Agib Bank Ltd
Your Investment Partner

ANNUAL REPORT 2024

• Innovation • Sharia Compliant • Bigger & Better

www.agib.gm

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THE BANK PROFILE

Agib Bank Limited (AGIB) was incorporated as a private limited liability company on the 11th November 1994 and granted a banking license by The Central Bank of the Gambia in September 1996. The bank became fully operational in January, 1997. It is worth mentioning here that the Financial Institution Act 1992 was amended to provide for the establishment of an Islamic Bank in The Gambia.

Agib Bank Limited is the first and only Islamic bank in the Gambia and it is legally allowed to own equity in other companies and also trade in commodities and Real Estate.

In September, 2008 AGIB consummated a strategic alliance with First Inland Bank (FINBANK) of Nigeria. In May 2014 FINBANK shares were sold to a Gambian businessman making him the majority shareholder. The Islamic Development Bank in Jeddah also hold significant shares. The currently has 137 employees and has 7 branches and 3 Agencies. The branches are strategically located in Banjul, New Jeshwang, Kairaba Avenue, Bakoteh, Tranquil, Brikama and Basse, while the agencies are located at Numuyel, Garawol and Farafenni. The Bank has 8 ATMS in our branches in Banjul, New Jeshwang, Brikama, Basse, Bakoteh, Basse and at 2 offsite locations at Qcell Head Office on Kairaba Avenue and Brusubi Roundabout. Agib bank Limited operates on the Islamic Economic Principles of Risk/Reward also known as Profit and Loss Sharing.

UNQIUE CHARATERISTICS:

- Only Islamic bank in a 90% Muslim dominated country
- Offers only Sharia Compliant products
- Only bank allowed to own and develop real estate
- Assist disadvantaged people in the Community
- Legally allowed to own equity in other companies.

VISION STATEMENT

To be distinctive in all aspects of our business

MISSION STATEMENT

"To provide quality and accessible banking services based on Islamic financial principles with equitable reward to stakeholders, driven by highly motivated welltrained people and state-of-the-art technology".

PAY OFF

.... Working today for your tomorrow

CORE VALUES

The core values of the bank are shared belief that drives behavior in the company backed by the Islamic faith. Some of these values, which are aimed at realizing the banks vision, mission and goals are:

PRODUCTS AND SERVICES

ACCOUNTS

SAVINGS ACCOUNT

AGIB Savings account has no limit of withdrawal and we ensure that your money is kept safe, secured and accessible. The minimum opening balance is D300

HAJJ SAVINGS ACCOUNT

This is strictly a savings for intending pilgrims and no withdrawal till the end. It is available to individuals, groups, and organizations.

CURRENT ACCOUNT

This account facilitates the Management and operations of all financial transactions for individuals, companies and organizations.

BENEFITS

- Use of Cheque book
- Access to facility
- Access to Salary Card & Salary Advance in the case of Individual Salary customers
- For Sole proprietors and Corporate account customer,
- Access to facilities.

INVESTMENT ACCOUNT

This like the fixed deposit account is an account whereby a fixed sum of money is kept with the bank for a certain period of time ranging from 3 months to 12 months with a minimum deposit of D50,000 and Profits are shared in accordance with Islamic Sharia law as per the agreement signed between the two parties.

AGIB ORR ACCOUNT

This is a premium investment account that seeks to mobilize long tenured deposits for investment in productive ventures. Minimum deposit is 1 Million.
It is a Profit Sharing Investment based on the Mudarabah principle with the Bank as (Fund Manager) Mudarib, who would invest the funds.

BENEFITS

- Enjoy free facility of up to 10% of principal per quarter with no Mark Up
- 60% Share of distributable profits

CORPORATE BANKING

- Daily Cash collection
- Real Estate
- Investment Advisory Services
- Internet Banking

TRADE FINANCE

- Letters of Credit
- Bid Security, Performance Guarantees
- Advance payment Guarantees

TREASURY

- Foreign Currency Dealings
- Money Transfers – Ria, Western Union, Moneygram, Diamano, Small world, Lumoxchange
- Sukuk Al Salaam and Portfolio Issuance

MODES OF FINANCING

We provide our high valued customers with the opportunity to choose from our Islamic Modes of Financing that would suit their needs such as,

MURABAHA – This is a Contract of sale between the Bank and its client for the sale of goods at a Price Plus and agreed Profit Margin for the bank.

MUDARABA (PROFIT SHARING) - This is a contract in which one party offer the funds(investor) and the other (bank) manages the fund. The investor (Rabul Mal) is a dormant partner and the banks is the Manager (Mudarib). It is in the form of equity financing. In this contract, the investing partners cannot take part in the Management of the firm and profit sharing is determined and agreed at the start., but in the case of losses, the entire capital may never be recovered by the financing partner and the entrepreneur gets nothing for his labour.

MUSHARAKAH - A joint venture partnership agreement where both parties contribute financial assets for a share of profits according to the pre agreed ratio. Capita Contribution can be the form of cash or both parties have the right to manage the funds, but management is permissible by either party.

IJARAH/LEASING - In this financing mode, the bank agrees to lease a customer an asset specified by the customer for an agreed period against specified installments of lease rental.

SALAM – This mode of financing is used specifically to finance the agricultural sector. This is where the seller undertakes to supply specific goods to the bank at a future date in exchange of an advanced price paid by the bank to the customer.

ISTISNA – This is where the bank agrees to finance the manufacture or production of a product and the payment is made upon completion and delivery of the item in question. It is a mode of financing used to sell a non-existing asset which is to be manufactured or built according to the customer's specification and to be delivered on a specific future date at a determined Selling price.

QUAD HASSAN (BENEVOLENT LOAN) - Is a non-interest bearing loan intended to allow the borrower to use the loaned fund for a period of time with the understanding that the same amount of the loan fund would be repaid at the end of the period.

SUKUK AL SALAM- This is a short-term Islamic security, which is the conventional equivalent of Treasury Bills. It is used to mop up/control excess liquidity in the system. It is a short term investment usually 3,6, and 12 months. It is a transaction whereby two parties agree to carry out the sale and purchase of an underlying asset at a future date, and prepaid price.

FINANCIAL HIGHLIGHTS

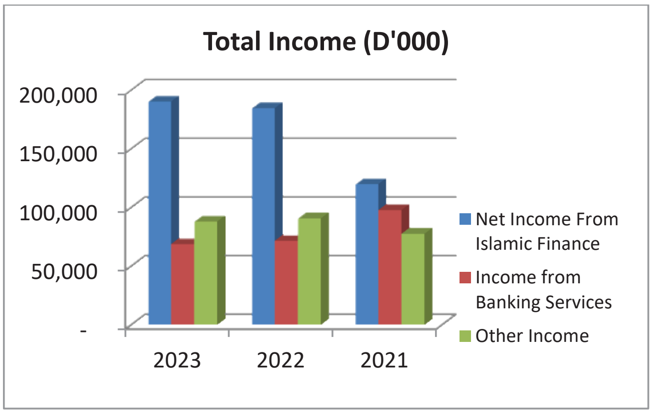
	2023 D'000	2022 D'000	% Change
Income Statement			
Profit before tax	**153,671**	107,260	43.27
Profit after tax	**97,581**	112,310	(13.11)
Net income from Islamic finances	**190,002**	184,312	3.09
Operating expenses	**(174,923)**	(162,767)	8.08
Impairment	**(17,674)**	(76,059)	(76.76)
Balance sheet			
Total Assets	**5,481,951**	4,718,024	16.20
Islamic financing and related assets	**3,051,042**	2,287,144	33.40
Customer Deposits	**4,178,278**	4,121,902	1.37
Equity	**612,407**	529,549	15.65
Ratios			
Earnings Per Share (Dalasis)	**3.84**	4.42	(13.12)
Return on Asset (ROA)	**1.78%**	2.27%	(21.59)
Return on Equity (ROE)	**15.93%**	20.26%	(21.37)
Capital Adequacy	**28.63%**	20.20%	41.73
Net Interest Margin	**6.07%**	6.78%	(10.48)
Cost to Income Ratio	**50.52%**	47.03%	7.42
Liquidity Ratio	**87.86%**	107.60%	(18.35)
Gearing Ratio	**3.01**	4.15	(27.47)
Loan to Deposit Ratio	**73.02%**	55.49%	31.59
Insider Credit Ratio	**0.53%**	1.44%	(63.19)
Non Performing Loans Ratio	**2.62%**	5.63%	(53.46)

GENERAL INFORMATION

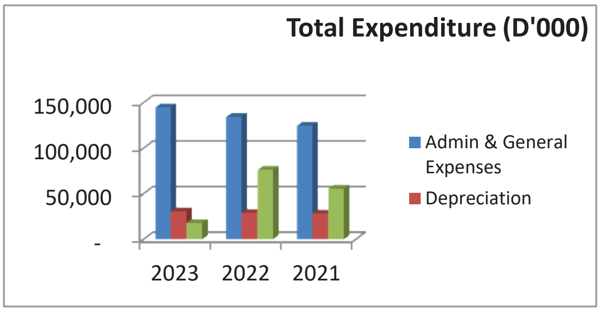
Directors	
Mr. Muhammed Jah	Chairman
Mr. Essa A.K. Drammeh	Member
Mr. Omar Serign Mbye	Member
IDB Representative (Rachid Fahd Sam)	Member
Mrs. Isatou Jawara	Managing Director

Company secretary/ Legal Adviser	Hawa Sisay-Sabally	
Sharia Advisory Committee	Alhagie Ousman Jah	Chairman
	Alhagie Muhamed Sarr	Member
	Essa Darboe	Member
	Tijan Kah	Member
Secretary- Sharia Advisory	Alhagie Matarr Drammeh	
Auditors	PKF The Gambia	
	Noble House	
	Bijilo	
	P O Box 431,	
	Banjul, The Gambia	
Bankers	Bank Islamique du Senegal – Dakar	
	Ghana International Bank – London	
	Bank of Africa – Madrid, Spain	
	Artif Bank - Turkey	
	Central Bank of The Gambia	
	Albaraka Turk Participation Bank, Turkey	
	Afrexim Bank, Nigeria	
Solicitor	Hawa Sisay-Sabally	
	60B Antouman Faal Street	
	Banjul, The Gambia	
	M'Bai Legal Chambers	
	Radio Gambia Road	
	Kanifing	
Registered office	Becca Plaza	
	5-6 Liberation Avenue	
	Banjul, The Gambia	

Income Statement (D'000)			
	2023	2022	2021
Net Income From Islamic Finance	**190,002**	184,312	119,650
Income from Banking Services	**68,531**	71,331	97,517
Other Income	**87,735**	90,443	77,227
Total	**346,268**	346,086	294,394



Expenditure (D'000)			
	2023	2022	2021
Admin & General Expenses	**144,624**	133,955	124,452
Depreciation	**30,299**	28,812	28,060
Impairment	**17,674**	76,059	55,192
Total	**192,597**	238,826	207,704

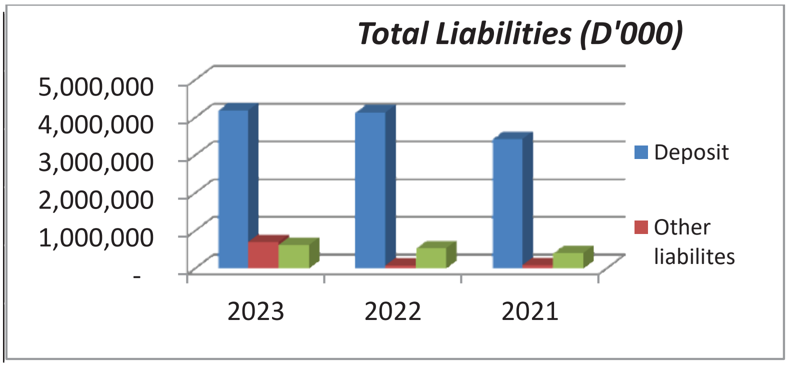


Expenditure (D'000)			
	2022	2021	2020
Admin & General Expenses	**133,955**	124,452	102,232
Depreciation	**28,812**	28,060	30,316
Impairment	**76,059**	55,192	9,264
Total	**238,826**	207,704	141,812

Structure of Assets (D'000)			
	2023	**2022**	**2021**
Cash and cash Equivalents	**1,323,101**	**1,389,957**	752,345
Investments	**818,461**	**763,024**	791,240
Financing	**3,051,042**	**2,287,144**	2,180,134
PPE	**230,399**	**216,140**	148,200
Other Assets	**58,949**	**61,759**	26,425
Total	**5,481,952**	**4,718,024**	3,898,344

Structure of Assets (D'000)			
	2022	**2021**	**2020**
Cash and cash Equivalents	**1,389,957**	752,345	897,150
Investments	**763,024**	791,240	706,583
Financing	**2,287,144**	2,180,134	1,159,410
PPE	**216,140**	148,200	127,538
Other Assets	**61,759**	26,425	20,899
Total	**4,718,024**	3,898,344	2,911,580

Structure of Liabilities (D'000)			
	2023	**2022**	**2021**
Deposit	**4,178,278**	4,121,902	3,420,188
Other liabilites	**691,266**	66,573	77,505
Shareholders Equity	**612,408**	529,549	400,651
Total	**5,481,952**	4,718,024	3,898,344



Message from Chairman of the Board of Directors

ASSALAMUALAIKUM WA RAHMATULLAHI WA BARAKATUHU

Distinguished Shareholders, Ladies and Gentlemen, on behalf of the Board of Directors, it is my pleasure to welcome you all to the 24th Annual General Meeting as I present to you the Annual Report and Accounts of your bank for the year ended 31st December 2023.

GLOBAL ECONOMIC

The outlook for the global economy is showing signs of improvement, although there remain significant headwinds. Economic growth is expected to strengthen in many countries this year, accompanied by a steady decline in inflation. outlook remains uncertain, despite signs of gradual recovery this year.

International commodity prices have risen in recent months, reversing the downward trend observed since the middle of last year. The increase was driven by a supply and demand mismatch, arising from concerns over geopolitical instability and adverse weather conditions. The IMF All Commodity Prices Index rose by 4.5 percent in April, from the level it was in March 2024.

Global headline inflation according to IMF is anticipated to decrease, from an average of 6.8 percent in 2023 to 5.9 percent in 2024 and further to 4.5 percent in 2024. However, there are significant disparities in the pace of disinflation across regions. Advanced economies are poised to bring inflation down to their pre-pandemics levels faster than emerging markets and developing economies.

OUR OPERATING ENVIRONMENT

The Gambia economy is projected to grow by 5.5 percent in 2024, surpassing the estimated growth rate of 5.3 percent in 2023 as the strong economic growth momentum continue, and inflation pressures have started to ease.

According to the latest Business Sentiment Survey conducted by the Central Bank for the first quarter 2024 indicated a notable improvement in business sentiments. The majority of respondents anticipate a surge in economic activity over the next three months, driven by robust customer demand. While optimism prevails regarding increased business activity, concerns linger over persistently high inflation expectations. A significant portion of surveyed businesses expect a further rise in inflation in the near term, however, the latest inflation figures as indicated below shows a notable decline, which we believe will help moderate inflation expectations going forward.

Headline inflation decelerated for the third consecutive month driven by moderated global commodity prices and domestic policy actions. Headline inflation declined to 11.0 percent, down from 14.9 percent in March 2024 from 18.5 percent in September 2023. However, if there are no sudden surprises, especially in global commodity prices, inflation is expected to decelerate to single digits by the end of 2024.

The stock of domestic debt declined slightly to GMD41.0 billion (26.3 percent of GDP) in April 2024, from GMD41.3 billion (29.4 percent of GDP) in December 2023. Yields on short-term government securities continue to decline, influenced by liquidity conditions in the banking sector.

The foreign exchange market continues to function smoothly with total volume of transactions in the domestic foreign exchange market stood at US$600.9 million in the first quarter of 2024, slightly lower than the US$644.1 million in the same period in 2023. Private remittances remain the largest source of foreign currency, with a total inflow of US$203.7 million in the first quarter of 2024.

BANKING SECTOR

The banking industry's performance continues to show strength, supported by favourable macro prudential indicators. Notably, the asset base expanded from 70.7% of GDP in March 2023 to 76.9% in March 2024. Furthermore, total customer deposits, the main funding source for banks, grew by 11.1% year-on-year, reaching GMD58.9 billion as of March 2024. These positive trends bode well for the sector's stability and growth.

The capital and reserves of banks increased by 30.09% to reach GMD10.6 billion. This growth was supported by a 19.4% rise in retained earnings compared to the previous year. Furthermore, the aggregated risk-weighted capital adequacy ratio stood at 27.9% in March 2024, and all banks were above the minimum regulatory requirement 10 percent.

The industry continues to be liquid and profitable with an average liquidity ratio of 78.3 percent also above the prudential regulatory limit of 30 percent. The industry's non-performing loan ratio remains low at 3.3 percent as reported in December 2023. However, this ratio has increased to 8.7 percent in March 2024. Although credit concentration risks remain, the stress test results indicated overall market risk is low and the banking industry remains resilient.

BANK PERFORMANCE

The Board and Management of the bank are pleased to inform you that your bank despite the challenging market conditions have improved on its performance for the year ended 31st December 2023. Profit before tax grew by 43.27 percent from GMD107.26million in 2022 to GMD153.67million in 2023 whilst operating income after impairment grew by 21.69 percent to D328.6 million in 2023 from GMD270.0 million in 2022. Loans have also increased by 33.40 percent to GMD3.05 billion in 2023 from GMD2.29billion in 2022. This is attributable to big ticket facilities that were given to Government Institutions for the 2023/2024 groundnut trade and also for the purchase of power to meet the need of the population.

