	(6%)
Loan Loss Provision Expense Ratio	**2%**	6.20%	5.70%	(4.2%)
Administrative Expense Ratio	**39%**	40%	21%	(1%)
Efficiency & productivity				
Operating Expense/ Loan Portfolio	**61%**	53%	77%	8%
Personnel expense/ Loan Portfolio	**20%**	19%	27%	1%
Cost per borrower (GMD'000)	**11**	14	46	(21)
Borrowers per staff member	**28**	40	10	(30%)
Borrowers per loan officer	**172**	201	89	(14%)
Voluntary savers per staff member	**286**	632	606	55%

	2015	2014	2013	**Increase/ Decrease**
	D'000	D'000	D'000	**2015 vs 2014**
Risk and liquidity				
Portfolio at Risk > 30 Days	**29%**	22%	9.10	7%
Portfolio at Risk > 90 Days	**28%**	21%	6.20	7%
Risk Coverage	**8.39%**	8.56%	27.90%	(0.17%)
Non – earning liquid assets as % Total Assets	**22%**	20%	19.90%	2%
Macro Economic Indicators				
Inflation Rate	**6.7%**	6.9%	5.60%	(0.2%)
Exchange Rate (Customs Valuation) GMD/USD	**39.63**	45.22	39.89	(12%)
GDP Growth Rate	**4.7%**	5.50%	5.60%	(0.8%)
GDP Per Capita (USD)	**610**	605	444	0.8%

General Information

Directors	Mrs. Amie N. D. Bensouda	Chairperson
	Mr. Baboucarr Khan	Managing Director
	Mr. Ebenezer Olufowose	Non-Executive Director
	Mr.Ismaila Faal	Executive Director
	Mr.Cherno S. Jallow	Non-Executive Director

Secretary

Mr. Seedy A.B. Njie

Bankers

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

Trust BankLimited
3/4 Ecowas Avenue
Banjul

Standard Chartered Bank (Gambia) Limited
Ecowas Avenue
Banjul

Guaranty Trust Bank Limited
56 Kairaba Avenue
KMC

Access Bank Limited
47 Kairaba Avenue
KMC

First International Bank Limited
Kairaba Avenue
KMC

EcoBank Limited
Kairaba Avenue
KMC

Mega Bank
Kairaba Avenue
KMC

Arab Gambia Islamic Bank Limited
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 2015. The financial results are largely a reflection of both external and internal challenges during the course of the year. The external challenges you are all aware of being the global economic slowdown in Sub-Saharan Africa in general and The Gambia in particular.

Our company responded to these economic challenges by strengthening our new strategic business innovations anchored on our principles of diversification through the deepening of financial intermediation in rural Gambia targeting Women. In addition, the company has developed a sizeable network of third party agents in the peri-urban and rural areas of The Gambia with the view to deliver cost effective basic financial services through our Agency Service the first provider of such in the financial industry. We also launched our Internet Service and RFS Remit Online Money Transfer Service to cater for the needs of Gambians in the diaspora by providing instant access to their accounts maintained with Reliance from the comfort of their offices and/or homes as well as transfer funds directly to their accounts from their debit and/or credit cards using any device that can be connected to the internet. On the domestic remittances front, we are pleased to have introduced the Dalasi Express which is a fully automated domestic money transfer service linking all parts of the country. We are also taking measures to improve on our operational efficiecy and financial management systems.

Economic environment

The Gambian economy was forecast to grow by 4.7% in 2015 compared to 0.5% in 2014 based on the expected rebound from the sizable exogenous shocks from the impact of the regional Ebola outbreak on tourism and agriculture due to the delayed summer rains in 2014. In early May 2015, the President's office issued a directive imposing an exchange rate overvalued by more than 20% compared to the prevailing market rates for all the major international trading currencies; while policy rate has increased and remained at a high of 23% as at December 2015.

Financial performance

Our chosen market segments continue to remain stable, and we consider our Company to be well-positioned to attract new to bank clients, customers, and businesses as well as strengthen our relationships with these customers by deepening and growing our wallet share of their businesses leveraging on our wide range of product and service value propositions. As a company, we continue to realize the benefits of our 25-branch network across the country; which coupled with our agency service and 33 third party agent partners, provide us with the largest customer touch points to serve our customers.

Net income was GMD6.1 million for the year ended 31st December 2015, as compared to GMD27.5 million for the prior year ended 31st December 2014, a decrease of 78%. This is explained mainly by the declined on foreign exchange, non recurrent grant income of GMD5.3 million and the 67% increase in depreciation and amortization arising from the major capital investments in the last quarter of 2014. Net income distributable to shareholders was GMD6.8 million for the year ended 31st December 2015, an increase of GMD2.5 million compared to the year ended 31st December 2014. Total assets at 31st December 2015 were GMD543.5 million, compared to GMD543.3 million on 31st December 31, 2014 due mainly to the re-structuring of our assets and liabilities during the year. Total deposits at the end of 2015 were GMD380 million, compared to GMD333 million at 31st December 2014 and increase of 14%.

