

FBNBank Gambia Limited

**Annual Report
And Financial Statements**

For the year ended 31st December 2022

Financial highlights			
Income Statement (Dalasi '000)	31-Dec-22	Restated 31-Dec-21	Increase / (decrease)
Profit/(loss) before tax	40,650	28,665	41.8%
Post tax profit/(loss)	30,700	18,280	67.9%
Net Interest Income	71,601	53,492	33.9%
Operating Expenses	(78,586)	(74,781)	5.1%
Net Impairment Charge on Financial Assets	(3,440)	(62)	5,463.9%
Net Interest Margin	68,161	53,430	27.6%
Balance Sheet (Dalasi '000)	31-Dec-22	31-Dec-21	Increase / (decrease)
Total Assets	1,831,164	1,581,069	15.8%
Loans and Advances	606,092	328,478	45.8%
Customer Deposits	1,087,974	1,098,577	-0.9%
Shareholder's funds	285,707	255,007	12.0%
Loan to Deposit	55.7%	29.9%	86.2%
Financial indicators	31-Dec-22	31-Dec-21	Changes against 2021
Earnings per Share (Bututs)	2.74	1.63	67.9%
Return on Assets (ROA)	2.2%	1.8%	22.4%
Return on Equity (ROE)	10.7%	7.2%	49.9%
Cost to Income Ratio	65.9%	72.3%	-8.8%
Non-Performing Loans (NPLs)	2,107	3,141	-32.9%
Prudential indicators	31-Dec-22	31-Dec-21	Changes against 2021
Non-performing loans (Gross)	0.55%	0.79%	30.3%
CAR	18.4%	26.7%	-31.1%
Liquidity Asset Ratio (%) – Min. 30%	55.09%	119.4%	-53.9%
Risk Weighted Capital Adequacy Ratio (%)	18.4%	26.7%	-31.1%
Single Credit Concentration – Max. (25%)	15.2%	13.3%	14.4%
Gearing Ratio (times) - Max 12 times	5.4	3.7	45.1%
Statutory Reserve Requirement (%)	25%	25%	-

Chairman's Statement

Building a stronger, better and more profitable bank

The bank has remained resilient and continues to grow its revenue notwithstanding the extreme external shocks and the after effects of The COVID19 pandemic. We have continued to focus on building a strong and diverse customer base whose businesses and activities we seek to understand fully to offer the right support in our mutual interest. The financial year 2022 saw gross revenues grow by **30.5%**. Interest income and non-interest income both grew, whilst total operating costs grew year-on-year, resulting in a 77% target achievement on profit before tax.

The bank continues to adapt and diversify its business model recognising the fast changing nature of the sector with significant disruption and innovation impacting the banking sector almost on a daily basis. The FBN brand remains nimble and agile focussing on our core mission "To maximise shareholder's value through sustainable growth, superior customer service and innovation", the Bank is continuously adapting and diversifying its business model relative to the specific market context of The Gambia to bring its vast global experience and network to bear, and leveraging its total group value to position itself for present and future opportunities.

FBNBank is adequately capitalized and highly liquid. At the core of our business are our customers whose business growth and development remain the cornerstone of our own sustainable growth plans for the future. The bank continues to increase its footprint in the Gambia, in its quest to be known as a leading bank in delivering a state of the art modern banking service fit for purpose in this new context fast changing customer demands and preferences. FBN has both the pedigree and proven track record of over a 100 years experience in delivering high end banking services. This is experience that will be fully leveraged and delivered to The Gambian market in the coming years to make banking with us a unique experience.

We have continued to strengthen core processes through innovation and the use of new technologies to improve the client experience. Operational and technological efficiency remain key to our quest for the delivery of a world class customer experience at any point of interaction with FBN across the group, to foster customer loyalty, long-term growth and a strong reliable brand.

Economic Environment

The impact of the Covid-19 pandemic eases further in 2022 on the global economy and national prosperity. Covid-19 restrictions were relaxed due to breakthroughs in science and medicine. Covid-19 vaccines were produced and distributed globally, through multi-lateral cooperation. Despite the advances in prevention and treatment against Covid-19 virus, significant populations remain unvaccinated or not fully vaccinated. China witness another surge of Covid-19 but the country was able to curtail it. The economic damage from Covid-19 is already evident and represents one of the largest economic shocks the world has experienced in decades. Its residual effects continue to be felt in economies across the globe, The Gambia being one. As a direct response FBN continues to strengthen resilience and preparedness in all its business processes for swift reactions to shocks and any unexpected changes in economic outlook.