Deposit grew slightly by 1.37 percent to GMD4.19 billion from GMD4.12 billion in 2022 whilst total assets grew by 16.20 percent from GMD4.72 billion in 2022 to GMD5.48 billion in 2023. Earnings per share decreased by 13.2 percent from GMD4.42 per share in 2022 to GMD3.84 per share in 2023 due to the decreased in profit after tax by 13.11. The reason was a deferred tax credit in 2022 which reduces the income tax expense to a credit balance, thereby increasing the bank's profit after tax. Capital Adequacy increased by 41.73 percent from 15.79 percent in 2022 to 21.20 percent in 2023, well above the regulatory requirement of 10%.

The above demonstrates not only the dedication, commitment, and high level of integrity of the staff but also the customers' confidence and trust in the bank.

HUMAN RESOURCES

Capacity building remains a priority to the bank, and all bank staff attended a training of some sort either locally or externally including Islamic Finance and principles, Leadership and other relevant areas, aimed at equipping the staff with the required skills and knowledge to perform their job better and respond to the needs of our customers.

We will continue to place a high value on capacity building as we believe that human capital is the most important component of any successful institution.

DIVIDEND

The Directors are proposing not to pay dividend for the year ended 31 December 2023, instead to issue bonus shares to shareholders to enable the bank meet the requirement of the Central Bank of the Gambia, which is to increase the capital of banks to GMD300 million by the end of the year ended as at 31st December 2024.

CORPORATE SOCIAL RESPONSIBILITIES

Giving back to communities is a core objective for the bank, and we will continue to support key sectors like Education, Security and Health Sectors. In the year 2023, the bank donated a total of GMD972,720 to the needy.

OUTLOOK

The plan for 2024 is digitalization of the bank. The bank has signed with the system provider to upgrade the Bank IT infrastructure to the latest version of iMAL 14.5 which includes the OMNI channel. The OMNI channel will enable the Bank to meet the needs of its customers today through a variety of options which includes online portals, mobile apps, or the traditional bank branch.

Customers expect a consistent and seamless experience across all these channels, and the banks must boost efforts in this direction in order to improve customer interactions and deepen relationships.

ACKNOWLEDGEMENT

On behalf of the Board of Directors and Management, I wish to express my sincere appreciation to our esteemed customers for their trust and patronage, our dear shareholders for their support and confidence in the Board of Directors and wish to assure you of our unrelenting desire to exceed those expectations by increasing and protecting the value of your investment.

On behalf of my fellow Directors, I wish to thank the management and the entire staff for their hard work and dedication towards actualizing and sustaining the ideals and the corporate objectives of your noble institution.

I would also like to extend my gratitude to the regulators, auditors, service providers and our partners for their continuous support.

I pray that Almighty Allah S.A.W would continue to guide and direct your bank and every one of us.

ASSALAMALAIKUM WA BARAKATUHU

MRS. ISATOU JAWARA
Managing Director / CEO

Message from
Managing Director of Board of Directors

ASSALAMUALAIKUM WARAHMATULLAHI WABARAKATUH

DISTINGUISHED SHAREHOLDERS, THE CHAIR OF THE BOARD, BOARD OF DIRECTORS, MANAGEMENT STAFF, LADIES & GENTLEMEN.

It gives me the greatest pleasure to welcome you all to our 24th Annual General Meeting. I extend a warm greeting to our esteemed shareholders, whose support and trust have been pivotal to Agib Bank's continued success. Today, I have the privilege to present to you the Bank's Financial Statement and performance for the year ended 31st December, 2023.

Our Financial Statement and performance highlights underscore a remarkable year for Agib Bank Ltd. We have grown and demonstrated robust performance compared to the previous year. This success is a testament to the dedication and hard work of our entire team, as well as the unwavering support of our cherished stakeholders.

I wish to express my sincerest appreciation to each and every one of you for your contribution to making AGIB Bank Ltd not only a profitable entity but also a thriving cornerstone in our community. Your commitment is invaluable and it inspires us to aim higher and achieve greater milestones in the future.

GLOBAL ECONOMIC DEVELOPMENTS

The global economic is showing signs of improvement, although there remain significant headwinds. Economic growth is expected to strengthen in many countries this year, accompanied by a steady decline in inflation. outlook remains uncertain, despite signs of gradual recovery this year. The International Monetary Fund (IMF) upgraded the economic growth forecast for 2024 by 0.1 percentage point compared to its January 2024 projections, while maintaining the growth for 2025. This slight upward revision reflects the continued robustness in economic activities, and the easing of some supply chain constraints that that had previously hampered global trade. However, the IMF has also highlighted persistent risks, including geopolitical tensions and policy uncertainties, which could derail this growth trajectory.

Global headline inflation is anticipated to decrease, from an average of 6.8 percent in 2023 to 5.9 percent in 2024 and further to 4.5 percent in 2024. However, there are significant disparities in the pace of disinflation across regions. Advanced economies are poised to bring inflation down to their pre-pandemics levels faster than emerging markets and developing economies.

THE DOMESTIC ECONOMY

The Gambia economy is projected to grow by 5.5 percent in 2024, surpassing the estimated growth rate of 5.3 percent in 2023. The growth is anticipated to be supported by public and private infrastructure investments, household consumption and investment, tourism and financial services. However, significant risks continue to weigh on this growth trajectory including the uncertain geopolitical environment, volatility in commodity prices, and structural bottlenecks within the domestic industry.

According to the latest Business Sentiment Survey conducted by the Central Bank for the first quarter 2024, a significant portion of surveyed businesses expect a further rise in inflation in the near term, however, the latest inflation figures as indicated below shows a notable decline.

Headline inflation decelerated for the third consecutive month driven by moderated global commodity prices and domestic policy actions. Headline inflation declined to 11.0 percent, down from 14.9 percent in March 2024 from 18.5 percent in September 2023. However, if there are no sudden surprises, especially in global commodity prices, inflation is expected to decelerate to single digits by the end of 2024.

Food inflation decreased to 15.6 percent from 21.0 percent in December 2023. The decline in food inflation was predicted on the significant deceleration in the prices of bread, cereals, and meat while prices of vegetables and dairy products held up.

Furthermore, the strong economic growth momentum continues, and inflation pressures have started to ease.

The balance of payments estimates shows a deteriorated figure in the first quarter of 2024, registering a deficit of US$1.4 million (0.1 percent of GDP), compared to a surplus of US$4.9 million (0.2 percent of GDP) in the fourth quarter of 2023.

The foreign exchange market continues to function smoothly with total volume of transactions in the domestic foreign exchange market stood at US$600.9 million in the first quarter of 2024, slightly lower than the US$644.1 million in the same period in 2023. Private remittances remain the largest source of foreign currency, with a total inflow of US$203.7 million in the first quarter of 2024.

The stock of domestic debt declined slightly to GMD41.0 billion (26.3 percent of GDP) in April 2024, from D41.3 billion (29.4 percent of GDP) in December 2023. Yields on short-term government securities continue to decline, influenced by liquidity conditions in the banking sector.

BANKING INDUSTRY OVERVIEW

The banking industry's performance remains robust, underpinned by healthy macro prudential ratios. The banking system remains safe and sound with stable financial soundness indicators. The industry also remains well-capitalized and solvent. The aggregated risk-weighted capital adequacy ratio stood at 27.9 percent and all banks were above the minimum regulatory requirement 10 percent.

The industry continues to be liquid and profitable with an average liquidity ratio of 78.3 percent also above the prudential regulatory limit of 30 percent. The industry's non-performing loan ratio remains low at 3.3 percent as reported in December 2023. However, this ratio has increased to 8.7 percent in March 2024. Although credit concentration risks remain, the stress test results indicated overall market risk is low and the banking industry remains resilient.

Annual money supply growth grew to 11.2 percent in December 2023 from 3.4 percent in March 2023. Growth in annual reserve money moderated to 8.5 percent down from the 14.1 percent reported in December 2023. Furthermore, the supply of credit to the private sector picked up to 19.3 percent in March 2024 from a growth of 12.2 percent registered in the previous quarter. This is however lower than the 27.6 percent recorded in March 2023 reflecting the tight monetary and financial conditions.

FINANCIAL PERFORMANCE

The bank posted strong financial performance at the close of 2023 with profit before tax growing by ***43.27percent from GMD107.26million in 2022 to GMD153.67million in 2023.***

The bank's total asset grew by 16.20percent from GMD4.72 billion in 2022 to GMD5.48 billion in 2023. Our loan portfolio also increased significantly by 33.40percent during the year from GMD2.29 billion in 2022 to GMD3.05 billion in 2023. This growth was mainly attributed to facilities that were extended to government institutions in the Energy and Agricultural Sectors.

The bank deposit grew slightly by 1.37 percent from GMD4.12billion in 2022 to GMD4.19 billion in 2023. An amount of GMD1.0 billion was lost from our deposit during the year due to customers' discount of a significant deposit and the utilization of a foreign deposit that has been with the bank for more than two years.

Overall, the bank remained well capitalized with capital adequacy ratio standing at 28.63 percent and is above the regulatory requirement of 10 percent.

In 2023, Return on Equity and Return on Assets stood at 15.93 percent and 1.78 percent respectively.

As an Islamic Bank, we will continue to be transparent in all our dealings with our shareholders, esteemed customers and staff at large.

HUMAN RESOURCES

In the financial services industry, the quality of our staff is paramount to ensuring our success. Our staff members are our most valuable asset, and we are committed to providing them with a conducive environment to excel in their careers.

Training and capacity building have remained a top priority for us. Throughout the year under review, every member of our staff participated in various training sessions, both locally and externally. This ongoing commitment ensures that our team remains abreast of regulatory requirements and international best practices, particularly in Anti-Money Laundering and Terrorist Financing as part of the Know Your Customer (KYC) process.

We will continue to prioritize capacity building to sustain our achievements in this critical area. We have full confidence that our staff, in both quantity and quality, will continue to align their efforts with the bank's goals and objectives.

In this year 2023, we witnessed the retirement of Pa Fili Njai, who was given two years' contract which will end in December 2025.

CORPORATE SOCIAL RESPONSIBILITIES

As the only Islamic Bank in The Gambia, our institution holds a prominent place in every corner of the country. This widespread recognition is not just due to our banking services but also because of our strong commitment to corporate social responsibility, especially towards those in need.

Throughout the year 2023, we have continued our tradition of giving back to the community through both monetary contributions and donations in kind. I am proud to announce that our total interventions during this period amounted to an impressive sum of over GMD972,720. These efforts have touched the lives of many, demonstrating our dedication to making a meaningful impact beyond banking services alone.

Our commitment to corporate social responsibility remains steadfast, driven by the principles of compassion and service to humanity. We are grateful for the opportunity to serve and contribute positively to the communities we are privileged to be a part of.

ACKNOWLEDGEMENTS

I wish to take this opportunity to express my heartfelt gratitude to the shareholders, Chairman of the Board of Directors, non-Executive Directors, and all relevant stakeholders for their unwavering trust and confidence in appointing me as the leader of this esteemed institution and its exceptional workforce.

I also extend my sincere appreciation to our esteemed customers for their continued loyalty and support of our brand. We are committed to serving you diligently and being responsive to your needs.

Lastly, I would like to acknowledge our regulator for their invaluable support and guidance. Their oversight ensures that we operate with integrity and adhere to the highest standards of governance.

Together, with the dedication of our team and the support of our stakeholders, we will continue to uphold the legacy of excellence that defines our institution.

DIRECTORS' REPORT

The Directors present their report and audited financial statements of Agib Bank Limited for the year ended 31 December 2023.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act 2013 requires the directors to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the company and of its profit or loss for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 Banking Act 2009 and the Companies Act 2013. They are 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 BUSINESS ACTIVITY

The company provides banking services in all its departments and branches in accordance with Islamic (Sharia) banking principles, regulations of the Central Bank of The Gambia and the Banking Act 2009, with a view to making profit for its shareholders and depositors and to contribute to the socioeconomic development of The Gambia. Apart from accepting deposits from customers and providing services traditionally rendered by conventional banks, the bank also grants financing facilities for short, medium and long term economically and financial viable undertakings.

RESULTS AND DIVIDENDS

The results of the company are as detailed in the accompanying financial statements. The directors are proposing not to pay dividend, but to issue bonus shares to all shareholders.

PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment of the company are as detailed in note 23 of the financial statements. There has not been any permanent diminution in the value of the property, plant and equipment and as a result a provision has not been deemed necessary.

CHARITABLE DONATIONS

During the year ended 31 December 2023 the Bank made charitable donations of D972,720 (2022: 971,600).

The bank was holding 558,000 shares in Trust Bank (G) Limited valued at D2,222 million which was finally sold in December 2023. These shares were given to the bank by the courts as part settlement of an overdue debt. Annual dividend received does not form part of the bank's annual revenue but is rather given out as charity as recommended by the Sharia Board. As at 31st December 2023, dividend of D0.298 million was received, and given out as charitable donation.

The bank also earned interest totalling D0.675 million from interbank placements with local banks and Ghana International Bank where the bank's euro balance was usually very high, and to avoid too much bank charges on our balance, the bank had no option but to do short term placements. However, this issue was resolved along the way when we signed a banking relationship with Albaraka Bank in Turkey that offers Islamic investment option to the bank that allows us to realise any return earned from these investments.

SHARIAH COMPLIANCE

The bank recognizes that Shariah is the underlying foundation in the business practices of Islamic finance and therefore the observance and compliance with its rules and principles is supreme. Based on this conception and in line with CBG Guideline for Regulation and Supervision for Islamic Financial Institutions, the Bank has set up a necessary Shariah governance structure, supported by robust internal Shariah compliance functions across the bank. This will ensure that the bank's operations and business activities are conducted in accordance with Shariah rules and principles at all times.

Towards achieving this objective, the bank has established a Shariah Advisory Committee tasked with the main responsibility of providing independent advice to the Board and management on Shariah rules and principles. The bank's Shariah Advisory Committee is also tasked with the role of independent oversight over the conduct and operations of the bank as an assurance that they are carried out in line with Shariah rules and principles.

To support the roles and responsibilities of the bank Shariah Advisory Committee, a robust internal Shariah compliance Unit is hereby established to carry out the following function:

- Shariah Review
- Shariah Research
- Shariah Compliance
- Shariah Risk Management

In carrying out their duties and responsibilities, these compliance functions are guided by the bank's own internal Shariah framework and the CBG's Shariah Governance Framework.

The bank is also using a Shariah compliant software called iMAL which has different modules including the Islamic Investment System (IIS) which is used for the recording of Islamic Finance Products and the Profit Calculation System, which is used for the calculation and distribution of profit.

DIRECTORS AND DIRECTORS' INTEREST

The following directors who held office during the year had beneficial financial interest in the shares of the company as detailed below. There have been no changes between the year end and the date of this report.

	% holding	**Number of Shares held**	
		As at 31- Dec- 2023	As at 31- Dec -2022
Mr. Muhammed Jah	80.74	**20,500,958**	20,500,958

AUDITORS

The auditors, PKF, having indicated their willingness, will continue in office in accordance with Section 342 (2) of the Companies Act 2013.

BY ORDER OF THE BOARD

Hawa Sisay Sabally

COMPANY SECRETARY

Date:…...…………………………….2024

REPORT OF SHARIA SUPERVISORY BOARD

In the name of Allah, The Beneficent, The Merciful.

TO THE SHAREHOLDERS OF AGIB BANK LTD
ASSALAMU ALAIKUM WA RAHMATU ALLAH WA BARAKATUH

In accordance with the terms of our engagement, we submit the following report:

We have reviewed the principles and the contracts relating to the transactions and applications introduced by Agib Bank Ltd for the year ended 31 December 2023. We have also conducted our review to form an opinion as to whether Agib Bank Ltd has complied with Sharia Rules and Principles and also with the Specific Fatwas, rulings and guidelines issued by us.

Agib Bank's Management is responsible for ensuring that the Bank conducts its business in accordance with Islamic (Sharia) banking principles. It is our responsibility to form an independent opinion, based on our review of the operations of the Bank and to report to you. We conducted our review, which included examining, on a test basis of each type of transaction, the relevant documentation and procedures adopted by the Bank.

We planned and performed our review so as to obtain all the information and explanations, which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that Agib Bank Ltd has not violated Islamic Sharia Rules and Principles.

In our Opinion:

(a) The contracts, transactions and dealings entered into by Agib Bank Limited during the year ended 31 December 2023 that we have reviewed are in compliance with the Islamic Sharia Rules and Principles and;

(b) The allocation of profit and charging of losses relating to investment accounts conform to the basis that have been approved by us in accordance with Islamic Sharia Rules and Principles.

We beg Allah the Almighty to grant us all the success and straight-forwardness.

Wassalam Alaikum Wa Rahmatu Allah Wa Barakatuh

SIGNED BY:

Alhagie Ousman Jah	Chairman	…………………………………………………………
Alhagie Muhamed Sarr	Member	…………………………………………………………

Dated…......…...…………………………..2024

REPORT OF THE INDEPENDENT AUDITORS' TO THE MEMBERS OF AGIB BANK LIMITED

OPINION

We have audited the financial statements of Agib Bank Limited which comprise the Statement of Financial Position as at 31st December 2023, Income Statement, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), Accounting, Auditing and Governance Standards for Islamic Financial Institutions (AAOIFI) and have been properly prepared in accordance with the Companies Act 2013 and the Banking Act 2009.

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 ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the General Information, Directors report, Corporate Governance Report, Statement of Directors responsibilities as required by the Companies Act of 2013 and Banking Act 2009. 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 we concluded that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as the Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Directors are responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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 Company's internal control.

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

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

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

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

The Engagement Partner on the audit resulting in this independent auditor's report is Donald Charles Kaye.