In 2015, our Company remained in a financially strong position. With a shareholders' equity of GMD85.4 million, the Company's capital ratios exceeded all regulatory requirements.

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. Accordingly the Board is recommending the payment of dividend of GMD0.04 per share which will total of GMD2.3 million; a decrease of GMD600k from the prior year.

Outlook

The economic forecasts for 2016 are less optimistic due to the continued uncertainty in the global and regional weak economic prognosis. In The Gambia, the macro-economic indicators particularly the exchange rate regime and the relative high interest rates will call for caution in the lending and loan growth potential in our small and medium enterprise markets. Deposit growth will be challenged as customers seeking to maximize returns on their savings will seek treasury bills as alternative options compared to the financial institutions. We will continue to focus on stabilizing our core businesses while exploiting the opportunities in our new business segments of Women Finance and Agency Service during 2016 with responsible loan and deposit growth, as well as robust expense management. We will continue to strengthen internal controls, identify process and efficiency improvements that can have a great effect on the company as a whole.

Acknowledgements

Finally, I wish to express my gratitude to my fellow members of the Board of Directors, the management and staff of Reliance Financial Services for their commitment, our customers for their patronage and inspiration and to all our development partners and other stakeholders for their unflinching support and confidence in our company.

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 2015. This year's financial results fell short of expectation within the context of the last six years of sustained profitability growths notwithstanding the difficult economic environment. Overall total revenues declined by 11% while operating expenses increased by 20% resulting a decline in operating profit from GMD35.9 million in the prior year to GMD7.6 million.

2015 performance review

During the year under review, the company posted profits after tax of GMD6.1 million; a decrease of 78% from GMD27.5 million the previous year. The company posted a declined revenue growth during the year under review to the tune of GMD12.5 million; a decrease of 11% from 2014. Funded income increased to GMD72.0 million representing 14% whilst Non-funded income decline to GMD53.2 million or 22%. Net Interest income grew to GMD46.9 million from GMD44.6 million. Total operating expense increased to GMD92.6 million or 20% during the period. Depreciation and amortisation expenses on investments in the upgrade and implementation of the Core Banking application, Agency and Internet Service software contributed to the increase. We are confident that going forward we shall continue to see significant improvement in the cost to income ratio.

The Balance Sheet increased by 0.05% from GMD543.3 million to GMD543.5 million during the period under review. Leveraging on the macro-economic environment, our investments in government treasury bills were increased by 17% from GMD160 million the prior year to GMD188 million during the period. Our placements with our local correspondent banks recorded a decrease of 50% over 2014. The net outstanding loan portfolio recorded year on year growth of 6% increasing to GMD140 million as at the end of the year; driven mainly by the Agri-business and Small and Medium loan portfolios. The assets growth was funded mainly through the increase in stable deposits of GMD46.5 million or a 14% increase in the customer deposits from 2014; increases in the long term loans from the AECF repayable grant disbursements and Whole Planet Foundation as well as shareholders' funds.

The company continues to be in full compliance with all the statutory and prudential ratios. The primary capital including statutory reserve is at GMD85.4 million against the minimum of GMD50 million. The capital adequacy ratio for the year increased to 30% from 26% in 2014 compared to the minimum of 16%. The liquidity ratio during the year averaged 46%; declined to 41% compared to the minimum of 45%. The gearing ratio as at December 2015 was 4 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 third year. All the activities in our work plan for the implementation of programme are on schedule with the four main components of the program being in the scaling up phase after successful pilots. During the year, AECF disbursed the sum of USD273, 417 taking total disbursements since the inception of the agreement to USD899,990; representing 89.9% of total grant. Reliance's counter-part contribution during the period increased to USD1,380,210 from USD927, 896 or 49% from the previous year. The off and on-site visits by the AECF team have all confirmed our compliance with the provisions of the agreement.

The Agency Services as an alternative financial service delivery channel has been successfully piloted with the initial 38 partner agents across the country. In December 2015, the company procured and received delivery of an additional 50 POS devices which are now ready for deployment taking total partner agents to 88 by June 2016. In line with our mission of continuously seeking to deliver innovative financial products and services, we are pleased to have been at the forefront in pioneering the Agency Service as a business and/or alternative service channel for the financial industry and that the Central Bank of The Gambia has now developed and issued the draft regulation for review and comments by the stakeholders prior to approval by the Board of Governors.