Emerging markets and developing economies will be particularly susceptible to fast changing economic headwinds from multiple quarters: pressures on weak health care systems, loss of trade and tourism, subdued capital flows, and tight financial conditions amid mounting debt. Exporters of energy or industrial

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commodities will be particularly hard hit. The war in Ukraine has triggered an unprecedented collapse in oil and gas supply, prices of products such as Fertilizer, Flour, Rice, Steel are on the increase. Supplies for metals and transport-related commodities such as rubber and platinum used for vehicle parts has also dropped. This requires banks to be nimble and fully alert to the new realities for rapid response and robust customer support. FBN as part of its resilience and preparedness stance has readied itself for this new reality.

Notwithstanding the shocks to the global economy, there are also reasons to be hopeful that this worst-case scenario will not last for a long time. Governments and International organisations are brokering peace between Ukraine and Russia. Health care systems continue to register rapid advances in preventive care and treatment with significant investments and much improved global solidarity through The World Health Organisation to ensure better responses to any future pandemic outbreaks. Governments are providing welfare to citizens, and ensuring businesses have access to the funds needed to keep their operations running.

Global growth is projected at 4.4% down from an estimated 5.9% earlier. The revision mainly reflects slower than expected momentum in advance economies due to supply disruptions. This is according to 2022 updates from The World Economic Outlook (WEO). The Gambian economy is also projecting a reduction in GDP of 0.2 percent

The Gambia has a small, undiversified economy heavily reliant on tourism, trade, remittances, and subsistence agriculture. The country is heavily dependent on imports from abroad to sustain the economy with some of the main imports being fuel and oils, iron and steel, cereals, sugars, vehicles, and cement. Imports amount to about 33% of GDP compared to 9% for exports. Looking at trade over the course of the year, trade is usually heaviest in the periods during Ramadan and Tobaski which take place in mid-May and late July in 2022, respectively. Ukraine- Russia war had significant negative impact on trade for more than half of the year in 2022. The relaxation of the Covid-19 restriction opened the economy in the last quarter of the year. Wholesale and retail trade accounts for about 38% of GDP.

The Gambia still remains vulnerable to shocks due to its size and overreliance on tourism and subsistence rain-fed agriculture. Gambia's dependence on food and fuel imports widened the current account deficit in 2022 to 13.9% of GDP according to budget speech by the minister of Finance. This reflecting shortfalls in Income, Service and Current transfers. The capital and financial account registered a net inflow of \$182.8million as at June 2022 compared to \$96.5million relative at the same period in 2021.

Outside of Africa, The Gambia's largest trading partner Europe (about 28% of imports) was also severely affected by the effect of Ukraine Russia war The Gambia's main trading partners in Europe include the United Kingdom and Spain and the absence of these markets negatively impact trade both in terms of imports of goods and export earnings leaving the country with a trade deficit.

In terms of remittances and exchange rates, inflows of private remittances continued to be the main supply source of foreign exchange in the domestic FX market in 2022. Remittance inflow decreased in 2022 due to rising cost of living in the west where most of Gambia diaspora resides. The private construction activities reduced slightly due to reduction in private remittances in 2022. The exchange rate of Dalasi maintained stability and resilient in 2022 compared to other West African nations.

Banking Sector Developments

The banking system financial soundness indicators remain robust, characterised by a strong capital base, high liquidity and lower single digit non-performing loan ratios. The capital adequacy ratio of the industry stood at 24.8% in December 2022 higher than the statutory requirement of 10%. All the banks were above the minimum capital requirement. The ratio of liquid asset to total assets of the industry stood at 42.2% in December 2022 compared to 92% in the same period in 2021.

Financial Performance

Despite a challenging external environment in 2022 caused by unprecedented disruption from Ukraine Russia war and limited effect of Covid-19 pandemic, the Bank delivered a resilient performance with reported profit before tax of **D40.65 million**, up by 41.8% on 2021, and profit after tax of **D30.70 million**, up by 67.9%. This was a significant improvement for the Bank as it delivers improved return on equity (ROE) of **10.7%** compared with 7.2% in 2021.

The balance sheet also grew by 15.8% from D1.58 billion in 2021 to D1.83 billion. The growth was financed by growth in deposit from banks and increased in shareholder fund in year 2022. There was a slight drop in customer deposits when compared with that of 2021.