PKF
Accountants and business advisers
Registered Auditors
Bijilo
The Gambia

Date: 2024

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2023 (in thousands of Gambian Dalasi)

		2023	2022
Income from Islamic finances	6	**213,849**	219,401
Returns to Investment Account Holders	7	**(23,847)**	(35,089)
Net income from Islamic finances		**190,002**	184,312
Fee and commission income	8	**71,048**	72,731
Fee and commission expense	9	**(2,517)**	(1,400)
Net fee and commission income		**68,531**	71,331
Net trading income	10	**53,442**	45,384
Other operating income	11	**34,293**	45,059
Impairment on financial assets	19	**(17,674)**	(76,059)
		70,061	14,384
Operating income after impairment		**328,594**	270,027
Personnel Expenses	12	**(56,780)**	(51,284)
Depreciation and amortization	24,25	**(28,515)**	(26,510)
Depreciation of Right of Use Asset	26	**(1,784)**	(2,302)
General and administration expenses	13	**(87,844)**	(82,671)
Total operating expenses		**(174,923)**	(162,767)
Profit before tax		**153,671**	107,260
Income tax expenses	14	**(56,090)**	5,050
Profit for the year		**97,581**	112,310
Other comprehensive income, net of income tax		**-**	-
Foreign currency translation diff. for foreign operations		**-**	-
Net gain/loss on hedges of net investments in foreign ops and cash flow hedges		**-**	-
Other comprehensive income for the year (net of tax)		**-**	-
Total comprehensive income for the year		**97,581**	112,310
Earnings per share for the profit attributable to the equity holders of the bank during the year (expressed in dalasi per share):			
Basic earnings per share	17	**3.84**	4.42
Diluted earnings per share	17	**3.84**	4.42
Profit attributable to Equity Holders:			
Controlling Equity holders of the bank		**91,920**	105,796
Non-Controlling Interest		**5,661**	6,514
Profit for the period		**97,581**	112,310

The accompanying notes are an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION

As at 31st December 2023 (in thousands of Gambian Dalasi)

	Notes	2023	2022
Assets			
Cash and cash equivalents	18	**1,323,101**	1,389,957
Investments	20	**415,365**	505,378
Trading assets	23	**-**	2,222
Islamic financing and related assets	19	**3,051,042**	2,287,144
Other Receivables	22	**116,508**	3,936
Investment in properties	21	**286,588**	255,424
Property, plant and equipment	24	**208,046**	185,214
Right of Use Asset	26	**10,474**	12,258
Intangible assets	25	**22,353**	18,668
Deferred Tax Asset	16	**14,857**	23,414
Current Tax	15	**-**	6,264
Other Assets	28	**33,618**	28,145
Total assets		**5,481,952**	4,718,024
Liabilities			
Deposits from customers	29	**4,178,278**	4,121,902
Current tax liabilities	15	**36,683**	-
Lease Liability	27	**8,103**	7,301
Other liabilities	30	**646,480**	59,272
Total liabilities		**4,869,544**	4,188,475
Equity			
Stated capital	31	**241,209**	241,209
Share premium		**2,292**	2,292
Income surplus		**94,215**	35,677
Statutory reserve	31	**120,231**	95,836
Credit risk reserve	31	**14,983**	15,569
Revaluation reserve		**139,478**	139,478
Fair Value Reserve (FVOCI)		**-**	(512)
Total equity attributable to equity holders of the Bank		**612,408**	529,549
Total liabilities and equity		**5,481,952**	4,718,024

These financial statements were approved by the board of directors on ....2024 and were signed on its behalf by:

.................................Chairman ....Director ....Director

The accompanying notes are an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

As at 31st December 2023 (in thousands of Gambian Dalasi)

	Share Capital	Share Premium	Credit risk reserve	Statutory reserve	Properties Revaluation reserve	Fair value Reserve	Income surplus	Total equity
Balance at 1 January 2022	241,209	2,292	15,248	67,759	122,919	(541)	(48,235)	400,651
Profit for the year	-	-	-	-			112,310	112,310
Transfer to credit risk reserve			321				(321)	-
Transfer to statutory reserve	-	-	-	28,077			(28,077)	-
Revaluation					16,559			16,559
Dividend Paid								-
Fair Value reserve (FVOCI)						29	-	29
Balance at 31 December 2022	241,209	2,292	15,569	95,836	139,478	(512)	35,677	529,549
Profit for the year	**-**	**-**	**-**	**-**			**97,581**	**97,581**
Transfer to credit risk reserve			**(586)**				**586**	**-**
Transfer to statutory reserve	**-**	**-**	**-**	**24,395**			**(24,395)**	**-**
Revaluation					**-**			**-**
Dividend Paid in 2022							**(15,234)**	**(15,234)**
Fair Value reserve (FVOCI)						**512**		**512**
Balance at 31 December 2023	**241,209**	**2,292**	**14,983**	**120,231**	**139,478**	**-**	**94,215**	**612,408**

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

for the year ended 31 December 2023 (in thousands of Gambian Dalasi)

		2023	2022
Cash flows from operating activities			
Profit for the year before tax		**153,671**	107,260
Adjustment for			
Depreciation right of use	26	**1,784**	2,302
Depreciation and amortisation	24,25	**28,515**	26,510
		183,970	136,072
Changes in Trading Asset	23	**2,222**	
Changes in Islamic financing and related assets	19	**(763,898)**	(107,011)
Change in other assets	28	**(5,473)**	(16,280)
Changes in other receivables		**(112,572)**	35,164
Change in other liabilities	30	**587,209**	11,144
Change in deposits from customers	29	**56,376**	701,714
Change in fair value reserve		**512**	-
Change in Lease Liability	27	**802**	(2,200)
Income tax paid		**(4,586)**	(44,505)
Changes in restricted funds		**(65,803**	6,457
Net cash used from operating activities		**(121,241)**	720,555
Cash flows from investing activities			
Change in investment	20	**90,013**	(37,760)
Purchase of investment properties	21	**(31,164)**	26,905
Purchase of property and equipment	24	**(42,760)**	(62,697)
Purchase of intangible assets	25	**(12,272)**	(2,936)
Net cash used in investing activities		**3,817**	(76,486)
Cash flows from financing activities			
Dividend Paid		**(15,234)**	-
Net cash from financing activities		**(15,234)**	-
Net (decrease)/increase in cash and cash equivalents		**(132,658)**	644,067
Cash and cash equivalents at 1 January 2023		**1,200,387**	556,320
Cash and cash equivalents at 31 December 2023 (note 18)		**1,067,729**	1,200,387

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(forming an integral part of the financial statements)

1. REPORTING ENTITY

Agib Bank Limited ("the Bank") was established on November 11, 1994 and obtained its banking license on September 12, 1996. The address of the registered office of the Bank is: Becca Plaza, Ecowas Avenue, Banjul, The Gambia. The major shareholder of the bank is Mr. Muhammed Jah, the Managing Director of Qcell, a telecommunication company incorporated in the Gambia. He acquired 76.45% of First City Monument Bank shareholding in May 2014 which was increased to 80.74% as a result of bonus shares in 2016.The Bank is primarily involved in corporate and retail banking.

The Bank's shareholders as a percentage of subscribed registered capital:

	2023	2022
Mr. Muhammed Jah	**80.74%**	80.74%
Islamic Development Bank	**13.46%**	13.46%
Other minority shareholders	**5.80%**	5.80%

The Bank performs its activities in The Gambia through its 8 branches and 3 Agencies.

Revenue was generated from the provision of Islamic banking services in the Gambia. The Bank considers that its products and services arise from one segment of business - the provision of banking and related services.

During the year ended 31 December 2023, the Bank's executive and non-executive directors were as follows:

Names	Period
Executive Director:	
Mrs. Isatou Jawara	3 year
Non-Executive Directors:	
Mr. Muhammed Jah –Chairman	9 years
Mr. Omar Serign Mbye	5 years
Mr. Rachid Fahd Sam	6 years
Mr. Essa Drammeh	1 year 3 Months

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and current interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and with the relevant provisions of the Banking Act 2009 and The Companies Act 2013.

The financial statements were approved by the Board of Directors on ……………………..........2024.

2.2 BASIS OF MEASUREMENT

These financial statements are prepared under the historical cost basis.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in The Gambian dalasis (D), which represents the functional and presentation currency of the Bank, being the currency of the economic environment in which the Bank operates. The financial statements have been prepared under the assumption that the Bank will continue as a going concern.

2.4 USE OF ESTIMATES AND JUDGMENTS

The presentation of financial statements in conformity with IFRS requires the preparation of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and their reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and future changes in the economic conditions, business strategies, regulatory requirements, accounting rules or/and other factors could subsequently result in a change in estimates that could have a material impact on the reported financial position and results of operations. The 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods

3 ADOPTION OF NEW AND RE-VISED STANDARD

3.1 NEW AND REVISED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

Amendment to IAS 1 – Non-current liabilities with covenants
These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (Amendments to IAS 1, Presentation of Financial Statements), published in 2020 and 2022 respectively, clarify that the classification of liabilities as current or noncurrent is based solely on a entity's right to defer settlement for at least 12 months at the reporting date. The right needs to exist at the reporting date and must have substance.

Only covenants with which a entity must comply on or before the reporting date may affect this right. Covenants to be complied with after the reporting date do not affect the classification of a liability as current or noncurrent at the reporting date. However, disclosure about covenants is now required to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.

The amendments also clarify that the transfer of a entity's own equity instruments is regarded as settlement of a liability. If a liability has any conversion options, they generally affect its classification as current or noncurrent, unless these conversion options are recognized as equity under IAS 32, *Financial Instruments: Presentation.*

This amendment is effective from Annual periods beginning on or after 1 January 2024.
Amendment to IAS 7 and IFRS 7 - Supplier finance

These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

This amendment is effective from annual periods beginning on or after 1 January 2024 (with transitional reliefs in the first year).

Supplier Finance Arrangements (Amendment to IAS 7, Statement of Cash Flows and IFRS 7, Financial Instruments: Disclosures) requires an entity to disclose qualitative and quantitative information about its supplier finance arrangements4, such as terms and conditions – including, for example, extended payment terms and security or guarantees provided.

The IASB decided that, in most cases, aggregated information about an entity's supplier finance arrangements will satisfy the information needs of users of financial statements.

Amongst other characteristics, IAS 7 explains that a supplier finance arrangement provides the entity with extended payment terms, or the entity's suppliers with early payment terms, compared to the related invoice payment due date.

Amendments to IAS 21 - Lack of Exchangeability
An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

Lack of exchangeability (Amendment to IAS 21, The Effects of Changes in Foreign Exchange Rates) applies when one currency cannot be exchanged into another. This may occur, for example, because of government imposed controls on capital imports and exports, or the volume of foreign currency transactions that can be undertaken at an official exchange rate is limited. The amendments clarify when a currency is considered exchangeable into another currency and how an entity estimates a spot rate for currencies that lack exchangeability. The amendments introduce new disclosures to help financial statement users assess the impact of using an estimated exchange rate.

This amendment is effective from annual periods beginning on or after 1 January 2025 (early adoption is available)

Amendment to IFRS 16 – Leases on sale and leaseback

These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Lease Liability in a Sale-and-Leaseback (Amendments to IFRS 16, Leases) requires a seller-lessee to account for variable lease payments that arise in a sale-and-leaseback transaction as follows.

- On initial recognition, include variable lease payments when measuring a lease liability arising from a sale-and-leaseback transaction.
- After initial recognition, apply the general requirements for subsequent accounting of the lease liability such that no gain or loss relating to the retained right of use is recognized.

Seller-lessees are required to reassess and potentially restate sale-and-leaseback transactions entered into since the implementation of IFRS 16 in 2019.

This amendment is effective from Annual periods beginning on or after 1 January 2024.

4.0 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements

4.1 FOREIGN CURRENCY ACTIVITIES

Transactions in currencies other than Dalasi are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognized directly in equity.

4.2 REVENUE FROM INVESTMENTS

Revenue is generally recognised when future economic benefits of the underlying assets will flow to the Bank and it can be reliably measured. It is income derived from use of an entity's assets and hence the revenue is mostly dependent on the underlying agreement. Investment income and expense is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability.

The calculation of the effective profit rate includes all fees paid or received transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Investment income and expense presented in the income statement include:

Profit (markup) on financial assets and liabilities at amortised cost on an effective profit rate basis.

Profit (markup) on Held to maturity investments (Sukuk al Salam) on an effective profit basis.

Investment income and expense on all trading assets and liabilities are considered to be incidental to the bank's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

DEPOSITORS' SHARE OF PROFIT CALCULATION:

Allocation of profits between depositors and shareholders is calculated according to the bank's standard procedures and is approved by the bank's Sharia Committee.

4.3 FEES AND COMMISSION

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Fees and commissions that do not form part of the effective interest rate are recognised as expense and income in the income statement on an accrual basis.

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

4.4 LEASE

The Bank has applied IFRS 16 using the cumulative catch-up approach. The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below.

The Bank as a lessee

The Bank assesses whether a contract is or contains a lease, at inception of the contract. The Bank recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Bank recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Bank remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Bank did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses which if is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Bank expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease

The right-of-use assets are presented as a separate line in the consolidated statement of financial position

The Bank applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other expenses' in profit or loss

As a practical experience, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Bank has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Bank allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components

4.5 INCOME TAX EXPENSE

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.6 DEPOSITS FROM CUSTOMERS

Profit sharing accounts are based on the principle of Mudaraba whereby the Company and the customer share an agreed percentage of any profit earned on the customer's deposit. The customer's share of profit is paid in accordance with the terms and conditions of the account. The profit calculation is undertaken at the end of each calendar month.

Customer Murabaha deposits consist of an Islamic financing transaction involving the Company arranging the purchase of an asset on behalf of the customer and the purchase thereof from the same customer by the Company at cost plus an agreed profit (mark-up) with settlement on a deferred payment basis. Customer Murabaha deposit balances are included in the statement of financial position under deposits from customers and the accrued returns payable to the customer are classified under other liabilities. Returns payable on customer Murabaha deposits are recognised on an effective yield basis over the period of the contract.

4.7 INVESTMENT PROPERTIES

Investment properties are held to earn rentals, or for capital appreciation, or both. These properties are measured at fair value. Investment properties are re-measured at the end of two reporting periods. Fair value is disclosed. Gains and losses on disposal are recognised in profit or loss.

4.8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central bank and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments.

4.9 ACCOUNT RECEIVABLES

Account receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not intend to sell immediately or in the near term.

4.10 FINANCIAL INSTRUMENTS

4.10.1 INITIAL RECOGNITION

Financial assets and financial liabilities are recognised in the Bank's balance sheet when the Bank becomes a party to the contractual provisions of the instrument.

4.10.2 INITIAL MEASUREMENT

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss. If the transaction price differs from fair value at initial recognition, the Bank will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);

- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

4.11 FINANCIAL ASSETS

4.11.1 CLASSIFICATION OF FINANCIAL ASSETS

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- assets that are hold within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and mark-up on the principal amount outstanding are subsequently measured at amortised cost;

- assets that are hold within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at FVTOCI;

all other assets (e.g. debt instruments managed on a fair value basis, or hold for sell) and equity investments are subsequently measured at FVTPL.

4.11.2 AMORTISED COST AND EFFECTIVE PROFIT RATE METHOD

The effective rate method is the method of calculating the amortised cost of those financial instruments measured at amortised cost of allocating income over the relevant period. The effective profit rate is the rate that is used to calculate the present value of the estimated future cash receipts (including all fees and point paid or received that form an integral part of the effective profit rate, transaction cost and other premium and discounts) through the expected life of the financing and investing instruments, or, where appropriate, a shorter period, or to arrive at the net carrying amount on initial recognition.

Income is recognized in the statement of comprehensive on an effective profit rate basis for financing and investing instruments measured subsequently at amortised cost.

4.11.3 FINANCIAL ASSETS AT AMORTISED COST OR AT FVTOCI

The Bank assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Bank's business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are solely payments of principal and profit on the principal outstanding. For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal).

Profit consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

4.11.4 FINANCIAL ASSETS AT FVTPL

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or/and
- assets that are hold in a business model other than hold to collect contractual cash flows or hold to collect and sell; or
- assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in profit or loss."

4.11.5 IMPAIRMENT OF FINANCIAL ASSETS

Financial assets that are measured at amortised cost are assessed for impairment at each reporting date.

The Bank applies a three-stage approach to measure allowance for credit losses, using an expected credit loss approach as required under IFRS 9, for the following categories of financial instruments that are measured at amortised cost:

- Islamic financing and investing assets
- Off-balance sheet instruments issued;

Financial assets migrate through three stages based on the change in credit risk since initial recognition.

No impairment loss is recognised on equity investments.

EXPECTED CREDIT LOSS IMPAIRMENT MODEL

The Expected Credit Loss (ECL) model contains a three stage approach which is based on the change in credit quality of financial assets since initial recognition. Expected credit losses reflect the present value of all cash shortfalls related to default events either (i) over the following twelve months or (ii) over the expected life of a financial instrument depending on credit deterioration from inception.

- Under Stage 1, where there has not been a significant increase in credit risk since initial recognition, an amount equal to 12 months ECL will be recorded. The 12 months ECL is calculated as the portion of life time ECL that represents the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original effective profit rate.

- Under Stage 2, where there has been a significant increase in credit risk since initial recognition but the financial instruments are not considered credit impaired, an amount equal to the default probability weighted lifetime ECL will be recorded. The PD and LGD are estimated over the lifetime of the instrument and the expected cash shortfalls are discounted by an approximation to the original effective profit rate.

- Under the Stage 3, where there is objective evidence of impairment at the reporting date these financial instruments will be classified as credit impaired and an amount equal to the lifetime ECL will be recorded for the financial assets, with the PD set at 100%.