The Women Finance Service has also been successfully piloted and ready for scaling up by adding over 200 new village banks in 2016 to add to the existing 130 village banks. Already 37 new banks have been formed since October 2015 and financed in January 2016. The recruitment and training of employees have commenced in January 2016 to be completed by end of March 2016 for deployment in our new markets while scaling up in our existing communities. The Women Finance Service has received new source of funding from the Whole Planet Foundation in the form of an interest free local currency loan of GMD20 million (USD500,000) of which GMD4 million was disbursed in December 2015 and used to finance the new 37 village banks formed in the South of the Central River Region of The Gambia covering over 2,000 women. The timing of this new investment is excellent given that it has been planned wiith the end of the pilot phase of the program to fund the initial scaling up phase.

During the year under review, we launched our on-line remittances platform – rfsremit in the United Kingdom following approval of our correspondent partnership with VFX Financial PLC by the Central Bank of The Gambia. With the RFS remit Gambians living and working in the United Kingdom can transfer monies directly into their account from their debit or credit cards using their laptops, PCs, mobile phones, tablets at a much reduced fee of not more than GPB4.00 per transaction. Moreover customers of their financial instutions can equally register on the RFS remit platform to transer funds to their accounts. In addition to the rfsremit, we also launched a new correspondent partnership agreement with Dahasiil Money Transfer to offer Gambians more choice of partners for their money transfer requirements at competitive rates cover Asia and the Middle East. With these new partnerships in addition to our existing network of partners, our company is well position to maintain and advance its position of leadership in the international remittances market.

Our company also launched an Internet Service during the year to deepend the overall channels of service delivery to our esteem clients and also complement the value proposition to the Gambians in the diaspora. The service allows customers registered on the platform to consummate various financial transactions between their accounts maintained with our company from the comfort of their homes and offices 24/7. For the Gambians in the diaspora the internet service provides a unique opportunity for them to manage their finances and at the same time support the needs of their families while having direct control away from home. In the near future, additional services such as the purchase of airtime and cash power vouchers will be available on the platform.

Our company has also been very pivotal in the introduction and development of the domestic money transfer market. During the year, we have taken this much further by branding the service as Dalasi Express which is currently made available not only in our branches but also through authorised third party agents across the country. The service is being delivered on a fully automated on-line and real time transaction processing software which includes accounting and settlements at transactions level.

Human Resources

In 2015, our company contracted the services of independent consultants to conduct a comprehensive emoluments review in order to ensure our compensation policy was consistent and competitive based on the market and industry trends. Based on the review, the Board approved an enhanced compensation package for the employees of the company along with the structures to ensure compliance with the fit and proper tests requirements of the Central Bank of The Gambia for all managerial positions to Executive levels. As a company we pride ourselves of being employees of choice in the labour market based on our philosophy of continued investment in the identification, development and nurturing of Gambian talents.

Outlook

We acknowledge the challenges that lie ahead based on the global economic trends to which The Gambia is not immune in addition to the increasing competition arising from the wide variety of financial services and products from which customers and non-customers alike have to choose from. It is therefore incumbent on us not to be complacent but to be more responsible and responsive in the anticipation and delivery of the needs of our clients at all times. In this regard, we will work on strengthening our internal controls and risk management systems across all the sectors of our business and approach our clients with utmost discipline and respect for their patronage in order to retain and continue to win over their confidence as their financial services partner. Based on the above, we are optimistic in delivering a much improved financial performance in 2016 for our shareholders.

Acknowledgements

I cannot conclude my statement without giving a special mention to our esteem 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 in continually striving to exceed their expectations at all times. Our development partners – AGRA / AECF, Capital Plus Exchange, Concern Universal, Caurie Microfinance, Whole Planet Foundation all deserve our sincere appreciation for their confidence in our company as evidenced by the mutually reinforcing strategic partners all designed to drive our common mission of promoting financial inclusion in The Gambia. I will like to thank our Shareholders and the Board of Directors for their confidence 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 2015.

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 2015 and the date of this report.

	Number of shares held	
	2015	2014
Mr. Baboucarr Khan	**7,533,836**	7,533,836
Mrs. Amie Bensouda	**12,559,522**	12,559,522
Mr. Ebenezer Olufowose	**3,616,539**	3,616,539
Mr. Ismaila Faal	**4,554.556**	4,554,556
Mr.Cherno S. Jallow	**8,431,050**	8,431,050
	36,695,503	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 ……..........................2016

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

We have audited the accompanying financial statements of Reliance Financial Services Company Limited, which comprise the balance sheet as at 31st December 2015, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the financial statements

The directors are responsible for the preparation and the fair presentation of these financial statements in accordance with Generally Accepted Accounting Principles, the Companies Act 2013 and the Rules and Guidelines Volume Six. This responsibility includes maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies that are consistent with Generally Accepted Accounting Principles; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements, plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by the directors, as well as evaluating the overall presentation of the financial statement.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as of 31stDecember 2015, and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles and have been properly prepared in accordance with the requirements of the Companies Act 2013 and the Rules and Guideline Volume Six.