The bank continues to perform well above key regulatory benchmarks in other key financial indicators. The bank holds 78.40%, 18.4% and 17.87% for its liquid Asset, Capital Adequacy and Required Reserves ratios against minimum regulatory requirements of 30%, 10% and 15% respectively. The Bank will continue to manage its resources judiciously and prudently in the coming year, while ensuring sustainability in performance.

Reintroducing 2020 – 2024 Strategy Plan

In line with First Bank Group's strategy aspirations, the Bank changed its current strategy plan horizon to transit from a 3-year cycle (2020 – 2022) to a 5-year cycle (2020 – 2024) to align with Group 2020 – 2024 strategy plan. FBNBank Gambia still aspires to be an efficient, nimble, and highly profitable bank in the Gambia banking industry by 2024, with strategic ambition to deliver accelerated growth in profitability through customer led innovation and disciplined execution. This involves leveraging the Group's capabilities and exploiting technologies to drive innovation across all business areas.

To this end, the Bank aims to:

1. Attain an industry deposit market share of 10% by 2024
2. Deliver a pre-tax return on equity of 45%
3. Be among TOP 3 bank in staff productivity ranking

The achievement of these aspirations/targets will require the concerted effort from both management and board and support of all our stakeholders.

Board Changes

In line with our corporate governance practice, the following 2 directors were appointed to the Board of the Bank.

- | | |
|----------------------------------|------------------------------------|
| 1. Mr. Popoola Seyi Oyefeso – | Director (Retired March 31, 2022) |
| 2. Mr. Adefisayo M. Adefarakan – | Director (Retired March 31, 2022) |
| 3. Mr. Gbenga O. Ajibola – | Director (Appointed April 1, 2022) |
| 4. Mr. Aliyu Shehu - | Director (Appointed May 10, 2022) |

I would like to congratulate the newly appointed directors and wish them successful tenor in office as they contribute to the growth and development of our great bank. The bank will benefit from your wealth of experience both in business and governance.

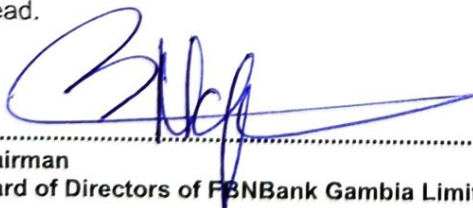
Looking ahead: Capturing future opportunities

Given the external environment, it is vital we stay focused on what we can control. The Board is confident there are many opportunities ahead for a bank with FBNBank's competitive strengths. This makes it all the more important that we position ourselves to capture them.

While we prioritised supporting our customers and our people during the pandemic, we made good progress against the three strategic priorities announced in 2020 – improving profitability, reducing costs, and simplifying the organisation. In particular, the Board worked closely with the management team over the course of the year on plans to accelerate progress and investment in key areas of growth.

We will continue to focus on our strategy to maintain financial strength, improve our market position and build an effective organisation. FBNBank will continue to enhance its governance structures, building on existing strong foundations. We will continue to be resolute in our focus on financial strength, a service second to none for our customers by putting "People First" both of which are vital in dealing with the increasing complexities and challenges in our financial system. To support the achievement of our financial targets to the fullest extent possible, we will continue to manage all aspects in our direct control, including ongoing expense discipline.

Finally, I would like to thank the Board, management, and staff for their important contributions during the year. Most importantly, take this opportunity to thank our esteemed customers for trusting in the FBN brand. We will continue the innovation of our products and services that would guarantee customer satisfaction always, and I believe that we have a management team which is focused on delivering the improvements ahead.



Chairman
Board of Directors of FBNBank Gambia Limited

Chief Executive Officer's Review

Quantum Leap Profitability and Growth

Introduction

Sub-Saharan Africa GDP was projected to grow by 4.7% in 2022 as the region continue to face health, economic and political crisis. The region witnesses Covid-19 contraction and later total relaxation of Covid restrictions. This was largely driven by African governments implementing Covid-19 protocols amid fears that the pandemic would overrun fragile health services across the continent in 2021. However, the effect of Covid-19 contraction was jeopardized by the Russia invasion of Ukraine which has triggered a global economic shock. According to IMF, the region GDP slow sharply by more than 1% point to 3.6% at the end of 2022. This was driven partial by resumption of tourism, a rebound in commodity prices and rollback of pandemic-induced restrictions. Acceptance of Covid-19 vaccine is low in the region, even as the vaccines are made available to the citizens by government and multinational agencies.