The ECL model is forward looking and requires the use of reasonable and supportable forecasts of future economic conditions in the determination of significant increases in credit risk and measurement of ECL.

MEASUREMENT OF ECL

The Bank calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the effective profit rate. A cash shortfall is the difference between the cash flows that are due to the Bank in accordance with the contract and the cash flows that the Bank expects to receive. IFRS 9 considers the calculation of ECL by multiplying the Probability of default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). The Bank has developed methodologies and models taking into account the relative size, quality and complexity of the portfolios.

These parameters are generally derived from internally developed statistical models and other historical data and are adjusted to reflect forward-looking information.

Details of these statistical parameters/inputs are as follows:

- The probability of default (PD) is an estimate of the likelihood of default over a given time horizon;

- The exposure at default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date; and

The loss given default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

MACROECONOMIC FACTORS, FORWARD LOOKING INFORMATION AND MULTIPLE SCENARIOS

IFRS 9 requires an unbiased and probability weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions.

When estimating the ECLs, the Bank considers three scenarios (a base case, an upside and a downside). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted financing are expected to be recovered, including the probability that the financing will cure and the value of collateral or the amount that might be received for selling the asset.

In its ECL models, the Bank relies on a broad range of forward looking information as economic inputs, such as:

- Inflation rate
- Lending rate
- Foreign Exchange rates
- GDP

Macroeconomic factors and forward looking information are required to be incorporated into the measurement of ECL as well as the determination of whether there has been a significant increase in credit risk since origination. Measurement of ECLs at each reporting period should reflect reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

ASSESSMENT OF SIGNIFICANT INCREASE IN CREDIT RISK

The assessment of a significant increase in credit risk is done on a relative basis. To assess whether the credit risk on a financial asset has increased significantly since origination, the Bank compares the risk of default occurring over the expected life of the financial assets at the reporting date to the corresponding risk of default at origination, using key risk indicators that are used in the Bank's existing risk management processes. At each reporting date, the assessment of a change in credit risk will be individually assessed for those considered individually significant and at the segment level for both corporate and retail exposures.

The bank assets are moved from stage 1 to stage 2 if:

- the probability of default changes beyond the Bank's established threshold related to the initial recognition;
- an instrument is past due beyond 30 days; and
- an instrument's credit risk is considered higher based on qualitative criteria of the Bank.

The instruments moved to stage 2 from stage 1 remain in the stage until they perform for a sustained period as per Bank's policy.

Movement from stage 2 to stage 3 are based on whether the financial assets are credit impaired at the reporting date. The determination of the credit impairment remains unchanged in IFRS 9 consistent with IAS 39.

EXPERIENCED CREDIT JUDGEMENT

The Bank's ECL allowance methodology requires the use of experienced credit judgement to incorporate the estimated impact of factors not captured in the modelled ECL results, in all reporting periods.

When measuring ECL, the Bank considers the maximum contractual period over which the Bank is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment options and extension and rollover options.

EXPECTED LIFE

When measuring expected credit loss, the Bank considers the maximum contractual period over which the Bank is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment, and extension and rollover options.

DEFINITION OF DEFAULt

The Bank considers a financial asset to be in default when:

- it is established that due to financial or non-financial reasons the borrower is unlikely to pay its credit obligations to the Bank in full without recourse by the Bank to actions such as realising security (if any is held); or
- the borrower is past due 90 days or more on any material credit obligation to the Bank.

In assessing whether a borrower is in default, the Bank considers indicators that are:

i qualitative - e.g. material breaches of covenant;
ii quantitative - e.g. overdue status and non-payment on another obligation of the same customer /customer group to the banks; and
iii based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financing exposure is in default and their significance may vary over time to reflect changes in circumstances.

4.11.6 RECLASSIFICATIONS

If the business model under which the Bank holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Bank's financial assets.

During the current financial year and previous accounting period there was no change in the business model under which the Bank holds financial assets and therefore no reclassifications were made.

4.11.7 MODIFICATION AND DERECOGNITION OF FINANCIAL ASSETS

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date.

In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cashflows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. A penalty will be charged when covenants are breached).

The Bank renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms.

The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and mark up repayment), reduction in the amount of cash flows due (principal and mark-up forgiveness) and amendments to covenants.

When a financial asset is modified the Bank assesses whether this modification results in derecognition. In accordance with the Bank's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Bank considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in mark-up rates, maturity, covenants. If these do not clearly indicate a substantial modification, then;

- A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective rate.

In the case where the financial asset is derecognised the loss allowance for ECL is re-measured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition.

The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated credit

impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised balance because there remains a high risk of default which has not been reduced by the modification.

The Bank monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms. When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Bank determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with

- the remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified as part of the Bank's forbearance policy, where modification did not result in derecognition, the estimate of PD reflects the Bank's ability to collect the modified cash flows taking into account the Bank's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms.

If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition the Bank calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Bank measures ECL for the modified asset.

Where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset. The Bank derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity.

If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Bank retains an option to repurchase part of a transferred asset), the Bank allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

4.11.8 WRITE-OFF

Loans and debt securities are written off when the Bank has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Bank may apply enforcement activities to financial assets written off. Recoveries resulting from the Bank's enforcement activities will result in impairment gains."

4.11.9 PRESENTATION OF ALLOWANCE FOR ECL IN THE STATEMENT OF FINANCIAL POSITION

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognised in the statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investments revaluation reserve;
- for loan commitments and financial guarantee contracts: as a provision; and
- where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: The Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component.

Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

4.12 FINANCIAL LIABILITIES AND EQUITY

Liability and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Bank or a contract that will or may be settled in the Bank’s own equity instruments and is a non-derivative contract for which the Bank is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Bank’s own equity instruments.

4.13 EQUITY INSTRUMENTS

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Bank are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Bank's own equity instruments is recognised and deducted directly in equity. No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Bank's own equity instruments.

4.14 LIABILITIES

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

4.14.1 FINANCIAL LIABILITIES AT FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is

(i) Held for trading, or
(ii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or

- on initial recognition it is part of a portfolio of identified financial instruments that the Bank manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument. A financial liability other than a financial liability hold to sell or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Bank's documented risk management or investment strategy, and information about the Banking is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire hybrid (combined) contract to be designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains/losses arising on remeasurement recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain/loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'net income from other financial instruments at FVTPL' line item in the profit or loss account. However, for non-derivative financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss.

The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in OCI are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

For issued loan commitments and financial guarantee contracts that are designated as at FVTPL all gains and losses are recognised in profit or loss.

In making the determination of whether recognising changes in the liability's credit risk in OCI will create or enlarge an accounting mismatch in profit or loss, the Bank assesses whether it expects that the effects of changes in the liability's credit risk will be offset in profit or loss by a change in the fair value of another financial instrument measured at FVTPL. This determination is made at initial recognition."

4.14.2 OTHER FINANCIAL LIABILITIES

Deposit (Profit sharing accounts) are based on the principle of Mudaraba whereby the Company and the customer share an agreed percentage of any profit earned on the customer's deposit. The customer's share of profit is paid in accordance with the terms and conditions of the account. The profit calculation is undertaken at the end of each calendar month.

Customer Murabaha deposits consist of an Islamic financing transaction involving the Company arranging the purchase of an asset on behalf of the customer and the purchase thereof from the same customer by the Company at cost plus an agreed profit (mark-up) with settlement on a deferred payment basis. Customer Murabaha deposit balances are included in the statement of financial position under deposits from customers and the accrued returns payable to the customer are classified under other liabilities. Returns payable on customer Murabaha deposits are recognised on an effective yield basis over the period of the contract.

4.14.3 DERECOGNITION OF FINANCIAL LIABILITIES

The Bank derecognises financial liabilities when, and only when, the Bank's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Bank exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Similarly, the Bank accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability or current liabilities.

10 per cent different from the discounted present value of the remaining cash flows of the original financial liability or current liabilities.

4.15 KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are key estimations that the directors have used in the process of applying the Bank's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and determining the forward looking information relevant to each scenario: When measuring ECL the Bank uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

- Probability of default: PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

- Loss Given Default: LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements, including analysis of the sensitivity of the reported ECL to changes in LGD resulting from changes in economic drivers.

- Fair value measurement and valuation process: In estimating the fair value of a financial asset or a liability, the Bank uses market-observable data to the extent it is available. Where such Level 1 inputs are not available the Bank uses valuation models to determine the fair value of its financial instruments

4.16 PROPERTY, PLANT AND EQUIPMENT

(I) RECOGNITION AND MEASUREMENT

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses.

(II) DEPRECIATION

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

• Buildings	10%
• Furniture and equipment	20%
• Motor Vehicle	20%

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

4.17 INTANGIBLE ASSETS

An Intangible asset is generally considered as an identifiable non-monetary asset without physical substance. It is distinguished from goodwill based on the identifiability concept. It is recognised when future economic benefits will flow to the Bank and it can be reliably measured.

The useful life may be finite or indefinite depending on the nature and legal framework underpinning the transaction. Impairment assessment is made of all indefinite intangibles at each reporting date and the appropriate adjustments made.

(I) SOFTWARE

Software acquired by the Bank is stated at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is three to five years.

4.18 PERSONNEL EXPENSES

(I) DEFINED CONTRIBUTION PLANS

The Bank operates a defined contribution plan for all employees. Under the plan, fixed contributions are paid into a separate entity and the Bank will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(II) SHORT-TERM BENEFITS

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

4.19 SHARE CAPITAL AND RESERVES

The Bank classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.

(I) SHARE ISSUE COSTS

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

4.20 EARNINGS PER SHARE

The bank 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 bank 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.

4.21 DIVIDENDS

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

4.22 SUKUK AL SALAM

Securities purchased from the Central Bank of The Gambia under agreement to resell (reverse Repos), are disclosed as Sukuk al Salam as they are held to maturity after which they are repurchased and are not negotiable or discounted during the tenure.

4.23 ACCEPTANCES AND LETTERS OF CREDIT

Acceptances and Letters of credits are considered contingent liabilities and are disclosed unless the possibility of an outflow of resources involving economic benefits is remote.

5 FINANCIAL RISK MANAGEMENT

INTRODUCTION AND OVERVIEW

The Bank 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 Bank. This note presents information about the Bank 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. Bank specific framework based on the overall structure of the Bank ensures that the Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, 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 bank, 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.

GOVERNANCE STRUCTURE

BOARD OF DIRECTORS

The Board is responsible for the process of risk management and will form its own opinion on the effectiveness of the process. The Board provides oversight and takes responsibility for Strategic leadership of the bank, within the framework of good governance and prudent and effective controls which enable risk to be assessed and managed. The Board working with the Bank's management committee sets the risk strategy policies and ensures that necessary financial and human resources are in place for the bank to meet its objectives.

The Board has a general duty to ensure that the bank conducts business in accordance with all relevant statutory and regulatory requirements and the general duty includes.

I. The Board is responsible to shareholders for creating and delivering sustainable shareholder value through the management of the Bank's business.

II. The Board is therefore responsible for determining strategic objectives and policies of the Bank's to deliver such long-term value, providing overall strategic direction within a framework of rewards, incentives and controls. The Board ensures that management strikes an appropriate balance between promoting long-term growth and delivering short-term objectives. The Board ensures a balanced and understandable reporting to shareholders.

III. The Board is also responsible for ensuring that management maintains a system of internal control, which provides assurance of effective and efficient operations, internal financial controls and compliance with law and regulations. The Board is responsible for ensuring that an effective risk management policy exists which is appropriate to the corporate strategy of Agib Bank Ltd.

IV. The Board is the decision-making body for all other matters of such importance to the Bank as a whole because of their strategic, financial or reputational implications or consequences.

V. Powers reserved for the Board include, the approval of quarterly, half yearly and full year financial statements, approval of significant changes in accounting policies or practices, the appointment or removal of Directors and the Company Secretary, change to the bank's capital structure and major acquisitions, mergers, disposals or capital expenditure, approval of dividends and annual budgets.

VI. The Board shall have adequate knowledge and expertise to enable them carryout their oversight function effectively. They shall also have a fiduciary responsibility to act in the interest of the Bank.

VII. The Board shall ensure that the activities of Bank are Shariah compliant and are responsible for lapses on the part of the Shariah Committee. Accordingly, adopt policies that aid in providing range of products and services that uphold the values of Islamic finance.

VIII. The Board shall approve and review policies, strategies, set out clear lines of responsibility for management, appoint competent and qualified people to senior management positions and ensure that the operations of the Bank are conducted within the framework of of the laws of The Gambia.

IX. The Bank shall seek the prior written approval of Central Bank of The Gambia before the appointment of the Board, senior Management and any changes thereafter.

BOARD SUB- COMMITTEES

Under the Articles of Association, Directors may from time to time appoint committee consisting of such members of their body and such other persons as they think fit and may delegate any of their powers to such Committees. Any committee so formed shall in the exercise of its powers to delegate, conform to regulations laid down by the Board.

Committee members are expected to attend each committee meeting, unless circumstances prevent them from doing so, in which case apologies should be sent ahead of the meeting. The main Board committees are:

I. Board Audit Committee
II. Board Risk Committee

The Board shall be responsible for determining the terms of reference of the Board Committees. The Committees shall render reports to the Board at quarterly meeting.

BOARD AUDIT COMMITTEE (BAC)

The board oversees and monitors the Bank's strategic, operational, financial and compliance risk exposures, and it collaborates with management in setting risk appetite, risk tolerances, and alignment with strategic priorities. The BAC will be responsible for ensuring that the Bank complies with all the relevant policies and procedures both from the regulators and as laid-down by the Board of Directors. Its major functions include: approval of the annual audit plan of the internal auditors, review and approval of the audit scope and plan of the external auditors, review of the audit report on internal weaknesses observed by both the internal and external auditors during their respective examination and to ascertain whether the accounting and reporting policies of the Bank are in accordance with legal requirements and agreed ethical practices.

BOARD RISK MANAGEMENT AND COMPLIANCE COMMITTEE

This Committee is tasked with the responsibility of setting and reviewing the Bank's risk policies. The coverage of supervision includes the following: credit risk, reputation risk, operations risk, technology risk, market and rate risks, liquidity risk and other pervasive risks as may be posed by the events in the industry at any point in time.

The Committee's major responsibilities are to set policies on the Bank's risk profile and limits, determine the adequacy and completeness of its risk detection and measurement systems, assess the adequacy of the mitigates to the risk, review and approve the contingency plan for specific risk and ensure that all units in the Bank are fully aware of the risks involved in their functions. The Committee may be contacted as the need arises to approve urgent issues by circulation when significant decisions impacting the Bank have to be taken before the time scheduled for the Committee's meeting. Such urgent approvals shall be stated for ratification at the next meeting of the Committee.

MANAGEMENT COMMITTEES

These are Committees comprising of senior management of the Bank. The Committees are risk driven as they are basically set up to identify, analyze, synthesize and make recommendations on risks arising from day to day activities of the Bank. They also ensure that risk limits as contained in the Board and Regulatory policies are complied with at all times. They provide inputs for the respective Board Committees and also ensure that recommendations of the Board Committees are effectively and efficiently implemented. They meet as frequently as the risk issues occur to immediately take actions and decisions within the confines of their powers. The key Management Committees in the Bank are:

- Management Committee
- Criticized Assets Committee
- Assets and Liability Management Committee (ALCO)
- Management Credit Committee (MCC)

This is the Committee responsible for ensuring that the Bank complies fully with the Credit Policy Guide as laid down by the Board of Directors. The Committee also provides inputs for the Board Credit Committee. This Committee reviews and approves credit facilities to individual obligors not exceeding in aggregate a sum to be determined by the Board from time to time.

The Management Credit Committee is responsible for reviewing and approving all credits that are above the approval level of the Managing Director & CEO as determined by the Board. The Committee meets at least once a week or once a fortnight depending on the number of credit applications to be considered. The Committee reviews the entire credit portfolio of the Bank and conducts periodic assessment of the quality of risk assets in the Bank. It also ensures that adequate monitoring of performance is carried out. The secretary of the Committee is the head of Credit Administration Unit of the Bank.

The Committee is also responsible for regular analysis and consideration of risks in the Bank. The Committee reviews and analysis environmental issues and policies impacting either directly or remotely on the Bank, brainstorms on such issues and recommends steps to be taken by the Bank. The Committee provides inputs for the Board Risk Committee and also ensures that the decisions and policies emanating from the Committee's meeting are implemented. The committee is chaired by the Managing Director & CEO

Criticized Assets Committee (CAC)

The Committee is responsible for the assessment of the risk asset portfolio of the Bank. It highlights the status of the its assets in line with the internal and external regulatory framework and ensures that triggers are sent in respect of delinquent assets. The Committee also ensures that adequate provisions are taken in line with the regulatory guidelines. The members of the Committee include the Managing Director & CEO and other relevant Management Staff of the Bank. The committee is chaired by the Managing Director & CEO

Assets and Liability Committee (ALCO)

This Committee is responsible for the management of a variety of risks arising from the Bank's business including market and liquidity risk management, loan to deposit ratio analysis, cost of funds analysis, establishing guidelines for pricing on deposit and credit facilities, exchange rate risks analysis, balance sheet structuring regulatory considerations and monitoring of the status of implemented assets and liability strategies. The members of the Committee include the Managing Director & CEO, the Treasurer, the Head of Financial Control, Head, Risk Management, Head of Operations. The committee is chaired by the Managing Director & CEO

(I) CREDIT RISK

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Bank. The Bank's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances to customers and other banks (including related commitments to lend such as loan or credit card facilities), investments in debt securities and derivatives that are an asset position

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The Bank considers all elements of credit risk exposure such as counterparty default risk, geographical risk and sector risk for risk management purposes.