PKF
Accountants and business advisers
Registered Auditors
Bijilo, The Gambia

Date:..2016

Income Statement

for the year ended 31st December 2015

	Notes	31st December 2015 D'000	31st December 2014 D'000
Interest income	*5*	**72,105**	63,038
Interest expense	*6*	**(25,192)**	(19,165)
Net interest income		**46,913**	43,783
Exchange income		**33,429**	42,835
Fees and commission income	*7*	**16,312**	18,718
Grant income	8	**1,490**	5,479
Other revenue		**2,016**	1,081
Total operating revenue		**100,160**	112,706
Operating expenses			
Personnel cost	*9*	**(30,910)**	(27,407)
General and administration cost		**(35,709)**	(30,770)
Premise and equipment		**(14,082)**	(11,574)
Depreciation and amortisation	*17&18*	**(11,872)**	(7,088)
Total operating expenses		**(92,573)**	(76,839)
Operating Profit		**7,587**	35,867
Net recovery for credit losses		**340**	(6,393)
Profit before taxation	*10*	**7,927**	29,474
Income tax expense	*11*	**(1,856)**	(1,923)
Profit for the year		**6,071**	27,551
Basic earnings per share	*12*	0.12	0.54
Diluted earnings per share		0.12	0.54

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

Balance Sheet

as at 31st December 2015

	Notes	31st December 2015 D'000	31st December 2014 D'000
Assets			
Cash and local bank balances	*14*	**43,830**	51,775
Treasury bills	*15*	**187,841**	160,359
Placements with banks	16	**54,890**	105,987
Loans	*17*	**139,502**	131,636
Other assets	*18*	**39,923**	39,358
Property, plant & equipment	*19*	**64,810**	38,496
Intangible assets	20	**12,740**	15,655
Total assets		**543,536**	543,266
		=========	=========
Liabilities			
Customer deposits	*21*	**379,942**	333,455
Due to local banks	*14*	**19,695**	91,514
Other payables	*22*	**26,663**	14,168
Taxation		**486**	609
Deferred Income	23(a)(b)	**583**	2,073
Long term loan	*24*	**30,756**	20,068
Total liabilities		**458,125**	461,887
Equity and reserves			
Share capital	*25*	**62,004**	62,004
Statutory reserve		**16,577**	15,059
Profit and Loss reserve		**6,830**	4,316
Total equity and reserves		**85,411**	81,379
Total equity and liabilities		**543,536**	543,266
		=========	========

These financial statements were approved by the board of directors on …………………………….2016 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 2015

	Share Capital D'000	Statutory Reserve D'000	Accumulated Profit D'000	Total D'000
Balance as at 1st January 2014	62,004	8,171	(16,347)	53,828
Profit for the year	-	-	27,551	27,551
Transfer to reserves	-	6,888	(6,888)	-
Balance as at 31st December 2014	62,004	15,059	4,316	81,379
Balance as at 1st January 2015	62,004	15,059	4,316	81,379
Profit for the year	-	-	6,071	6,071
Dividend payment	-	-	(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**

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. Accordingly, an amount of D1,518,000 (2014: D6,888,000) 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 2015

	Notes	31st December 2015 D'000	31st December 2014 D'000
Operating activities			
Operating profit		**7,927**	29,474
Depreciation	*19&20*	**11,872**	7,088
Increase in operating assets	*26*	**(8,431)**	(71,929)
Increase in operating liabilities	*27*	**58,717**	95,964
Cash generated from operations		**70,085**	60,597
Company tax paid		**(1,979)**	(1,855)
Cash flows from operating activities		**68,106**	58,742
Investing activities			
Acquisition of property, plant and equipment	*19&20*	**(35,006)**	(27,514)
Cash flows from investing activities		**(35,006)**	(27,514)
Financing activities			
Dividend payment		**(2,039)**	-
Loan/grant received from WPF/ SDF - EPMDP	*23b&24*	**4,000**	875
AECF Repayable Grant	*24*	**10,116**	8,170
SDF Loan repayment during the year	*24*	**(3,428)**	(2,988)
Transfer of Non Repayable grant to Income	*23a*	**(1,344)**	(5,333)
Transfer of SDF Grant to income	23b	**(146)**	(146)
Cash flows from financing activities		**7,159**	578
Net increase in cash and cash equivalent		**40,259**	31,806
Cash and cash equivalent at 1st January		**226,607**	194,801
Cash and cash equivalents at 31st December	*14*	**266,866**	226,607

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 on14th March 2015.