As in the region, the rest of the world are also relaxing Covid-19 restrictions. Flight restrictions lifted, Fans are now allowed to watch life football matches, Malls are open to the general public, Schools are fully opened. The economy of the world does not enjoy the relieve due to Ukraine – Russian war. Economic outlook globally estimated 6.1% GDP but ended up with 3.3% 2022. Most countries of the world had positive GDP.

The Gambian economy reached 4.3% in 2022, driving improved agriculture production due to relatively good rainy season, and high infrastructure spending driving by the preparation for the Organisation for the Islamic Cooperation (OIC) conference. Real GDP growth was unchanged from 2021 after the economy rebounded from Covid-19 shock. Despite positive GDP growth, rising food prices undermine the pace of poverty reduction.

The Central Bank of Gambia (CBG) 's Composite Index of Economic Activity (CIEA), which is a statistical measure of aggregate economic activity, revealed that there will be economic growth by 6% in 2023, higher than the 5.2% projected in 2022.

However, readings from the CBG's quarterly Business sentiment survey paints a strengthen economy, which shows that public investment spending, recovery in tourism and related activity and robust private remittances continue to support the economic growth momentum. As a result, the Central Bank forecasts the economy to grow by 6.0 percent in 2023, higher than the 5.2 percent projected for 2022. However, the risk to the outlook remains significant, including the uncertain geopolitical environment, volatile international commodity prices and the impact of monetary tightening in advanced economies on domestic demand. Majority of respondents reported positive sentiments about the current and expected level of business activity in the next quarter. The survey also revealed heightened inflation expectations for Q1, 2023.

Provisional estimates of the balance of payments indicate a wider current account deficit of US\$116.7 million (5.7 percent of GDP) in 2022, compared to US\$86.9 million (4.5 percent of GDP) in 2021. The deficit in the goods account worsened to US\$591.6 million in 2022, from US\$574.5 million a year ago. Total import bill rose by 6.2 percent (year-on-year) to US\$645.3 million in 2022, reflecting mainly higher costs of petroleum and food imports. Total exports of goods increased by 63.2 percent (year-on-year) to US\$53.7 million in 2022. In contrast, the services account balance improved to a surplus of US\$25.6 million from a deficit of US\$9.1 million during the period under review.

Inflation remained elevated in 2022, driven by both demand pressures and supply shocks. The latest data indicates a decline in headline inflation to 13.1 percent in January 2023, from 13.7 percent in December 2022, due to decline in both food and non-food inflation.

Activity volumes in the foreign exchange market made of aggregate of sales and purchases of foreign currency, slightly declined by 1.9 percent (year-on-year) to US\$2.5 billion in the 12-months to end-December 2022. Excess demand of US\$37.2 million was registered during the period, attributed to imports of food, energy, and construction materials, while supply was largely bolstered by flows from private remittances and development partners. As the tourism sector started picking up, supply conditions in the foreign currency market are expected to improve coupled with the sustained inflows of private remittances. In the year to end-December 2022, the dalasi weakened against the US dollar by 17.8 percent, the euro by 5.8 percent and the Great Britain pound by 4.8 percent but strengthened against the CFA franc by 3.7 percent.

Yields on government securities continue to rise, mirroring the tight monetary policy stance of the Bank. The weighted average interest rate on treasury bills increased from 1.8 percent in December 2021 to 11.2 percent in December 2022.

The stock of government domestic debt increased in 2022 but at a decreasing rate. The nominal debt stock stood at D38.1 billion, representing an annual increase of 2.5 percent, lower than an average growth of 5.8 percent for the past 5 years. Moreover, domestic debt-to-GDP ratio declined from 34.7 percent in 2021 to 31.7 percent in 2022. The stock of treasury bonds increased by 15.7 percent to D19.8 billion during the period under review.

Industry Review

The banking industry continued to be well-capitalized, highly liquid, and profitable. The risk-weighted capital adequacy ratio stood at 24.8 percent at end December 2022, higher than the regulatory requirement of 10.0 percent. The liquidity ratio at 63.7 percent, was also above the prudential requirement of 30 percent. The ratio of non-performing loans to gross loans improved to 4.6 percent in December 2022, from 5.2 percent in December 2021.

The industry is undergoing swift and irreversible changes across technology, customer behaviour and regulation. The combined power of these three drivers of industry change – technology, customers, and regulation – is increased by the fact that they are often closely interwoven. For example, technological change creates new categories of customer utility, which in turn fuel further technological investment. Similarly, regulatory changes prompt both service and structural innovations, which together change the nature of the activities or entities that need regulating. And all the while, shifting attitudes and expectations are redefining the reality and perceptions of the industry's role and purpose in society.