I. CREDIT RISK MANAGEMENT

The Bank's credit committee is responsible for managing the Bank's credit risk by:

- Ensuring that the Bank has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the Bank's stated policies and procedures, IFRS and relevant supervisory guidance.

- Identifying, assessing and measuring credit risk across the Bank, from an individual instrument to a portfolio level.

- Creating credit policies to protect the Bank against the identified risks including the requirements to obtain collateral from borrowers, to perform robust ongoing credit assessment of borrowers and to continually monitor exposures against internal risk limits.

- Limiting concentrations of exposure by type of asset, counterparties, industry, credit rating, geographic location etc.

- Establishing a robust control framework regarding the authorisation structure for the approval and renewal of credit facilities.

- Developing and maintaining the Bank's risk grading to categorise exposures according to the degree of risk of default. Risk grades are subject to regular reviews.

- Developing and maintaining the Bank's processes for measuring ECL including monitoring of credit risk, incorporation of forward looking information and the method used to measure ECL.

- Ensuring that the Bank has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.

- Establishing a sound credit risk accounting assessment and measurement process that provides it with a strong basis for common systems, tools and data to assess credit risk and to account for ECL. Providing advice, guidance and specialist skills to business units to promote best practice throughout the Bank in the management of credit risk.

The internal audit function performs regular audits making sure that the established controls and procedures are adequately designed and implemented.

II. SIGNIFICANT INCREASE IN CREDIT RISK

The Bank monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Bank will measure the loss allowance based on lifetime rather than 12-month ECL.

III. INTERNAL CREDIT RISK RATING

In order to minimise credit risk, the Bank has tasked its credit management committee to develop and maintain the Bank's credit risk grading to categorise exposures according to their degree of risk of default. The Bank's credit risk grading framework comprises ten categories. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement.

The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

The credit risk grades are designed and calibrated to reflect the risk of default as credit risk deteriorates. As the credit risk increases the difference in risk of default between grades changes. Each exposure is allocated to a credit risk grade at initial recognition, based on the available information about the counterparty.

All exposures are monitored and the credit risk grade is updated to reflect current information. The monitoring procedures followed are both general and tailored to the type of exposure. The following data are typically used to monitor the Bank's exposures:

- Payment record, including payment ratios and ageing analysis;
- Extent of utilisation of granted limit;
- Forbearances (both requested and granted);
- Changes in business, financial and economic conditions;
- Credit rating information supplied by external rating agencies;
- For retail exposures: internally generated data of customer behaviour, affordability metrics etc.; and
- For corporate exposures: information obtained by periodic review of customer files including audited financial statements review, market data such as prices of credit default swaps (CDS) or quoted bonds where available, changes in the financial sector the customer operates etc.

The Bank uses credit risk grades as a primary input into the determination of the term structure of the PD for exposures. The Bank collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading. The information used is both internal and external depending on the portfolio assessed.

The Bank analyses all data collected using statistical models and estimates the remaining lifetime PD of exposures and how these are expected to change over time. The factors taken into account in this process include macro-economic data such as GDP growth, unemployment, benchmark interest rates and house prices.

The Bank generates a 'base case' scenario of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. The Bank then uses these forecasts, which are probability-weighted, to adjust its estimates of PDs.

The Bank uses different criteria to determine whether credit risk has increased significantly per portfolio of assets. The criteria used are both quantitative changes in PDs as well as qualitative. The table below summarises per type of asset the range above which an increase in lifetime PD is determined to be significant, as well as some indicative.

Loan commitments are assessed along with the category of loan the Bank is committed to provide, i.e. commitments to provide mortgages are assessed using similar criteria to mortgage loans, while commitments to provide a corporate loan are assessed using similar criteria to corporate loans.

Irrespective of the outcome of the above assessment, the Bank presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due unless the Bank has reasonable and supportable information that demonstrates otherwise.

The Bank has monitoring procedures in place to make sure that the criteria used to identify significant increases in credit are effective, meaning that significant increase in credit risk is identified before the exposure is defaulted or when the asset becomes 30 days past due.
The Bank performs periodic back-testing of its ratings to consider whether the drivers of credit risk that led to default were accurately reflected in the rating in a timely manner.

INCORPORATION OF FORWARD-LOOKING INFORMATION

The Bank uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL.

The Bank employs experts who use external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios.

The external information used includes economic data and forecasts published by governmental bodies and monetary authorities. The Bank applies probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome and consists of information used by the Bank for strategic planning and budgeting.

The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The Bank has not made changes in the estimation techniques or significant assumptions made during the reporting period.

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past years.

MEASUREMENT OF ECL

The key inputs used for measuring ECL are:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

As explained above these figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information. PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time.

The calculation is based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD. LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral.

The LGD models for secured assets consider forecasts of future collateral valuation taking into account sale discounts, time to realisation of collateral, cross-collateralisation and seniority of claim, cost of realisation of collateral and cure rates (i.e. exit from non-performing status). LGD models for unsecured assets consider time of recovery, recovery rates and seniority of claims.

The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the loan. EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

The Bank's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortisation profiles, early repayment or overpayment, changes in utilisation of undrawn commitments and credit mitigation actions taken before default.

The Bank uses EAD models that reflect the characteristics of the portfolios. The Bank measures ECL considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if contact extension or renewal is common business practice. However, for financial instruments such as credit cards, revolving credit facilities and overdraft facilities that include both a loan and an undrawn commitment component, the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Bank's exposure to credit losses to the contractual notice period.

For such financial instruments the Bank measures ECL over the period that it is exposed to credit risk and ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. These financial instruments do not have a fixed term or repayment structure and have a short contractual cancellation period.
However, the Bank does not enforce in the normal day-to-day management the contractual right to cancel these financial instruments. This is because these financial instruments are managed on a collective basis and are cancelled only when the Bank becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Bank expects to take to mitigate ECL, e.g. reduction in limits or cancellation of the loan commitment.

CREDIT QUALITY

Class of financial instrument	Financial statement line
Islamic Finance to banks at amortised cost	Islamic Finance to banks
Other assets	Other assets
Commitments and financial guarantee contracts	Provisions

The Bank monitors credit risk per class of financial instrument. The table below outlines the classes identified, as well as the financial statement line item and the note that provides an analysis of the items included in the financial statement line for each

An analysis of the Bank's credit risk concentrations per class of financial asset is provided in the following tables. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Islamic Finance to customers at amortised cost

Concentration by sector	**Dec-23**	Dec-22
	D'000	D'000
Agriculture	**1,087,009**	1,406,792
Energy	**1,400,839**	-
Building and Construction	**184,545**	261,522
Financial Institution	**52,230**	78,284
Distributive Trade	**38,621**	229,862
Tourism	**8,848**	-
Telecommunication	**157,919**	
Manufacturing	**507**	
Transportation	**2,120**	
Other Loans & Advances	**118,404**	310,684
	3,051,042	2,287,144

Off balance sheet Concentration by sector	**Dec 23 D'000**	Dec -22 D'000
Retail:		
Mortgages	**-**	-
Unsecured lending	**-**	-
Corporate:		
Commercial	**253,000**	519,151
Real estate	**-**	-
Energy	**-**	-
Leisure and services	**-**	-
Other	**-**	-
Total	**253,000**	519,151

An analysis of the Bank's credit risk exposure per class of financial asset, internal rating and "stage" without taking into account the effects of any collateral or other credit enhancements is provided in the following tables. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Islamic Finance to customers at amortised cost	**Stage 1 12-month ECL D'000**	**Stage 2 Lifetime ECL D'000**	**Stage 3 Lifetime ECL D'000**	**Year Ended Dec-23 Total D'000**
Grades 1-3: Low to fair risk	**2,941,122**	**-**		**2,941,122**
Grades 4-6 Monitoring	**-**	**48,125**	**63,302**	**111,427**
Grades 7-8: Substandard	**-**	**-**	**8,848**	**8,848**
Grade 9: Doubtful	**-**	**-**	**12,756**	**12,756**
Grade 10: Impaired	**-**	**-**	**13,122**	**13,122**
Total gross carrying amount	**2,941,122**	**48,125**	**98,028**	**3,087,275**
Loss allowance	**(31,815)**	**(1,282)**	**(3,136)**	**(36,233)**
Total net carrying amount	**2,909,307**	**46,843**	**94,892**	**3,051,042**

Islamic Finance to customers at amortised cost	Stage 1 12-month ECL D'000	Stage 2 Lifetime ECL D'000	Stage 3 Lifetime ECL D'000	Dec-22 Total D'000
Grades 1-3: Low to fair risk	2,197,043	-		2,197,043
Grades 4-6 Monitoring	-	62,432	25,056	87,488
Grades 7-8: Substandard	-	-	15,682	15,682
Grade 9: Doubtful	-	-	51,600	51,600
Grade 10: Impaired	-	-	68,333	68,333
Total gross carrying amount	2,197,043	62,432	160,671	2,420,146
Loss allowance	(49.364)	(967)	(82,671)	(133,002)
Total net carrying amount	2,147,679	61,465	78,000	2,287,144

Off Balance Sheet	Stage 1 12-month ECL D'000	Stage 2 Lifetime ECL D'000	Stage 3 Lifetime ECL D'000	D'000	Year Ended Dec-23 Total
Grades 1-3: Low to fair risk	**253,000**	-	-		**253,000**
Grades 4-6 Monitoring	**-**	-	-		-
Grades 7-8: Substandard	**-**	-	-		-
Grade 9: Doubtful	**-**	-	-		-
Grade 10: Impaired					
Total amount committed	**253,000**				**253,000**

Off Balance Sheet	Stage 1 12-month ECL D'000	Stage 2 Lifetime ECL D'000	Stage 3 Lifetime ECL D'000	D'000	Year Ended Dec-22 Total
Grades 1-3: Low to fair risk	519,151	-	-		519,151
Grades 4-6 Monitoring	-	-	-		-
Grades 7-8: Substandard	-	-	-		-
Grade 9: Doubtful	-	-	-		-
Grade 10: Impaired					
Total amount committed	519,151				519,151

The tables below analyse the movement of the loss allowance during the year per class of assets.

	Stage 1 D'000	Stage 2 D'000	Stage 3 D'000	D'000
Loss allowance as at 1 January 2023	(49,364)	(967)	(82,671)	(133,002)
Changes in the loss allowance				
Transition adjustment	-	-	-	-
—Transfer to stage 1	-	-	-	-
—Transfer to stage 2	-	-	-	-
—Transfer to stage 3	-		-	-
—Increase/(decrease) due to change in credit risk	**18,181**	**(315)**	**79,535**	**97,401**
Decreases due to change in credit risk	**-**	**-**	**-**	**-**
not result in derecognition	-	-	-	-
New financial assets originated or purchased	-	-	-	-
Financial assets that have been derecognised	-	-	-	-
Changes in models/risk parameters	-	**-**	**-**	**-**
Off balance sheet movements	**(632)**	**-**	**-**	**(632)**
Loss allowance as at 31 December 2023	**(31,815)**	**(1,282)**	**(3,136)**	**(36,233)**

Loss allowance – Off-balance sheet	**12-month ECL D'000**	**Lifetime ECL D'000**	**Lifetime ECL D'000**	**Total D'000**
Loss allowance as at 31 January 2023	(1,298)	-	-	(1,298)
Changes in the loss allowance				
—Transfer to stage 1	**-**	**-**	**-**	**-**
—Transfer to stage 2	**-**	**-**	**-**	**-**
—Transfer to stage 3	**-**	**-**	**-**	**-**
—Increases due to change in credit risk		**-**	**-**	
Decreases due to change in credit risk	**666**	**-**	**-**	**666**
Write-offs	**-**	**-**	**-**	**-**
Changes due to modifications that did	**-**	**-**	**-**	**-**
not result in derecognition	**-**	**-**	**-**	**-**
New financial assets originated or purchased	**-**	**-**	**-**	**-**
Financial assets that have been derecognised	**-**	**-**	**-**	**-**
Changes in models/risk parameters	**-**	**-**	**-**	**-**
Loss allowance as at 31 December 2023	**(632)**	**-**	**-**	**(632)**

	Stage 1 12-month ECL D'000	Stage 2 Lifetime ECL D'000	Stage 3 Lifetime ECL D'000	Total D'000
Total amount guaranteed as at 31 January 2023	519,151			519,151
Changes in amount guaranteed				
—Transfer to stage 1	-			-
—Transfer to stage 2	-			-
—Transfer to stage 3	-			-
—Changes due to modifications that did not result in derecognition	-			-
New financial assets originated or purchased	**(266,151)**			**(266,151)**
Financial assets that have been derecognised	-			-
Write off	-			-
Other changes				
Gross carrying amount as at 31 December 2023	**253,000**			**253,000**

COLLATERAL HELD AS SECURITY AND OTHER CREDIT ENHANCEMENTS

The Bank holds collateral or other credit enhancements to mitigate credit risk associated with financial assets. The Bank did not hold any financial instrument for which no loss allowance is recognised because of collateral at 31st December, 2023.

The Bank holds collateral against account receivables from customers in the form of Title deeds/ property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral is not normally held for advances to banks, except when securities are held as part of reverse repurchase and securities borrowing activity.

An estimate of the fair value of collateral and other security enhancements held against financial assets is shown below. It must however be noted that collateral values of impaired loans are at cash flows of the forced sale values less estimated costs of sale as discounted to present values:

	Islamic Finance to customers 2023	Islamic Finance to customers 2022	to banks 2023	to banks 2022
Against individually impaired				
Property	**234,115**	148,725	-	-
Other	-	-	-	-
Against collectively impaired				
Property	**221,345**	265,000		
- -				
Other	-	-	-	-
Against past due but not impaired				
Property	71,185	159,744	-	
Other	-	-	-	-
Against neither past due nor impaired				
Property	**3,392,243**	2,005,135	-	-
Other	-	-	-	-
Total	**3,918,888**	2,578,604	-	-

PERSONAL LENDING

The Bank's personal lending portfolio consists of secured and unsecured loans.

CORPORATE LENDING

The Bank requests collateral and guarantees for corporate lending. The most relevant indicator of corporate customers' creditworthiness is an analysis of their financial performance and their liquidity, leverage, management effectiveness and growth ratios. For this reason, the valuation of collateral held against corporate lending is not routinely updated. The valuation of such collateral is updated if the loan is put on "watch-list" and is therefore monitored more closely.

For credit-impaired loans the Bank obtains appraisal of collateral to inform its credit risk management actions. As at 31 December 2023, the net loans of the bank including both retail and corporate stood at D3.051billion, (2022: D2.287billion).

INVESTMENT SECURITIES

The Bank holds investment securities measured at amortised cost with a carrying amount of D415million. The investment securities held by the Bank are sovereign debts (Sukuk AL Salam).

(II) LIQUIDITY RISK

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

MANAGEMENT OF LIQUIDITY RISK

The bank'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 bank's reputation.

Treasury Department 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 Department then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities (SUKUK), loans and advances to banks (inter-bank facilities), to ensure that sufficient liquidity is maintained within the bank as a whole.

All liquidity policies and procedures are subject to review and approval by ALCO. Daily reports cover the liquidity position of the bank. A summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO.

EXPOSURE TO LIQUIDITY RISK

The key measure used by the bank for managing liquidity risk is daily liquidity report. The Bank liquidity ratio (which is the ratio of liquid assets to demand deposits from customers) at the reporting date shows excess liquidity position of the Bank

At the reporting period excess liquidity was as follows:

	2023	2022
At 31 December	**87.86%**	107.00%
Average for the period	**208.80%**	108.90%
Maximum for the period	**315.00%**	156.00%
Minimum for the period	**102.60%**	61.80%

RESIDUAL CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES (IN MILLIONS OF D)

	Carrying amount	Less than 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	More than 5 years
31-Dec-23						
Non-derivative liabilities						
Deposits from banks	-	-	-	-	-	-
Deposits from customers	**4,178,278**	**1,978,729**	**6,889**	**2,192,660**	**-**	-
	4,178,278	**1,978,729**	**6,889**	**2,192,660**	**-**	-
31-Dec-22						
Non-derivative liabilities						
Deposits from banks		**-**	**-**	**-**	**-**	-
Deposits from customers	4,121,902	1,794,736	6,629	2,320,537	**-**	-
	4,121,902	1,794,736	6,629	2,320,537	-	-

(III) MARKET RISK

Market risk is the risk of loss of income arising from unfavourable market movements, including foreign exchange rates and profit rates. The objective of market risk management is to manage and control exposures within acceptable parameters, whilst optimising returns. The Company is not exposed to any material foreign currency risk. Given the bank's current profile of financial instruments, the principle exposure is the risk of loss arising from fluctuations in the future cash flows or fair values of these financial instruments because of a change in achievable rates. This is managed principally through monitoring gaps between effective profit and rental rates and reviewing approved rates and bands at regular re-pricing meetings:

- Profit rates for Commodity Murabaha receivables are agreed with the counterparty bank at the time of each transaction and the profit (mark-up) and effective yield rate is consequently fixed (for Murabaha) for the duration of the contract. Risk exposure is managed by reviewing the maturity profiles of transactions entered into.

- Effective rates applied to new consumer finance transactions are agreed on a monthly basis by ALCO and the profit (mark-up) will then be fixed for each individual transaction for the agreed deferred payment term.

- Profit rates payable on Mudaraba customer deposit accounts are calculated at each month-end in line with the profit allocation model and the customer terms and conditions. Profit rates payable on Murabaha deposits are agreed with the customer at the time of each transaction and the profit (mark-up) and effective yield rate is consequently fixed (for Murabaha) and maintained (for Wakala) for the duration of the contract. Risk exposure is managed by reviewing the maturity profiles of transactions entered into.