(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 profit for the year comprises current tax and is recognised in the income statement. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

f) Cash and cash equivalent

Cash and cash equivalents include notes and coins on hand, balances held with local correspondent and central banks and liquid assets with original maturities of less than one year, which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position. Cash and cash equivalent as per cash flow statement comprises of cash and bank balances and short term investment.

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 held 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 when 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)	4 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 as an expense as incurred.

j) Provisions

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

k) Employee benefits

The company has a defined contribution plan for its employees and obligations for contributions to the Social Security and 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, ie when the obligation specified in the contract is discharged or cancelled or expires.

4. Financial risk management

Introduction and overview

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 the overall structure of the company ensures that the Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The Board has established the Company's Asset and Liability (ALCO), Credit and Operational Risk committees, which are responsible for developing and monitoring company's 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 company's 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 bank/Group Credit 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 Chief Operating Officer reports on all credit related matters to local management and the company's Credit Committee. The COO 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 2015 D'000	31st December 2014 D'000
Balances with Central Bank of The Gambia	**21,909**	15,821
Balances with local commercial banks	**8,759**	19,618
Treasury Bills placements with Central Bank	**187,841**	165,578
Investments with commercial banks	**57,661**	109,436
Loans to customers	**152,929**	144,597
Total Risk Assets	**429,099**	455,050

The above table represents a worst case scenario of credit risk exposure to the company as at 31st December 2015 and 31st December 2014 without taking account of any collateral or other credit enhancements attached.

Exposure to Regulated Financial and Public Institutions

	31st December 2015 D'000	31st December 2014 D'000
Balances with Central Bank of The Gambia	**21,909**	15,821
Balances with local commercial banks	**8,759**	19,618
Total Bank Balances	**30,668**	35,439

	31st December 2015 D'000	31st December 2014 D'000
Treasury Bills placements with Central Bank	**197,669**	165,578
Investments with commercial banks	**57,661**	109,436
Total Investments / placements with Banks	**255,330**	275,014

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-fulfillment 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 Departmentis 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 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

31st December 2014

Company's rating	**Loan balance due from customers (%)**	**Impairment provision (%)**
Investment	78	33
Standard	9	6
Sub-standard	9	22
Doubtful loans	3	20
Loss Loans	1	19
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 2015

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

31st December 2014

	Express	Micro	SME	Personal	Standard Group Loans	Total
No arrears	GMD’000	GMD’000	GMD’000	GMD’000	GMD'000	GMD’000
Totals	**55**	**1,961**	**67,988**	**15,389**	**18,008**	**103,401**

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 2015

	Express	Micro	SME	Personal	Standard Group Loans	Total
No arrears	GMD’000	GMD’000	GMD’000	GMD’000	GMD’000	GMD'000
Total	**10**	**1,977**	**43,558**	**3,328**	**15,034**	**63,907**

31st December 2014

	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 2015

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

31st December 2014

	Express	Micro	SME	Personal	Standard Group Loan	Total
No arrears	GMD'000	GMD'000	GMD'000	GMD'000	GMD'000	GMD'000
Total	**155**	**1,136**	**25,763**	**5,716**	**0**	**32,770**

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 2015 D'000	31st December 2014 D'000
Loan Portfolio	**152,929**	144,597
Renegotiated loans	**7,646**	4,238
Renegotiated loans as a % of loan portfolio	**5.0**	2.9

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 2015 D'000	31st December 2014 D'000
Agriculture	**26,051**	20,241
Cottage Industries	**3,601**	571
Trading	**104,337**	97,794
Transport	**5,864**	1,879
Construction	**10**	349
Personal loans	**12,983**	21,646
Services	**83**	2,061
Communication	**-**	56
Total Loans and advances to customers	**152,929**	144,597

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 2015 D'000	31st December 2014 D'000
Banjul	**5,762**	6,689
Kanifing	**72,109**	71,355
West Coast	**39,065**	32,172
North Bank	**29,971**	29,596
Lower River	**512**	409
Central River	**3,002**	1,677
Upper River	**2,508**	2,699
Total Loans and advances to customers	**152,929**	144,597

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:

	2015	**2014**
At 31 December	**40%**	78%
Average for the period	**47%**	79%
Maximum for the period	**54%**	83%
Minimum for the period	**40%**	75%
Minimum statutory requirement	**30%**	45%