In addition, increased regulation, and scrutiny from regulators worldwide in response to the threat of cyber risk has placed added responsibilities on financial institutions worldwide, particularly banks to protect and safeguard their information assets and customers' financial data/privacy.

FBNBank Gambia will therefore continue to make substantial investments in technologies to make available all the e-banking products and services. This, we believe will put us in a much stronger position in the coming years and will help push our desired objective of making our products and services accessible to our esteemed customers every minute, every day, all year round in an innovative way.

Business Performance Review

2022 was a lot better compared to 2021 in terms of the effect of pandemic challenges for all, however, Ukraine Russia war affected business. Adoption of digital services continued as digital offerings became a new normal. Our thoughts and prayers are with those who have lost their loved ones due to the war as the toll on lives and livelihoods in Ukraine has been profound.

Our performance demonstrated the strong operational execution and resilience in our business. The top-lines grew markedly within the year, with revenue increased by **30.5%** in 2022. This growth was evidenced in all business segments as the Bank recorded growth in retail (22.5%), corporate (27.9%), commercial (20.4%) and treasury (9.2%) businesses. However, the total operating expenses increase as well due to the fraud incident that occurred during the year. The interplay of these culminated in an impressive bottom-line, as the profit before tax (PBT) stood at **D40.65 million** compared to **D28.67 million** recorded in 2021, a **41.8%** growth.

Additionally, total assets improved by **15.8%**, greatly financed by growth in interbank takings which grew by **D248.8 million**, reinforcing the strength of our funding and liquidity positions. The total shareholders' funds increased by 11.9%, on the account of profit for the year.

Both the Bank's return on assets (ROA) and return on equity (ROE) grew to **2.2%** and **10.7%** in 2022 from **1.8%** and **7.2%** respectively in corresponding period of 2021. Also, the earnings per share (EPS) closed at **2.74** compared to **D1.63** recorded in 2021. Our common equity tier one ratio was 18.4% while liquid asset ratio stood at 55.09%, well in excess of the regulatory minimum requirement and internal limit of 10.0% and 30.0% respectively. NPL ratio remain constant at 0.5% in December 2022 the percentage in December 2021, reflecting key efforts in the recovery from major non-performing loans, and improvement in loan portfolio.

Revised Strategic Plan (2020-2024)

In line with revised First Bank Group's strategy plan from a 3-year cycle (2020 -2022) to 5-year cycle (2020-2024), the Bank has adjusted and revised its plan to align with Group's strategic plan and period, hence the 5-years strategic plan will run from January 1, 2020 to December 31, 2024. While the strategic vision remains the same – **"Being the Gambia's bank of first choice"**, the strategic themes have been revised to align with the Group. Nevertheless, financial security, resiliency and sustainability remain the goals by delivering accelerated growth in profitability through customer led innovation and disciplined execution.

We have articulated six (6) strategic themes that will anchor the delivery of FBNBank Gambia's 2024 aspirations.

- ❑ **People Agenda and Talent Management** – This objective is to be among the top 3 banks for staff productivity ranking through recruitment, training, and retaining the Bank's human capital.
- ❑ **Customer Acquisition & Share of Wallet Increase** – This will be driven through offering of differentiated value propositions. In addition, we will strengthen and accelerate the operationalisation of our value chain framework.

- ❑ **Operating Model Optimisation** – We intend to optimise our operating model and performance management to drive employee productivity.
- ❑ **Risk Assets Process and Product Excellence** – We are streamlining risk asset processes for efficiency and revamp risk asset products to meet the demand of today's volatile, uncertain, dynamic, and ambiguous environment.
- ❑ **Digital Transformation** – This is to drive efficiency across IT platforms for internal process and customer engagement and manage cost optimally while accelerating the execution of digital products and platforms.
- ❑ **Brand Positioning and Channel Expansion** – We aspire to increase our footprint through digital leverage and alternative service point model while enhancing FBNBank's brand positioning and perception to win the next generation's mindshare and patronage.
- ❑ **Group Advantage** – More importantly, we intend to leverage the group support for trade business, risk asset collaboration & brand positioning.

To achieve the 2024 aspiration, the Bank will need to grow its PBT, Deposit and Loans by an average of 3 times of the 2021 values

- ✓ PBT will be required to grow by 58% CAGR
- ✓ Deposits will grow by 60% CAGR
- ✓ Loans and Advances will grow by 57% CAGR

This entail the aggressive customer acquisition and deployment of unique and innovative go-to market strategies as well as establishment of distinctive internal capabilities.