MANAGEMENT OF MARKET RISK

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

	Carrying amount	Less than 3 months	3 - 6 months	6-1 months	1 - 5 years	+5 years
31-Dec-23						
Cash and cash equivalents	**1,323,101**	**1,323,101**	**-**	**-**	**-**	**-**
Islamic finances	**3,051,042**	**68,472**	**37,099**	**1,217,786**	**1,708,256**	**19,429**
Investments	**415,365**	**-**		**415,365**	**-**	**-**
	4,798,508	**1,391,573-**	**37,099**	**1,633,151**	**1,708,256**	**19,429**
Deposits from banks	-	-	-	-	-	-
Deposits from customers	**4,178,278**	**1,978,729**	**6,889**	**2,192,660**	-	-
Effect of derivatives held for risk management	-	-	-	-	-	-
	4,178,278	**1,978,729**	**6,889**	**2,192,660**	**-**	**-**
31-Dec-22						
Cash and cash equivalents	1,389,957	1,389,957	-	-	-	-
Islamic finances to customer	2,287,144	75,434	259,948	1,594,472	336,070	21,220
Investments	505,378	-		505,378	-	-
	4,182,479	1,465,391	259,948	2,099,850	336,070	21,220
Deposits from banks		-	-	-	-	-
Deposits from customers	4,121,902	1,794,736	6,629	2,320,537	-	-
Effect of derivatives held for risk management	-	-	-	-	-	-
	4,121,902	1,794,736	6,629	2,320,537	-	-

(IV) OPERATIONAL RISKS

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the bank'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 behavior. Operational risks arise from all of the bank's operations and are faced by all business units.

The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the bank'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 Bank 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
- risk mitigation, including insurance where this is effective.

Compliance with Bank 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 Bank.

(V) SHARIA COMPLIANCE RISK

Sharia compliance risk is the risk of loss arising from products and services not complying with Sharia requirements or in accordance with Islamic principles. The Bank's purpose is to provide Sharia compliant banking to customers. The Sharia compliant nature of each product and Service offered is therefore critical to the success of the Bank.

The Sharia compliance of each product and service offered is achieved via the Sharia Supervisory Committee (SSC), which seeks to ensure that the Bank's operations are in compliance with Islamic law. The SSC is comprised of experts in the interpretation of Islamic law and its application to modern day Islamic financial institutions. The SSC meets on a regular basis to review all material contracts and agreements relating to the Bank's transactions, certifying every product and service offered.

(VI) CAPITAL MANAGEMENT

Regulatory capital

The Central Bank of The Gambia sets and monitors capital requirements for the Bank as a whole. The banking operations are directly supervised by their local regulators.

In implementing current capital requirements, The Central Bank of The Gambia requires the bank to maintain a prescribed ratio of total capital to total risk-weighted assets. The bank is also required to maintain a credible capital plan to ensure that capital level of the Bank is maintained in consonance with the Bank's risk appetite.

The Bank's regulatory capital is analysed into two tiers:

- Tier 1 capital, which includes ordinary share capital, share premium, perpetual bonds (which are classified as innovative Tier 1 securities), retained earnings, translation reserve and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.

- Tier 2 capital, which includes qualifying subordinated liabilities, and the element of the fair value reserve relating to unrealised gains on equity instruments classified as available-for-sale.

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. Other deductions from capital include the carrying amounts of investments in subsidiaries that are not included in the regulatory consolidation, investments in the capital of banks and certain other regulatory items.

Banking operations are categorised as either trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

The bank'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 Bank 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 bank and its individually regulated operations have complied with all externally imposed capital requirements throughout the period.

There have been no material changes in the bank's management of capital during the period.

The Bank's regulatory capital position at 31 December was as follows:

%	`	**2023**	2022
Tier 1 capital			
Ordinary share capital	100	**241,209**	241,209
Share premium	100	**2,292**	2,292
Retained earnings	100	**94,214**	35,677
Statutory reserves	100	**120,231**	95,836
Total		**457,946**	375,014
Tier 2 capital			
Revaluation reserve	50	**69,739**	69,739
Fair value reserve for available-for-sale equity securities	50	**-**	(256)
Total		**69,739**	69,483
Total regulatory capital		**527,685**	444,497
Risk-weighted assets			
Balances due from other Banks	40	**455,791**	407,098
Real Estate Investment	100	**286,588**	257,646
Financing	100	**556,673**	742,085
Fixed & Other Assets	100	**291,074**	273,961
Guarantees	100	**253,000**	519,151
Total risk-weighted assets		**1,843,126**	2,199,941
Risk weighted Capital Adequacy ratio		**28.63%**	20.20%
Risk Weighted Tier 1 Capital Ratio		**24.85%**	17.05%

Capital ratios

Total regulatory capital expressed as a percentage of total risk-weighted assets

Total tier 1 capital expressed as a percentage of risk-weighted assets

Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimization 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 Bank Risk Credit, and is subject to review by the Bank Credit Committee 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 Bank 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 bank's longer term strategic objectives. The bank's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

Use of estimates and judgements and Key sources of estimation uncertainty

While applying the accounting policies as stated in note 4, the management of the bank has made certain judgments. These judgments mainly have a significant effect on the carrying amounts of Islamic financing and investing assets, investment securities. The significant judgments made by the management in arriving at the carrying amounts of Islamic financing and investing assets, investment securities are summarised as follows:

I. SIGNIFICANT INCREASE IN CREDIT RISK

As explained in note 3.12.6, ECL are measured as an allowance equal to 12-month ECL for Stage 1 assets, or lifetime ECL for Stage 2 or Stage 3 assets. An asset moves to Stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Bank takes into account qualitative and quantitative reasonable and supportable forward looking information.

II. ESTABLISHING GROUPS OF ASSETS WITH SIMILAR CREDIT RISK CHARACTERISTICS

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Bank monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets.

III. MODELS AND ASSUMPTIONS USED

The Bank uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgment is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

IV. IMPAIRMENT LOSSES ON ISLAMIC FINANCING AND INVESTING ASSETS

The impairment allowance for Islamic financing and investing assets is established through charges to the statement of comprehensive income in the form of an impairment allowance for doubtful Islamic financing and investing assets.

Individually assessed Islamic financing and investing assets

Impairment losses for individually assessed Islamic financing and investing assets are determined by an evaluation of exposure on a case-by-case basis. This procedure is applied to all classified corporate and personal Islamic financing assets which are individually significant accounts or are not subject to the portfolio-based-approach.

The following factors are considered by management when determining allowance for impairment on individual Islamic financing and investing assets which are significant:

- The amount expected to be realised on disposals of collaterals;
- The bank's ability to enforce its claim on the collaterals and associated cost of litigation; and
- The expected time frame to complete legal formalities and disposals of collaterals.

The bank policy requires regular review of the level of impairment allowances on individual facilities and regular valuation of the collateral and its enforceability.

Impaired Islamic financing and investing assets continue to be classified as impaired unless they are brought fully current and the collection of scheduled profit and principal is considered probable.

Critical accounting judgements in applying the bank's accounting policies

Critical accounting judgements made in applying the Bank's accounting policies include:

Financial asset and liability classification

The bank's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

- In classifying financial assets as held-to-maturity, the Bank has determined that it has both the positive intention and ability to hold the assets until their maturity date as required by accounting policy in note 4.

Details of the bank's classification of financial assets and liabilities are given in note 4.

5.1.1 OPERATING SEGMENTS

Segment information is presented in respect of the Agib's business segments. The primary format, business segments, is based on the bank's management and internal reporting structure.

BUSINESS SEGMENTS

The Bank comprises the following main business segments:

Investment Banking	Includes the bank's trading and corporate finance activities
Corporate Banking	Includes loans, deposits and other transactions and balances with corporate customers
Retail Banking	Includes loans, deposits and other transactions and balances with retail customers
Treasury	Undertakes the bank's funding and centralised risk management activities through borrowings, issues of debt securities and investing in liquid assets such as short-term placements and corporate and government ebt securities.

BUSINESS SEGMENTS 2023

Investment`	Corporate	Retail Banking	Shared services Banking	Total Treasury Banking	Unallocated	Total
External revenue						
Net interest income	-	190,002	-	-	-	190,002
Net fee and commission income	-	-	-	-	68,531	68,531
Net trading income	-	-	-	53,442	-	53,442
Net income from other financial instruments carried at fair value	-	-	-	-	-	-
Other operating income	-	-	-	-	34,293	34,293
Intersegment revenue	-	-	-	-	-	-
Total segment revenue	-	190,002	-	53,442	102,824	346,268
Segment result	-	-	-	-	-	-
Income tax expense	-	-	-	-	56,090	56,090
Profit for the period	-	-	-	-	97,581	97,581
Segment assets	-	-	-	-	5,481,951	5,481,951
unallocated assets	-	-	-	-		
Total assets	-	-	-	-	5,481,951	5,481,951
Segment liabilities	-	-	-	-	5,481,951	5,481,951
Unallocated liabilities	-	-	-	-	-	-
Total liabilities	-	-	-	-	5,481,951	5,481,951
Impairment losses on financial assets	-	-	-	-		-
Depreciation and amortisation	-	-	-	-	30,299	30,299
Restructuring costs	-	-	-	-	-	-
Capital expenditure	-	-	-	-	-	-

OPERATING SEGMENTS (CONTINUED) BUSINESS SEGMENTS 2022

Investment	Corporate	Retail Banking	Shared services Banking	Total Treasury Banking	Unallocated	Total
External revenue						
Net Investment income	-	184,312	-	-	-	184,312
Net fee and commission income	-	-	-	-	71,331	71,331
Net trading income	-	-	-	45,384	-	45,384
Other operating income	-	-	-	-	-	-
Intersegment revenue	-	-	-	-	45,059	45,059
Total segment revenue	-	184,312	-	45,384	116,390	346,086
Segment result	-	-	-	-	-	-
Income tax expense	-	-	-	-	(5,050)	(5,050)
Profit for the period	-	-	-	-	112,310	112,310
Segment assets	-	-	-	-	4,718,024	4,718,024
Unallocated assets	-	-	-	-		
Total assets	-	-	-	-	4,718,024	4,718,024
		-	-	-		
Segment liabilities	-				4,718,024	4,718,024
Unallocated liabilities	-	-	-	-	-	-
Total liabilities	-	-	-	-	4,718,024	4,718,024
		-	-	-		
Impairment losses on financial assets	-					-
Depreciation and amortisation	-	-	-	-	28,812	28,812
Restructuring costs	-	-	-	-	-	-
Capital expenditure	-	-	-	-	-	-

5.1.2FINANCIAL ASSETS AND LIABILITIES

Accounting classifications and fair values. The table below sets out the bank's classification of each class of financial assets and liabilities, and their fair values (excluding accrued profit).

31-Dec-23	Designated at fair value	Hold-to-collect	Loans and receivables	Available-for-sale	Other amortised Cost	Total carrying Amount	Fair value
Cash and cash equivalents	**1,323,101**	-	-	-	-	**1,323,101**	**1,323,101**
Investments	-	**415,365**	-	-	-	**415,365**	**415,365**
	-	-	-	-	-	-	-
Loans and advances to customers	-	-	**3,051,042**	-	-	**3,051,042**	**3,051,042**
Trading assets	-	-	-	-	-	-	-
	-	-	-	-	-	**4,789,508**	**4,798,508**
Trading liabilities	-	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-	-
Deposits from banks	-	-	-	-	-	-	-
Deposits from customers	-	-	**4,178,278**	-	-	**4,178,278**	**4,178,278**
Debt securities issued	-	-	-	-	-	-	-
Subordinated liabilities	-	-	-	-	-	-	-
	-	-	-	-	-	**4,178,278**	**4,178,278**
31-Dec-22							
Cash and cash equivalents	1,389,957	-	-	-	-	1,389,957	1,389,957
Sukuk al Islam	-	505,378	-	-	-	505,378	505,378
Derivative assets held for risk management	-	-	-	-	-	-	-
Loans and advances to customers	-	-	2,287,144	-	-	2,287,144	2,287,144
Trading assets	2,222	-	-	-	-	2,222	2,222
	-	-	-	-	-	4,184,701	4,184,701
Trading liabilities	-	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-	-
Deposits from banks	-	-	-	-	-	-	-
Deposits from customers	-	-	4,121,902	-	-	4.121,902	4,121,902
Subordinated liabilities	-	-	-	-	-	-	-
	-	-	-	-	-	4.121,902	4,121,902

REGULATORY REQUIREMENTS

The Bank is subject to the regulatory requirements of the Central Bank of the Gambia CBG, which include limits and other restrictions pertaining to minimum capital adequacy requirements, provisioning to cover credit risk, liquidity, interest rate, and foreign currency position

6 Income from Islamic finance	**2023**	2022
Arrangement fees	**-**	-
Income from murabaha sales	**134,649**	206,030
Income from Sukuk	**79,197**	13,368
Income from Istisnaa	**3**	3
Income from Ijara	**-**	-
Income from overdrafts	**-**	-
Income from Musharaka	**-**	-
Total income from investments	**213,849**	219,401

7 Return to customers	**2023**	2022
Deposits from banks		-
Deposits from customers:		
Savings	**10,350**	11,758
Investment	**13,497**	23,331
Debt securities issued	**-**	-
Other	**-**	-
Total return to Investment Account Holders	**23,847**	35,089
Net investment income	**190,002**	184,312

8 Fee and commission income	2023	2022
Service charge on current Accounts	**28,604**	30,816
Cheque book commission	**1,117**	992
Statement Commission	**748**	483
Commission on Sukuk Al Salaam	**2**	3
Letter of guarantee Commission	**3,531**	8,816
ATM Card Revenue	**412**	666
Western Union	**69**	96
Income from Ria Express	**233**	255
Income from Small World	**25**	23
Swift Charges	**568**	722
Sundry fees & Commissions	**796**	602
Shipment Exchange Commission	**4,910**	7,909
Arrangement fees	**25,540**	16,730
Monitoring Expenses	**578**	2,382
SMS Alert	**935**	-
Charges on withdrawal	**1,682**	1,135
RTGS Charges –Outgoing	**282**	319
Gamswitch Fees	**378**	-
Other fees and commissions	**638**	782
Total fee and commission income	**71,048**	72,731

Arrangement fees increased by 52.65% between 2022 and 2023, and the main reason was due to big ticket facilities granted to two customers during the year - Nawec (D1.3 billion) and National Food Processing Security and Marketing Corporation (NFPS&MC) (D1.0 billion).

9 Fees and commission expenses	2023	2022
Swift Charges	**2,517**	1,400
Total fee and commission expense	**2,517**	1,400
Net fees and commission expenses	**68,531**	71,331

10 Net trading income	2023	2022
Commission on forex dealings	**53,442**	45,384
Bank profit Share (Investor)	-	-
Fair value adjustments from investment properties	-	-
Total net trading income	**53,442**	45,384

11 Other operating income	**2023**	2022
Rental Income	**1,605**	1,274
Income from Basse Guest House	**600**	-
Income from commodity sales	**23,492**	7,954
Gain on disposal of Investment Property	**3,441**	22,270
Gain on sale of fixed assets	**-**	374
Recoveries	**4,885**	432
Gain on Revaluation of investment Properties	**-**	9,943
Penalty Charges	**270**	2,812
Total operating Income	**34,293**	45,059

Penalty charges is late payment charges for Islamic Financing Products. It is as per the Shariah principles of ta'widh (Compensation) and gharamah (penalty) which are imposed on defaulters as a means of deterrence against delays by the Customers in making their respective payment obligations as well as compensate the actual loss that the bank suffers due to late payment. The total amount charged was D0.780 million, and D0.27million was recognised as income in 2023 as compensation for loss under the Shariah principles of ta'widh and the balance of D0.51 million was put to charity and did not pass through revenue.

Recoveries is income received from written off accounts, and there were significant repayments during the year from four customers.

12 Personnel Expenses	**2023**	2022
Full time employees salary	**29,434**	30,288
Social Security Costs	**2,988**	3,086
Transportation Allowance	**5,401**	3,971
Leave Allowance	**1,364**	1,411
Other staff costs	**15,050**	11,017
Branch Allowance	**555**	503
Directors fees & Other emoluments	**1,773**	828
Sharia Advisors fees	**215**	180
Total employee benefit	**56,780**	51,284

13 Administration and general expenses	2023	2022
Medical Expenses	1,854	1,752
Operating lease expense	96	1,076
Utility Expenses	5,321	4,964
Generator Expenses	1,049	1,196
Repair & Maintenance	2,092	1,890
Computer Costs	5,381	3,867
Security Expenses	2,895	2,318
Vehicle Maintenance Expenses	883	770
Transport Expenses	499	448
Fuel/Lub Motor	3,453	3,818
Advertising Expenses	2,951	3,222
Public Relations	139	234
Printing & Stationery	4,344	3,194
Telephone & fax	3,169	2,237
Foreign Travel	3,149	650
Insurance Premiums	1,017	1,209
Auditors fees	1,121	765
Legal fees	644	223
Other Professional fees	1,843	376
Sundry Expenses	3,070	4,788
Gamswitch Expenses	3,673	6,204
Software Implementation	11,365	7,701
Oracle Service fee	2,066	2,946
ATM Expenses	1,728	3,121
Training & Dev. Expenses	722	1,040
Fringe Tax Benefit Expense	1,567	1,506
Cheque Book Charges	1,217	849
Cleaning & Toiletries	1,466	1,191
Central Bank Penalty Charges	-	-
Trade License	3,624	3,141
Subscriptions	716	412
RTGS Expenses	1,400	1,647
Monitoring Expenses	-	2
Cash Shortage (Fraud)	6,810	-
Bank Charges	3,981	3,972
Sport Expenses	241	315
Cash Movement	550	637
Lease – Finance Cost	802	988
Shipment Expenses	946	8,002
Total administration expenses	87,844	82,671

A total amount of D6.81 million was written off as fraud committed by two former members of staff.