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**

31st December 2014

	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	51,775	-	-	-	51,775
Treasury bills	110,998	22,080	32,500	-	165,578
Placements with banks	35,291	66,915	7,220	-	109,426
Loans to customers	24,193	62,368	31,914	26,122	144,597
Total Financial Assets	222,257	151,363	71,634	26,122	471,376

Financial Liabilities

Deposits from customers	66,947	41,976	203,345	21,187	333,455
Borrowed funds	-	-	-	20,068	20,068
Total Financial Liabilities	66,947	41,976	203,345	41,255	353,523
Liquidity Gap	155,310	109,387	(131,711)	(15,133)	117,853

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 2015

Financial Assets	0 -3 mths GMD'000	3 - 6 mths GMD'000	6 - 12 mths GMD'000	1 - 5 yrs GMD'000	Total GMD'000
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**

31st December 2014

Financial Assets	0 -3 mths GMD'000	3 - 6 mths GMD'000	6 - 12 mths GMD'000	1 - 5 yrs GMD'000	Total GMD'000
Cash and Cash equivalents	-	-	-	-	-
Treasury bills	110,998	22,080	32,500	-	165,578
Placements with banks	35,291	66,915	7,220	-	109,426
Loans to customers	24,193	62,368	31,914	26,122	144,597
Total Financial Assets	170,482	151,363	71,634	26,122	419,601
Financial Liabilities					
Deposits from customers	66,947	41,976	203,345	21,187	333,455
Borrowed funds				20,068	20,068
Total Financial Liabilities	66,947	41,976	203,345	41,255	353,523
Interest rate sensitivity Gap	103,535	109,387	(131,711)	(15,133)	66,078

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 monitors 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 ration 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 2015 D'000	31st December 2014 D'000
Tier 1 capital		
Ordinary share capital	**62,004**	62,004
Capital Reserve	**16,577**	15,059
Retained earnings	**6,830**	4,316
	85,411	81,379
Total Risk-weighted assets	**347,728**	313,282
Capital ratios		
Total regulatory capital expressed as a percentage of total risk-weighted assets	**25%**	26%

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 2015 D'000	31st December 2014 D'000
Loans	**35,641**	26,740
Investments	**36,464**	36,298
	72,105	63,038

6. Interest expense

	31st December 2015 D'000	31st December 2014 D'000
Savings	**8,499**	6,026
Time deposits	**3,863**	1,762
Bank Overdraft	**12,199**	9,575
Long term borrowing	**631**	1,802
	25,192	19,165

7. Fees & Commission Income

	31st December 2015 D'000	31st December 2014 D'000
Remittances	**4,739**	11,197
Loans	**8,343**	4,168
Other	**3,230**	3,353
	16,312	18,718

8. Grant Income

AECF (See note 8.a. below)	**1,344**	5,333
Social Development Fund Grant (Note 21(b)	**146**	146
	1,490	5,479

8.a. AECF Grant Income

This represents the amount of USD133, 333.00 of the total non repayable grant recognised in the Income Statement in line with IAS 20 as part of the three equal annual instalments of the total grant of USD400, 000.00 AECF funds.

8.b. SDF Grant Income

This represents a grant of five motor cycles received from Social Development Fund (SDF) in 2014 to the tune of D875, 000 which was capitalised and now being amortised to income over the life of the motor cycles base 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:

	Number of employees 31st December 2015	31st December 2014
Executive directors	**2**	2
Management staff	**7**	7
General staff	**180**	138
	189	147

The aggregate payroll costs of these persons were as follows:

	31st December 2015 D'000	31st December 2014 D'000
Wages and salaries	**8,567**	6,745
Allowances including bonuses	**12,520**	9,525
Other staff costs	**9,823**	11,137
	30,910	27,407

10. Profit before taxation

	31st December 2015 D'000	31st December 2014 D'000
The profit before taxation is stated after:		
Charging:		
Directors' remuneration	**1,862**	1,731
Audit fees	**300**	300

11. Income tax expense

	31st December 2015 D'000	31st December 2014 D'000
Company tax provision	**1,856**	1,923
(based on 1.5% of total revenue (2014:1.5% of total revenue)		

The Company has unutilised capital allowances in excess of the chargeable profit. Consequently the company's tax provision is computed based on the minimum corporation tax rate of 1.5% of total revenue.