Branch expansion and digital offerings – Outlook for 2023

The operating environment remains challenging, uncertain, and unpredictable due to the effects of the Ukraine Russia war and high cost of living in Europe. High inflation in Sub-Saharan Africa make it difficult for brick and mortar branch expansion. Opportunity exist in digital offerings which the bank will pursue in the year 2023. These opportunities include Online banking, Agent banking, 99.99% up time for ATM transactions and availability of International Card. We will continue to refine our strategy to make our operating model fit-for-future and adapt to a dynamic world for sustainable growth. We will sustain our drive for cost management across the business and strengthen our operations and financial position to unlock efficiency and support margins.

Thus, the ability to meet our targets depends on being able to help our customers manage the present uncertainty and capture the opportunities that unquestionably exist in West Africa sub-region. We will continue to deliver meaningful growth in each of our business lines, in a way that will enhance the performance of the bank in fulfilment of our promises to our various stakeholders, particularly our customers.

Enabling our people to do their jobs to the best of their ability is a priority for the Board, and for me personally. Helping our people be at their best is the critical enabler of our business strategy and fundamental to delivering our financial targets. They are essential to our present and future success. The Board fully

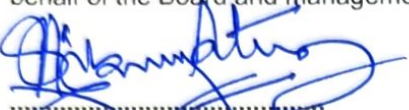
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endorses the bank's commitment to develop and support our people and we offer the Board our wholehearted support in realizing that ambition.

Aware of the important contribution each and every one of you (our stakeholders) made and continue to make in helping us having a profitable 2023, I would like to implore you to continue to give us your unflinching support.

We very much value your contributions in our journey thus far and would like to take this opportunity, on behalf of the Board and management of the bank, to wish everyone success in 2023 and beyond.



Gbenga O. Ajibola
Managing Director/CEO

General information

Directors

Mr. Ousainou Ngum
Mr. Gbenga O. Ajibola
Mrs. Fatou Njie
Mr. Isaac Oyeniyi
Mr. Aliyu Shehu
Mr. Popoola Seyi Oyefeso
Mr. Adefisayo M. Adefarakan

Chairman (from April 2022)
Managing Director (from April 1, 2022)
Director
Director
Director (Appointed May 10, 2022)
Chairman (Retired March 16, 2022)
Managing Director (Retired March 31, 2022)

Ag. Company Secretary

Mr. Justice I. O. Nwabuike

Auditors

DT Associates – The Gambia
Tax, Audit, Advisory
1 Paradise Beach Place
Berti Harding Highway
P.O. Box 268, Banjul,
The Gambia

Bankers

* Central Bank of The Gambia
1-2 Ecowas Avenue
Banjul
The Gambia

Guaranty Trust Bank Gambia Limited
56 Kairaba Avenue
P.O. Box 1958, KSMD
Banjul, The Gambia

Trust Bank Gambia Limited
3/4 ECOWAS Avenue
P.O. Box 1018
Banjul, The Gambia

Ghana International Bank Plc
67 Cheapside, 1st floor
Regina House, London EC2V 6AZ.

FBNBank Senegal Limited (Senegal)
Routes des Almadies, Zone 15, lot D
Dakar, Senegal.

First Bank of Nigeria Limited (Nigeria)

35 Marina Lagos, Nigeria

Solicitor

Hawa Sisay-Sabally
Legal Practitioner of the Supreme Court
60B Antouman Faal Street
Banjul, The Gambia

Registered office

FBN House
38 Kairaba Avenue
P O Box 1600
Banjul The Gambia

Directors' Report

The directors present their report and financial statements for the year ended 31 December 2022.

Statement of Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Bank and of the profit or loss of the Bank for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures being disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Bank 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 Bank and to enable them to ensure that the financial statements comply with the Companies Act 2013 and the Banking Act 2009. They are also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities

The bank's principal activity continues to be the business of banking.

Results for the year and dividends

Results for the year are as presented in the accompanying financial statements. Information on dividend is disclosed in note 32.

Significant changes in fixed assets

Changes in property, plant and equipment are shown in note 22 to the financial statements.

Employees

The number of employees and the cost associated with these employees is as detailed in note 12.

Directors and directors' interest

The directors who held office during the year are shown on page 13.

As at 31st December 2022, none of the Directors had any beneficial interest in the ordinary shares of the company.