- A teller at the Farafenni Agency fraudulently converted D6.4 million and left the country during the investigation. Although, he was extradited to the Gambia with the help of the Interpol Unit of the Gambia Police Force, he again escaped and is still at large;
- The other fraud was committed by a relationship manager, part of whose responsibility was to set up the mobile app for customers. In the process, 0.4 million was fraudulently transferred from customers' accounts to his own account.

14 Income tax expense	**2023**	2022
Current tax expense	**(47,533)**	(20,873)
Deferred tax expense	**(8,557)**	25,923
	-	-
Total	**(56,090)**	5,050

15 Income tax asset/(liability)	**2023**	2022
Brought forward	**6,264**	(17,368)
Charge for the year	**(47,533)**	(20,873)
Tax paid	**4,586**	44,505
Current tax Asset/(Liability)	**(36,683)**	6,264

16 Deferred Asset/(Liability)	**2023**	2022
Brought forward	**(23,414)**	2,509
Movement for the year	**8,557**	(25,923)
Deferred tax Asset	**(14,857)**	(23,414)

17 EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share at 31 December 2023 was based on the profit attributable to ordinary shareholders of D97.581million (2022: D112.310million) and a weighted average number of ordinary shares outstanding of 25,390,495 (2022: 25,390,495), calculated as follows:

Profit attributable to ordinary shareholders		
	2023	2022
Net profit for the period attributable to equity holders of the Bank	**97,581**	112,310
Weighted average number of ordinary shares		
	2023	2022
Issued ordinary shares at 1 January	**25,390,495**	25,390,495
Effect of share options exercise	-	-
Weighted average number of ordinary shares at 31 December	**25,390,495**	25,390,495

DILUTED EARNINGS PER SHARE

The calculation of diluted earnings per share at 31 December 2023 was based on the profit attributable to ordinary shareholders of D97.581million (2022: D112.310million) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 25,390,495 (2022: 25,390,495), calculated as follows:

Profit attributable to ordinary shareholders (diluted)			
		2023	2022
Profit for the period attributable to ordinary shareholders		**97,581**	112,310
Weighted average number of ordinary shares (diluted)			
Weighted average number of ordinary shares (basic)	-	-	
Effect of share options on issue		-	-
Weighted average number of ordinary shares (diluted) at 31 December		**25,390,495**	25,390,495

18 Cash and cash equivalents

	2023	2022
Cash and cash equivalents		
Local Currency Cash	**132,736**	95,703
Foreign Currency Cash	**53,091**	51,468
Nostro Account balances	**455,791**	1,017,744
Operating account with the Central Bank	**681,483**	187,367
3 Months Sukuk Al Salaam	**-**	37,675
Total cash and cash equivalents	1,323,101	1,389,957
Central Bank restricted funds	**(255,372)**	(189,570)
Cash and Cash equivalent as per statement of cashflow	**1,067,729**	1,200,387

19 Islamic financing and related assets

	2023	2022
Islamic financing and related assets		
Murabaha receivables-	**3,675,406**	2,325,424
Ijara Financing	**-**	1,062
Istisnaa Receivables	**377**	388
Cash Line Financing	**25,926**	53,877
Mudaraba Financing	**-**	88,607
Short Term Financing	**34,349**	23,306
Musharaka Financing	**-**	1,227
Benevolent loan	**1,764**	1,403
Murabaha Deferred income	**(650,547)**	(75,147)
Impairment allowance	**(36,233)**	(133,003)
Islamic financing and related assets net of impairment allowance	**3,051,042**	2,287,144

Islamic financing and related assets at amortized cost			2023			2022
	Gross Amount	**Impairment Allowance**	**Carrying Amount**	Gross Amount	Impairment Allowance	Carrying Amount
Retail customers:						
Murabaha Receivables	**3,737,822**	**(36,233)**	**3,701,589**	2,495,294	(133,003)	2,362,291
	-	**-**	**-**	-	-	-
Deferred income	**(650,547)**		**(650,547)**	(75,147)		(75,147)
	3,087,275	**(36,233)**	**3,051,042**	2,420,147	(133,003)	2,287,144
Individual allowances for impairment		**(1,742)**			(5,927)	
Corporate allowances for impairment		**(33,859)**			(125,778)	
Balance at 31 December						
Total allowances for impairment		**(35,601)**			(131,705)	

Islamic financing and related assets customers (continued)				
Allowances for impairment – movement	**2023**	**2023**	2022	2022
Balance at brought forward		**133,003**		56,143
Amount written off		**(114,444)**		801
Impairment charge on loans	**17,042**		75,561	
Impairment charge on Off balance Sheet	**632**		498	
Net movement during the year		**17,674**		76,059
Total allowances for impairment		**36,233**		133,003

The write–off of D114 million involved accounts that were 100% provided for, totaling D87.7 million; and also Nawec, in respect of which the bank made a provision of D26.9 million in 2022.

20 Hold to Maturity investments

	2023	2022
Sukuk Al Salam	**415,365**	505,378
Interbank Placement	**-**	-
	415,365	505,378

21 Investment in properties

Reconciliation of carrying Amount		
	2023	2022
Balance as at 1st January	**255,424**	282,329
Acquisitions	**45,654**	39,856
Sales	**(14,490)**	(76,704)
Change in fair value	**-**	9,943
	286,588	255,424

The Bank holds some investment property as a consequence of the ongoing rationalization of its retail branch network. Other properties have been acquired through enforcement of security over loans and advances. Investment properties are held to earn rentals, or for capital appreciation, or both in line with IAS 40. These properties are measured at fair value. The fair value of the investment property was determined by external, independent valuers, having appropriate recognized professional qualifications and experience in the location and category of the property being valued. The independent valuers provide the fair value of the investment property portfolio every two years.

The bank sold three properties and purchase eight properties during the period realizing a profit of D3.442 from the sales.

Total direct operating expenses of D1.34million was incurred during the year on investment properties that generated rental income.

22 OTHER RECEIVABLES

The bank availed D1.0 billion to NFSP&MC in 2023 as loan for the purchase of groundnut for the 2023/2024 groundnut trade season. When the facility was disbursed, the loan amount was credited to the NFSP&MC groundnut account which is a current account. On the other hand, there was an agreement between National Food Security Processing & Marketing Corporation (NFSP&MC) and Agib Bank, where Agib Bank team will be at the different Seccos to purchase groundnut on behalf of NFSPMC during the 2023- 2024 trade season. For this purchase, a suspense account was opened for the cash to be used to purchase groundnut at the Seccos. This account is usually debited to make funds available at the seccos to buy groundnut, and on a fourth nightly basis, a reconciliation is done to agree the amount debited from the suspense accounts against amount of groundnut purchase at the seccos. Once confirm, the balance in the suspense account will be cleared by debiting the groundnut purchase account. As at 31st December 2023, an amount of D116.51million was utilized from the suspense account, and the balance is to be recovered from the NFSPMC groundnut current account, where the loan was credited as soon as the reconciliation is finalized.

23 TRADING ASSETS

These were equity investment held in Trust Bank totaling 558,000 with a value of D2.222 million, and these were sold during the year.

24 Property, plant and equipment

	Work in progress	Motor vehicle	Leasehold Improvements	Fixtures & fittings	Total
Cost					
Balance at 1 January 2023	**46,961**	**36,672**	**167,797**	**66,137**	**317,567**
Additions	**23,706**	**6,200**	**136**	**12,718**	**42,760**
Transfer		**-**	**-**	**-**	**-**
Revaluation Gain			**-**		**-**
Disposal		**-**	**-**		**-**
Balance at 31 December 2023	**70,667**	**42,872**	**167,933**	**78,855**	**360,327**
Depreciation					
Balance at 1 January 2023	**-**	**(20,682)**	**(65,010)**	**(46,661)**	**(132,353)**
Depreciation charge for the year	**-**	**(6,157)**	**(5,269)**	**(8,502)**	**(19,928)**
Disposal		**-**	**-**	**-**	**-**
Fully depreciated		**-**	**-**	**-**	**-**
Balance at 31 December 2023	**-**	**(26,839)**	**(70,279)**	**(55,163)**	**(152,281)**
Net book value					
At 31 December 2023	**70,667**	**16,033**	**97,655**	**23,692**	**208,046**
Cost					
Balance at 1 January 2022	-	28,712	150,832	58,767	238,311
Additions	46,961	7,960	406	7,370	62,697
Transfer		-	-	-	-
Revaluation			16,559		16,559
Disposal		-	-		-
Balance at 31 December 2022	46,961	36,672	167,797	66,137	317,567
Depreciation					
Balance at 1 January 2022	-	(15,469	(58,470)	(40,220)	(114,159)
Depreciation charge for the year	-	(5,213)	(6,540)	(6,441)	(18,194)
Disposal		-	-	-	-
Fully depreciated		-	-	-	-
Balance at 31 December 2022	-	(20,682)	(65,010)	(46,661)	(132,353)
Net book value					
At 31 December 2022	46,961	15,990	102,787	19,476	185,214

The work in progress amount of D70.667 million is the total amount spent so far for the construction of the Bank's Head office at Kairaba Avenue.

25 Intangible assets

	Purchased Software
Cost	
Balance at 1 January 2023	**116,586**
Additions	**12,272**
Balance at 31 December 2023	**128,858**
Depreciation	
Balance at 1 January 2023	**(97,918)**
Depreciation charge for the year	**(8,587)**
Balance at 31 December 2023	**(106,505)**
Net book value	
At 31 December 2023	**22,353**
Cost	
Balance at 1 January 2022	113,650
Additions	2,936
Balance at 31 December 2022	116,586
Depreciation	
Balance at 1 January 2022	(89,602)
Depreciation charge for the year	(8,316)
Balance at 31 December 2022	(97,918)
Net book value	
At 31 December 2022	18,668

The addition on intangible assets is mainly implementation cost involved in the upgrade of the Bank's IT infrastructure to the latest version of iMAL 14.5 which includes the OMNI channel. The OMNI channel will enable the Bank to meet the needs of its customers today through a variety of options which includes online portals, mobile apps, or the traditional bank branch.

26. Right of Use Asset

	Right of Use Asset
Cost	
Balance at 1 January 2023	**27,270**
Additions/Adjustment	**-**
Balance at 31 December 2023	**27,270**
Depreciation	
Balance at 1 January 2023	**(15,012)**
Depreciation charge for the year	**(1,784)**
Balance at 31 December 2023	**(16,796)**
Net book value	
At 31 December 2023	**10,474**
Cost	
Balance at 1 January 2022	27,270
Additions/Adjustment	-
Balance at 31 December 2022	27,270
Depreciation	
Balance at 1 January 2022	(12,710)
Depreciation charge for the year	(2,302)
Balance at 31 December 2022	(15,012)
Net book value	
At 31 December 2022	12,258

27. Lease obligation

Balance at 1 January 2023	**7,301**
Additions	**-**
Charges	**802**
Adjustment for Amendments	**-**
Less payments for the year	**-**
Closing Net book value	
At 31 December 2023	**8,103**
Balance at 1 January 2022	9,501
Additions	-
Charges	988
Adjustment for Amendments	-
Less payments for the year	(3,188)
Closing Net book value	
At 31 December 2022	7,301

The bank has lease contracts for our Head Office, Kairaba Branch, Brikama Branch and Latrikunda Branch which qualified for IFRS16. The leases have lease terms between 2 years to 10 years. The Bank's obligations correspond to the lessor's title to the leased assets and the bank is restricted from assigning and subleasing the leased assets.

28. Other Assets

	2023	2022
Inventory (office supplies and stationery)	**2,342**	1,867
Inventory (Cheques)	**1,782**	614
CB Clearing	**6,074**	5,088
Prepaid Insurance	**341**	202
Gambia Bankers Association 10 years	**375**	555
Cash in Transit	**-**	357
Prepaid Others	**1,837**	1,349
RIA Express/Western Union, Wari, Moneygram	**520**	605
Qmoney	**5,871**	578
RTGS Suspense	**339**	935
Oracle Payments	**1,980**	783
Annual Support for System Upgrade - **Azentio**	**5,729**	6,075
Annual Payment (AMLOCK) - **Azentio**	**1,989**	-
Other Assets	**929**	1,479
Anti-Virus (Kaspersky)	**298**	508
Gamswitch Airtime	**500**	-
Qcell Airtime	**500**	-
Microsoft Business Licence	**462**	440
CSCF Annual Fees	**-**	1,213
Digital Signage	**171**	308
Transaction Monitoring	**-**	1,610
Sale of Property	**1,579**	3,579
Total other assets	**33,618**	28,145

29 Deposits from customers

	2023	2022
Current and demand accounts	**1,978,730**	1,794,735
Savings account	**2,107,806**	1,824,443
Bankers acceptances	**-**	-
Investment Accounts:		
3 Months	**6,886**	6,629
6 Months	**2,040**	9.850
12 Months	**82,816**	486,245
Total deposits from customers	**4,178,278**	4,121,902

30 Other liabilities

	2023	2022
Other liabilities		
Accrued Other Expenses	**1,471**	2,033
Provision for Bonus payment	**3,423**	4,280
Digital Signage & Airport Advertisement	**300**	925
Deferred Fixed Mudaraba	**3,753**	15,077
Dividend Payable	**3,648**	2,139
Other Payables	**957**	1,694
Salary Suspense	**1,124**	1,026
Income from Interbank	**-**	1,330
Payable Social Security	**245**	37
Accrued Medical	**458**	864
Cash in Transit	**7,188**	-
CB Clearing Direct Credit	**4,517**	1,020
AGIB/NAWEC Funds	**-**	2,629
ATM Surplus	**4,482**	3,375
Bank IPF	**5,197**	3,710
Mobile App Gamswitch	**539**	-
Mobile App Qpower	**3,498**	-
Mobile App Qcell	**550**	-
Proceed from sales of Jalambang Property	**2,778**	-
Interbank Takings	**596,148**	-
Audit & Tax Fees	**863**	834
Payable Income Tax	**638**	178
Fringe Benefit Payable	**-**	1,506
VAT Payable	**2,869**	2,049
General Suspense Liability	**1,600**	1,695
Provision for Nawec Fraud	**-**	12,871
Withholding Tax Payable	**234**	-
	646,480	59,272

31 Ordinary share capital

Share capital

	Ordinary shares		Redeemable preference shares	
	2023	2022	**2023**	2022
	GMD	GMD		
On issue at 1 January	**241,209**	241,209	-	-
Deposit for shares	-	-	-	-
On issue at 31 December	**241,209**	241,209	-	-

At 31 December 2023 the authorised share capital comprised 25,390,495 ordinary shares (2022:25,390,495). All issued shares are fully paid. The value per share is D9.50

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Bank. All shares rank equally with regard to the Bank's residual assets, except that perpetual bondholders and preference shareholders participate only to the extent of the face value of the shares plus any accrued coupon / dividends.

Statutory reserve

Statutory reserve represents the cumulative amount set aside from annual net profit after tax as required by the Banking Act, 2009.

Credit risk reserve

Credit risk reserve represents the amount required to meet the Central Bank of The Gambia guidelines for allowances on impairment. This is not distributable and represents the excess of loan provisions computed in accordance with the Central Bank of The Gambia prudential guidelines over the impairment of loans and advances arrived at in accordance with IFRS 9.

Reconciliation between IFRS 9 and prudential guidelines		
	2023	2022
Provisions	**35,648**	133,324
Impairment – IFRS	**36,233**	133,003
Transfer to CRR	**(585)**	321

Dividends paid and proposed

The Directors do not propose the payment of dividend but rather a bonus share of two for every nine shares held as at 31st December 2023.

For the year ended 31 December 2022, a dividend amount of D15.234 million was paid.

32 OFF BALANCE SHEET COMMITMENTS

In the ordinary course of business, the bank conducts business involving guarantees, acceptances and performance bonds. These facilities are offset by corresponding obligations of third parties. At the year end, the contingencies were as follows:

	2023	2022
Guarantees and standby letters of credit	-	-
Letters of credit, acceptances and other documentary credits	**253,000**	519,151
Performance bonds and warranties	-	-
	253,000	519,151

NATURE OF CONTINGENT LIABILITIES

Letters of credit commit the Bank to make payment to third parties, on production of documents, which are subsequently reimbursed by customers.

33 RELATED PARTIES

Transactions with key management personnel
Key management personnel and their immediate relatives have transacted with the bank during the period as follows:

	2023	2022
Murabaha	**4,101**	4,705
Qard Hassan	**1,764**	-
Other Loans (non mgt staff)	**10,577**	-
	16,442	4,705

Profits charged on balances outstanding are a quarter of the rates that would be charged in an arm's length transaction. The mortgages and secured loans granted are secured over property of the respective borrowers.

No impairment losses have been recorded against balances outstanding during the period with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at the period end.

Key management personnel compensation for the period comprised:

	2023	2022
Short-term employee benefits	**10,994**	9,659
Long-service leave	**-**	-
Post-employment benefits	**-**	-
Share-based payments	**-**	-
Balance at 31 December	**10,994**	9,659

	2023	2022
Islamic Financing to employees	**16,442**	24,413
Balance at 31 December	**16,442**	24,413

Profit earned on staff loans during the year amounted to GMD0.822million (2022 D1.221million)

(b) Islamic Financing to directors and their associates

The bank has entered into transactions with its directors and their associates as follows:

	2023	2022
Balance at 1 January	**32,892,364**	80,429,714
Islamic Financing movement during the year	**(20,683,094)**	(47,537,349)
Balance at 31 December	**12,209,270**	32,892,364

Included in Islamic financing and other receivables is D12,209,270 (2022 – D32,892,364) advanced to companies where relationship exists by virtue of shareholding and/or representation in the respective companies' board of directors. The advances are at arm's length in the ordinary course of business and are adequately secured.