12. Earnings per share

Basic Earnings per share

The calculation of basic earnings per share at 31st December 2015 is based on the profit attributable to ordinary shareholders of **D6. 071 million** (2014: 27.551million) and a weighted average number of ordinary shares outstanding of 62 million calculated as follows:

Profit attributable to ordinary shareholders

	31st December 2015 D'000	31st December 2014 D'000
Net profit for the year attributable to equity holders of the Company	**6,071**	27,551
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 2015 D'000	31st December 2014 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

	31st December 2015 D'000	31st December 2014 D'000
Cash (note 12a)	**13,162**	16,336
Balances with local banks (note 12b)	**30,668**	35,439
	43,830	51,775
Due to local banks	**(19,695)**	(91,514)
Treasury bills (note 15)	**187,841**	160,359
Placements with banks (note 16)	**54,890**	105,987
Cash and cash equivalents in the statement of cash flow	**266,866**	226,607

14a. Cash

Cash	**12,665**	12,258
Outward clearing	**497**	4,078
	13,162	16,336

14b. Local bank balances

Balance with Central Bank of The Gambia	**21,909**	15,821
Balance with local banks	**8,759**	19,618
	30,668	35,439

15. Treasury bills

Treasury bills at maturity value	**197,669**	165,578
Interest unearned	**(9,828)**	(5,219)
	187,841	160,359

16. Placements with banks

	31st December 2015 D'000	31st December 2014 D'000
Placements with Banks at maturity value	**57,661**	109,436
Interest unearned	**(2,771)**	(3,449)
	54,890	105,987

17. Loans

SME Loan	**82,822**	73,602
Micro Enterprises	**3,382**	3,822
Agriculture	**24,861**	19,825
Standard group	**16,055**	18,123
Others	**25,809**	29,225
Gross loans	**152,929**	144,597
Less:		
Specific provision for bad debts	**(11,398)**	(11,295)
General provision for bad debts	**(1,439)**	(1,076)
Interest in suspense	**(590)**	(590)
Net Loans	**139,502**	131,636

18. Other assets

Receivables	**25,059**	22,688
Due from MTOs	**9,362**	11,886
Prepayments	**5,502**	4,784
	39,923	39,358

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	5,944	29,935	12,303	378	10,891	59,451
Additions	21,925	3,118	9,963	-	-	35,006
At 31st Dec 2015	**27,869**	**33,053**	**22,266**	**378**	**10,891**	**94,457**
Depreciation						
At 1st January	-	14,025	5,019	150	1,761	20,955
Charge for the year	-	4,723	3,896	73	-	8,692
At 31st Dec 2015	**-**	**18,748**	**8,915**	**223**	**1,761**	**29,647**
Net book value						
At 31st December 2015	**27,869**	**14,305**	**13,351**	**155**	**9,130**	**64,810**
At 31st December 2014	5,944	15,910	7,284	228	9,130	38,496

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

20. Intangible assets

	31st December 2015 D'000	31st December 2014 D'000
Purchased software	**15,920**	15,920
Amortisation charge for the year	**3,180**	265
Carrying amount	**12,740**	15,655

21. Customer deposits

	31st December 2015 D'000	31st December 2014 D'000
Savings	**347,728**	311,968
Fixed deposit accounts	**32,214**	21,487
	379,942	333,455

22. Other payables

Accruals	**11,894**	4,842
Interest payable to depositors	**5,187**	3,317
Employees' Income Tax	**386**	326
Due to Money Transfer Organisations	**9,196**	5,683
	26,663	14,168

23. Deferred Income

23.(a) AECF Non Repayable Grant

	31st December 2015		31st December 2014	
	USD '000	GMD '000	USD '000	GMD '000
Balance brought forward	**34**	**1,344**	167	6,677
Transferred to Income Statement	**(34)**	**(1,344)**	(133)	(5,333)
Deferred Income	**-**	-	34	1,344

The AECF Deferred Income refers to the non repayable grant component of USD400,000.00 of which USD300,000.00 was disbursed during the year. The Directors resolved to recognize the grant to the Income Statement in three equal annual installments of USD133,333. The balance of GMD1,344 million represents the unrecognized portion of the non repayable grant of USD as at the end of the year.

23.(b) SDF Capital Grant

	31st December 2015 D'000	31st December 2014 D'000
Balance brought forward	**729**	-
Amount received	**-**	875
Transferred to Income statement	**(146)**	(146)
Deferred income	**583**	729

This refers to the grant of five motor cycles received from the Social Development Fund (SDF) in 2014 to the tune of GMD875, 000.00 which was capitalised and now being amortised to income over the life of the motor cycles based on the depreciation charge for the period.