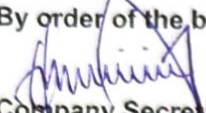
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Auditors

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

By order of the board of directors


Company Secretary

Date thisday of2023

Independent Auditors' Report

To the shareholders of FBN Bank Gambia Limited

Opinion

We have audited the financial statements of FBN Bank Gambia Limited which comprise the statement of financial position as at 31 December 2022 and statement of comprehensive income, the statement of changes in equity and the 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 financial statements present fairly, in all material respects, the financial position of the bank as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act of 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 Bank in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with other 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Independent Auditor's Report (Continued)

Key audit matter	How our audit addressed the key audit matter
IFRS 9 Impairment	In assessing impairment reserve, we performed the following procedures
As described in note three (3) to the financial statements, the impairment losses have been determined in accordance with IFRS 9 Financial Instruments reserve.	We gained understanding of the Bank's key credit processes comprising granting, booking, monitoring, and provisioning. We read the Bank's IFRS 9 based impairment provisioning policy and compared it with the requirements of IFRS 9;
The interpretation of the requirements to determine impairment under application of IFRS 9, reflected in the Bank's expected credit loss model.	We assessed the modelling techniques and methodology against the requirements of IFRS 9;
The identification of exposures with a significant deterioration in credit quality	We checked and understood the key data sources and assumptions for data used in the Expected Credit Loss (ECL) models used by the Bank to determine impairment provisions. We examined a sample of exposures and performed procedures to evaluate the:
Assumptions used in the expected credit loss model such as the financial condition of the counterparty, expected future cash flows and forward-looking macroeconomic factors (e.g. unemployment rates, interest rates, gross domestic product growth, property prices).	Data used to determine the impairment reserve, including transactional data captured at loan origination, ongoing internal credit quality assessments and interfaces to the expected credit loss model;
The need to apply additional overlays to reflect current or future external factors that are not appropriately captured by the expected credit loss model.	Expected credit loss model, including the models developed and approval, ongoing monitoring/validation, model governance and mathematical accuracy;
	We checked the appropriateness of the Bank's staging
	Basis for and data used to determine overlays;
	For Probability of Default (PD) used in the ECL calculations we checked the Through the Cycle (TTC) PDs calculation and checked the appropriateness of conversion of the TTC PDs to point in time (PIT) PDs;

We checked the appropriateness of determining Exposure at Default, including the consideration of prepayments and repayments in the cash flows and the resultant arithmetical calculations;

We checked the calculation of the Loss Given Default (LGD) used by the Bank in the ECL calculations, including the appropriateness of the use of collateral and the resultant arithmetical calculations;

For forward looking assumptions used by the Bank's management in its ECL calculations, we held discussions with management and corroborated the assumptions using publicly available information;

We checked the completeness of loans and advances, off balance sheet items, investment securities, placements and other financial assets included in the ECL calculations;

Other key modelling assumptions adopted by the Bank; and we then challenged the appropriateness of the models and management assumptions included in the ECL calculations.

We also performed procedures to ensure the competence, objectivity, and independence of the Bank's consultant.

We involved our credit specialists in areas that required specific expertise (i.e. data reliability and the expected credit loss model).

We checked the appropriateness of the opening balance adjustments and assessed the accuracy of the disclosures in the financial statements.

We found that the assumptions used by management were comparable with historical performance and have been assessed as reasonable. We considered

the disclosure of loan impairment to be appropriate and adequate.

We further assessed also as appropriate the classifications of the Bank's loans and advances in accordance with Central Bank of The Gambia, prudential guidelines, and the transfer of any excess provision over the IFRS computed provisions to the regulatory credit risk reserve.

Other matters

The directors are responsible for the other information. The other information comprises the General information, Chairman's Statement, Chief Executive Officer's review and the Directors' Report. The other information does not include the financial statements and our 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.

Based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 International Financial Reporting Standards and the requirements of the Companies Act 2013, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report (Continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the benefits derivable by the public from such communication.