All the transactions with the related parties with the exception of key management personnel (as reference above) are priced on arm's length basis and have been entered into in the normal course of business.

Deposits from Directors and their associates

	2023	2022
Balance at 1 January	**705,620,392**	176,939,171
movement during the year	**(504,109,122)**	528,681,226
Balance at 31 December	**201,511,269**	705,620,397

Included in total deposit is D201,511,269 (2022 - D705,620,397) from companies where relationship exists by virtue of shareholding and/or representation in the respective companies' board of directors

34. GOING CONCERN

The Directors confirmed that it is appropriate to adopt the going concern basis in preparing the Financial Statements.

35. SUBSEQUENT EVENTS

The Bank has no events after the financial position date which would materially impact its financial position.

36. LITIGATION AGAINST THE BANK

There is a matter against the bank, which is at pre-trial conference before the High Court of the Gambia. The Plaintiff sued the bank for three plots of land at Brufut Heights which were previously owned by it, but sold to a property company in 2012. Subsequent to the sale, there were issues with their titles and the ultimate loss was borne by the Bank. Some years later, the court allocated the said plots to a new owner, who was sued along with the bank. This litigation is not expected to result in any further liability to the Bank.

37. COMPLIANCE TO BANKING REGULATORY REQUIREMENT

None

VALUE ADDED STATEMENT

Value Added Statements for the year ended 31 December 2023

	2023	2022
	D'000	D'000
Income from Islamic Finances and other operating income	**370,115**	381,175
Return to Customers	**(23,847)**	(35,089)
Direct cost of Services	**(87,844)**	(82,671)
Impairments	**(17,674)**	(76,059)
Value Added	**240,750**	187,356
Distributed as follows:		
To Employees:-		
Executive Directors	**3,170**	3,074
Directors (without executives)	**1,560**	828
Other employees	**52,050**	47,382
To Government:		
Income tax	**56,090**	(5.050)
To expansion and growth		
Depreciation & Amortisation	**30,299**	28,812
Profit for the year	**97,581**	112,310
	240,750	187,356

List of top 20 shareholders

Shareholder	No. Of shares	% Holding
Muhammad Jah	20,500,958	80.74
Islamic Development Bank	3,418,227	13.46
Seedy Ahmed Al-Amami	289,193	1.14
AGIB Staff Association	233,422	0.92
Gambia National Insurance Company	220,142	0.87
IQRAA Charitable Society	116,780	0.46
Ajarato Jal Yassin Janneh	83,744	0.33
Alhagie Jawara	69,257	0.27
Social Security & Housing Finance Corporation	65,689	0.26
Mamour Malick Jagne	61,138	0.24
Estate of Alhagie Marie S. Tambadou	41,700	0.16
SSHFC Staff Association	29,822	0.12
Ardy Sage	28,571	0.11
Bendavia Travel Agency	26,405	0.10
Alhaji Musa Njie & Sons	25,849	0.10
Sunshine Insurance Company	30,642	0.12
Hatib Semega Janneh	20,488	0.08
Muhammed Sillah	22,546	0.09
Mrs. Ramou Joof	17,517	0.07
Roger Bakurin	17,517	0.07
	25,319,607	99.71

MANAGEMENT TEAM

Mrs. Isatou Jawara	Managing Director/CEO
Mrs. Fatou Ceesay	Chief Finance Officer
Mr. Ousainou O. Jallow	Head of Operations
Mr. Momodou Ngari Ceesay	Head of Business Development
Mr. Kemo Jatta	Head of Information Technology
Mr. Muhammed Jallow	Head of Human Resources
Mr. Amat Bittaye	Head of Compliance
Mr. Lamin Colley	Head of Internal Audit
Mr. Alpha Ebrima Barry	Head of Enterprise Risk Management
Mrs. Dalanda Jallow	Head of Credit Risk Management
Ms. Isatou Jallow	Assistant Head of Treasury
Mr. Jewru Suso	Head of Administration

Board of Directors Profile

CHAIRMAN

MR. MUHAMMED JAH

Mr. Muhammed Jah is the Chairman of the Board of Directors of Agib Bank Limited. He is a leading Gambian entrepreneur and businessman who is at the head of a growing group of companies, The QGroup in The Gambia and Sierra Leone.

Muhammed's diverse portfolio of businesses includes, Telecoms (QCell Gambia & QCell Sierra Leone), Banking (Agib Bank), Broadcasting (QTV & QRadio), Mobile Money (QMoney), IT Education (QuantumNET Institute of Technology), Auto Sales & Service (Espace Motors), Leisure & Hospitality (QCity), Bottled Water (Naturelle) & Home & Office Electronics (Samsung Gambia).

MESSAGE FROM

MRS. ISATOU JAWARA

Mrs. Isatou Jawara is the Managing Director/Chief Executive Officer of Agib Bank Ltd from January, 2021 to date. She started her Banking Career with Guaranty Trust Bank in 2003 as an Executive Trainee. She served in various functions of the bank and rose through the ranks until her appointment as Executive Director of GTBANK in 2011.

During her career with GTBank, she amassed a wealth of knowledge and experience particularly in areas of Retail Bank, Commercial Bank, Corporate Bank and Board functions. Mrs. Isatou Jawara's success story affirms the Bank's vision of 'creating role models for society'.

She holds a BSc (Honors) in Business Management from the University of Hull, UK in 2000 and MBA (Finance) from the University of Leicester, UK in 2002. She has also attended several training programmes in banking and management including Leadership. She co-ordinated with high merit the first and second loan syndications ever in The Gambian banking industry.

DIRECTOR

ISDB REPRESENTATIVE (RACHID FAHD SAM)

Rachid Fahd Sam is a member of the Board of Director of AGIB Bank since 2017, and the Chairman of Board of Audit Committee. Rachid is a Development Practitioner with experience as Task Team Leader (TTL) in eleven (11) IsDB MCs in West Africa. He has extensive experience in policy formulation and project implementation underpinned by a strong all round analytical and IT skills. He has more Annual Report and IFRS Financial Statements Agib Bank Annual Report 2021 www.agib.gm 79 than ten (10) years frontline experience in portfolio performance oversight in Islamic Development Bank's (IsDB) member countries in West Africa: Benin, Burkina, Côte d'Ivoire, The Gambia, Guinea, Guinea Bissau, Mali, Niger, Senegal, Sierra Leone and Togo. Rachid is involved in broad planning of resources and techno-judgment of alternative ways of shaping project portfolio that amounts to $3.5 billion. He currently holds a position of Operations Team Leader, leading the project appraisals, conducting portfolio quality reviews and proactively mitigating risks issues in the portfolios. He provides technical support and contributes in shaping the Bank's strategy. He is also Director representing IsDB in the Board of Director of WAQF BID-GUINEA. Before joining the Islamic Development bank, He passed by the Central Bank of West African State where he produced an analysis report on the prudential ratio. Rachid is a Chartered Accountant of West African Economic and Monetary Union (WAEMU) and he hold two master's degree in Accounting and financial management from CESAG and a master's degree in Economic Policy and Project Appraisal from the University of Dakar. He also completed a certification on Project Finance focusing on PPP structuration from the Middlesex University of London.

DIRECTOR

MR. OMAR SERIGN MBYE

Mr. Omar Serign Mbye is a member of the Board of Directors of Agib Bank Limited and an accomplished professional with over 30 years in banking and finance with specialty in risk management. Work experience include Central Bank of The Gambia in the Banking Supervision Division.

Bank of America as Senior Credit and Risk Manager. Credit Administration Manager at Meridian Bank Gambia (now Trust Bank), UPS Capital Corporation as Credit Controller, Global Trade Finance later on as Portfolio Manager. Education: Bachelor’s degree in Accounting. Post graduate MBA studies. Various management and leadership studies.

MESSAGE FROM

MRS HAWA SISAY SABALLY

Mrs Hawa Sisay-Sabally is a legal practitioner of over thirty years standing at the Bar. She has wide experience in civil litigation, laws regulating financial institutions, micro finance, constitutional law, labour matters, commercial and corporate law. She also specializes in drafting laws.

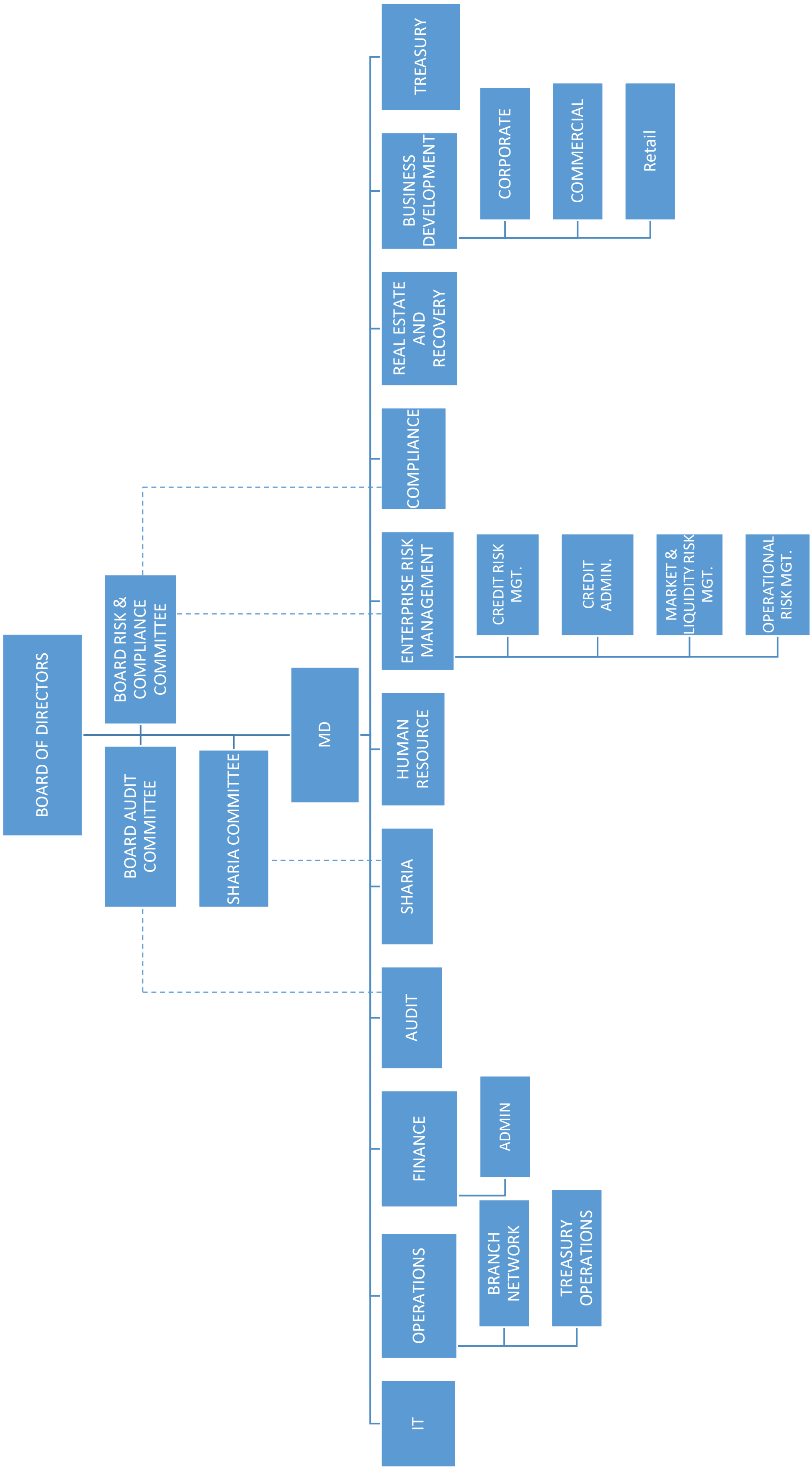
DIRECTOR

MR. ESSA A.K DRAMMEH

Mr. Essa A.K Drammeh is a member of the Board of Directors of Agib Bank Limited. He is a retired Second Deputy Governor and former Director of Financial Supervision Department of the Central Bank of The Gambia. He is a seasoned bank Regulator and Supervisor with 35 years Central Banking experience.

Mr. Drammeh holds an MBA Global Banking and Finance from University of Birmingham UK, FCCA from AT-Emile Wolf College of Accountancy London UK, BA (Hons) Business Accounting from University of Humberside and Lincolnshire UK, AAT and CAT UK.

He Joined the Board of Agib in September 2022 as Board Director and Chairman of the Board Risk and Compliance Committee.


BOARD OF DIRECTORS
BOARD RISK & COMPLIANCE COMMITTEE
BOARD AUDIT COMMITTEE
SHARIA COMMITTEE
MD
TREASURY
BUSINESS DEVELOPMENT
CORPORATE
COMMERCIAL
Retail
REAL ESTATE AND RECOVERY
COMPLIANCE
ENTERPRISE RISK MANAGEMENT
CREDIT RISK MGT.
CREDIT ADMIN.
MARKET & LIQUIDITY RISK MGT.
OPERATIONAL RISK MGT.
HUMAN RESOURCE
SHARIA
AUDIT
FINANCE
ADMIN
OPERATIONS
BRANCH NETWORK
TREASURY OPERATIONS
IT

CORPORATE DIRECTORY

Branches:

Banjul Branch
5/6 Liberation Avenue
Bekka Plaza
Tel: +220 4202252

Serrekunda Branch
New Jeshwang
Tel: +220 4380115

Bakoteh Branch
Bakoteh
Tel: +220 3665970

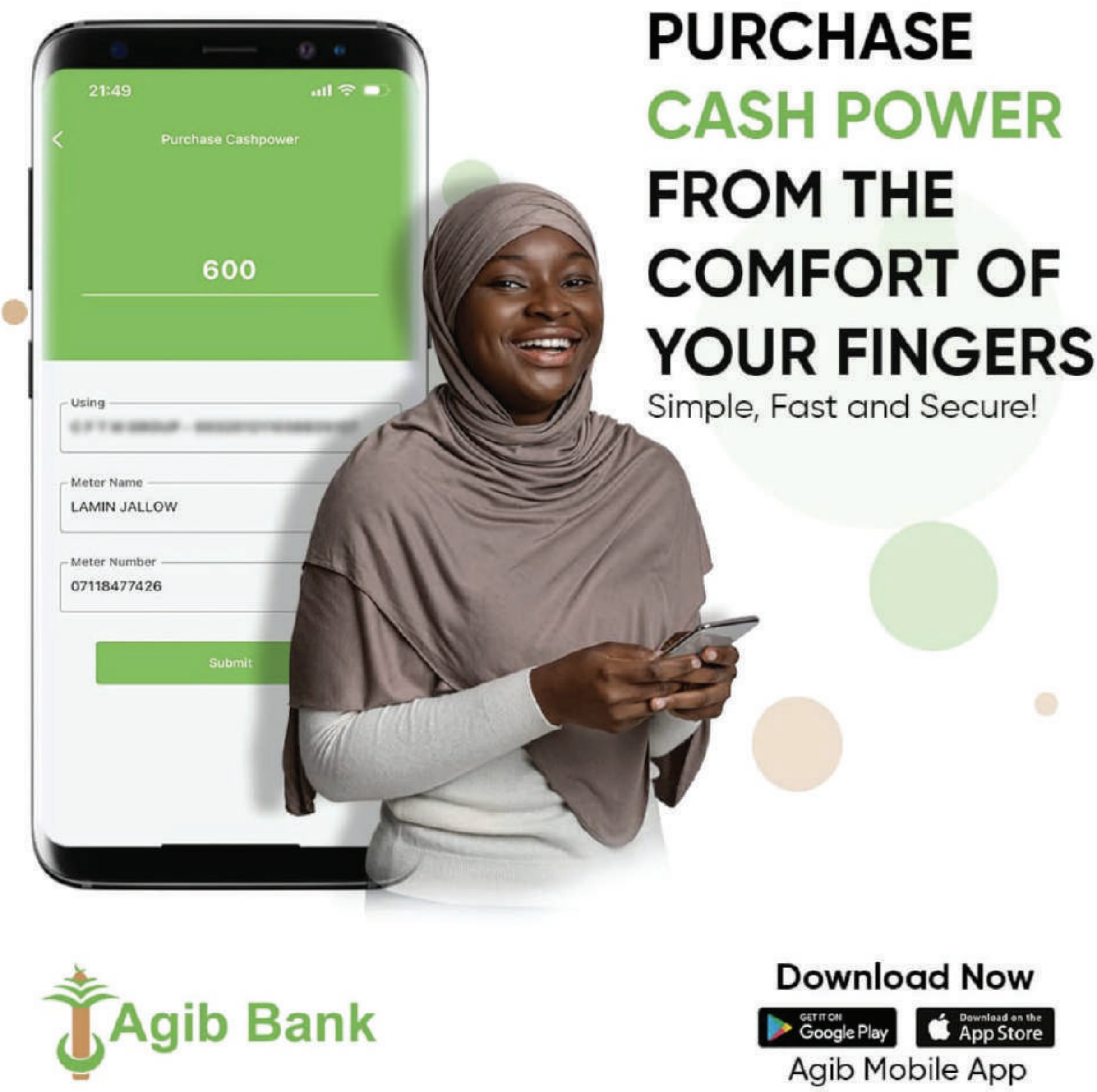
Brikama Branch
Brikama (West Coast Region)
Tel: +220 4485328

Basse Branch
Basse (Upper River Region)
Tel: +220 3665961

Kairaba Branch
Giepa House
Kairaba Avenue
Tel: +220 3666002

Tranquil Branch
Tranquil
Tel: +220 3665926

Agencies:
Garawol
Numuyel
Farafenni



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