24. Long term loans

	31st December 2015 D'000	31st December 2014 D'000
SDF – EPMDP-2	**6,406**	9,394
AECF Repayable Grant	**23,778**	13,662
Whole Planet Foundation (WPF)	**4,000**	-
	34,184	23,056
Less: Repayments during the year	**(3,428)**	(2,988)
Outstanding balance due	**30,756**	20,068
Payable as follows:		
Less than 1 years	**2,978**	6,406
Between 2 and 5 years	**27,778**	13,662
Outstanding balance due	**30,756**	20,068

24.a. Entrepreneurship Promotion and Microfinance Development Project (EPMDP)

This is the sequel to the above loan which was renewed and increased to GMD10 million in July 2013 for a tenor of three (3) years at an interest rate of 14% per annum computed on a reducing balance basis and repayable on a quarterly installment basis. The purpose of the loan is for on-lending to the micro, and small sized enterprises in rural areas of The Gambia. 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)

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 is expected to be completed by 31st December 2015.

Repayment is based on two equal annual installments of USD300,000.00 in 2017 and 2018 respectively.

As per the Grant Agreement signed in February 2013, Reliance's obligation is to match that above USD1.0 million with counter-part funding of USD1.136 million comprising of an overdraft line of USD500,000.00; Cash contribution of USD300,000.00 and in-kind contributions of USD135,778 from January 2013 and 31st December 2015.

The balance of GMD22, 246,000 relates to the repayable grant.

AECF Repayable Loan

	31st December 2015		31st December 2014	
	USD '000	**GMD '000**	USD '000	GMD '000
Opening balance	**327**	**13,662**	145	5,492
Disbursement during the year	**273**	**8,584**	182	7,184
Translation difference	**-**	**1,532**	-	986
Outstanding Balance	**600**	**23,778**	327	13,662

24c Whole Planet Foundation (WPF)

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 awarded a loan of $500,000 in on-lending capital to support post-pilot growth of the Women Finance loan product over three years to add 5,000 new borrowers to the Institution's Women Banking portfolio in Central Region South.

The loan is interest free, unsecured and disbursement is expected to be completed by 31st December 2017.

Repayment is based on three installment of $100, 000, $200,000 and $200,000 respectively in 2018.

25. Share Capital

The total number of authorised ordinary shares as at 31st December 2015 was D90 million ordinary shares with a par value of D1.00 per share (2014: 90 million ordinary shares with a par value of D 1 each).

26. Increase in operating assets

	31st December 2015 D'000	31st December 2014 D'000
Funds advanced to customers	**(7,866)**	(61,566)
Other assets	**(565)**	(10,363)
	(8,431)	(71,929)

27. Increase in operating liabilities

Deposits from customers	**46,487**	85,930
Other payables	**12,495**	10,034
Adjustment	**(265)**	-
	58,717	95,964

28. Contingent liabilities

	31st December 2015 D'000	31st December 2014 D'000
Acceptances, endorsements and other obligations	**-**	-

29. Capital commitments

Authorised by the Board and contracted for	-	3,566
Authorised by the Board but not contracted for	**-**	-

30. Related party transactions

Compensation of Senior Management:

Salaries and allowances	**6,009**	5,337
Pension Contributions	**370**	125
Other benefits	**907**	907
	7,286	6,369

The following are loan balances due to related party:

Directors, officers and other employees

Directors	**3,320**	2,225
Officers and other employees	**6,290**	3,944
	9,610	6,169
Legal fees	**129**	550
Head office rent	**1,120**	883

Notes (forming part of the financial statements) continued

31. Value Added Statement

for the year ended 31st December 2015

	31st December 2015 D'000	31st December 2014 D'000
Interest earned and Other Operating Income	**124,502**	127,155
Direct cost of Services	**(73,122)**	(59,058)
Value Added by Banking Services	**51,380**	68,097
Non Banking Income	**3,506**	6,560
Impairments	**(2,315)**	(8,957)
Value Added	**52,571**	65,700
Distributed as follows:		
To Employees:-		
Directors (excluding Executives)	**1,862**	1,731
Executive Directors	**3,320**	2,225
Other Employees	**27,590**	25,182
To Government:-		
Income Tax	**1,856**	1,923
To Expansion and Growth:-		
Depreciation and amortisation	**11,872**	7,088
Retained earnings	**6,071**	27,551

Supplementary Information

1.1 General and administration cost

	31st December 2015 D'000	31st December 2014 D'000
Finance cost and charges	**1,044**	2,106
Printing and stationery cost	**3,308**	2,725
Communications costs	**1,932**	1,916
Equipment maintenance expenses	**652**	574
Transport and travel costs	**11,442**	6,665
Business promotion costs	**5,417**	2,747
Professional fees	**4,991**	7,863
Other costs	**6,923**	6,174
	35,709	30,770

1.2 Premises cost

Office rent	**4,949**	4,337
Electricity expenses	**3,726**	2,746
Cleaning	**870**	773
Rates and taxes	**774**	625
Security costs	**2,742**	1,839
Property insurance	**58**	134
Property maintenance	**963**	1,120
	14,082	11,574