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

DT Associates

DT Associates

Chartered Accountants
Registered Auditors

Date: *04 January*2024

FBN Bank Gambia Limited


Annual Report and Financial Statements
for the year ended 31st December 2022

Statement of Financial Position as at
31st December 2022

			Restated	Restated
	Notes	31 st Dec 2022 D'000	31 st Dec 2021 D'000	1 st Jan 2021 D'000
Assets				
Cash and cash equivalents	16	318,534	463,793	519,003
Loans and advances to banks	18	-	104,511	104,361
Loans and advances to customers	20	606,092	328,478	250,037
Investment securities:				
-Amortised cost investments	21	810,654	587,278	483,726
Other assets	25	15,401	17,240	18,497
Property and equipment	22	80,361	79,081	66,913
Intangible assets	23	122	688	2,868
Deferred tax assets		-	-	2,625
Total assets		1,831,164	1,581,069	1,448,050
Liabilities				
Deposits from banks	26	372,146	123,341	122,940
Deposits from customers	27	1,087,974	1,098,577	994,932
Current tax liabilities	14	8,262	7,329	(1,618)
Deferred tax liabilities	24	-	670	-
Other liabilities	28	77,075	96,146	95,048
Total liabilities		1,545,457	1,326,063	1,211,302
Equity				
Stated capital	29	224,000	224,000	224,000
Income deficit		(33,751)	(55,486)	(67,850)
Statutory reserve		31,798	24,124	19,554
Credit risk reserve		63,660	62,369	61,024
Total equity attributable to equity holders		285,707	255,007	236,728
Total liabilities and equity		1,831,164	1,581,069	1,448,030

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


Mr. Ghenga O Ajibola MD/CEO


Mr. Ousainou Ngum Chairman


Mr. Isaac Oyeniyi Director

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

Statement of Comprehensive Income
the year ended 31st December 2022

	Notes	31 st Dec 2022 D'000	Restated 31 st Dec 2021 D'000
Interest income	7	100,635	72,590
Interest expense	7	(29,034)	(19,098)
Net interest income		71,601	53,492
Net Impairment charge for financial assets	8	(3,440)	(62)
Net interest income after impairment charge for financial assets		68,161	53,430
Fee and commission income	9	27,668	31,299
Fee and commission expense	9	(16,848)	(6,521)
Net fee and commission income		10,820	24,778
Net trading income	10	28,394	22,344
Other operating income	11	11,861	2,893
Operating income after impairment charge		119,236	103,445
Personnel expenses	12	(30,380)	(31,898)
Depreciation and amortisation	22,23	(14,726)	(15,888)
Other expenses	13	(33,480)	(26,994)
Profit before income tax		40,650	28,665
Income tax expense	14a	(9,950)	(10,385)
Profit for the year		30,700	18,280
Other comprehensive income net of income tax			
Net gains on available-for-sale financial assets			
-Unrealised net gains arising during the period, before tax		-	-
-Net reclassification adjustments for realised net gains or losses, before tax		-	-
Exchange difference on translation of foreign operations		-	-
Actuarial gains/ (losses) on defined benefit pension scheme		-	-
Share of other comprehensive income of associates		-	-
Return on plan assets		-	-
Income tax relating to components of other comprehensive income		-	-

Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		30,700	18,280
(Loss) / Profit attributable to:			
Controlling Interests		30,700	18,280
Non-controlling interests		-	-
		30,700	18,280
Basic earnings per share	15	GMD 2.74	GMD 1.63
Diluted earnings per share		GMD 2.48	GMD 1.47

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

Statement of changes in equity
for the year ended 31st December 2022
Attributable to equity holders of the Bank

	Stated Capital D'000	Credit risk Reserve D'000	Statutory reserve D'000	Income surplus D'000	Total equity D'000
Balance at 1 January 2022	224,000	62,369	24,124	(55,486)	255,007
Total comprehensive income, net of income tax					
Profit for the year	-	-	-	30,700	30,700
Other comprehensive income, net of income tax					
Foreign currency translation difference for foreign operations	-	-	-	-	-
Net gain/loss on hedges of net investments in foreign operations	-	-	-	-	-
Revaluation of property, plant, and Equipment	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	30,700	30,700
Transfers from income surplus to reserves and transactions with owners, recorded directly in equity					
Transfer to credit risk reserve	-	1,291	-	(1,291)	-
Transfer to statutory reserve	-	-	7,674	(7,674)	-
New shares issued	-	-	-	-	-
Dividend paid to equity holders	-	-	-	-	-
Total transfers and transactions with owners					
	-	1,291	7,674	(8,965)	-
Balance at 31 December 2022	224,000	63,660	31,798	(33,751)	285,707

	Stated Capital D'000	Credit risk Reserve D'000	Statutory reserve D'000	Income surplus D'000	Total equity D'000
Balance at 1 January 2021	224,000	61,024	19,554	(61,142)	243,436
Opening balance adjustment for Error (Note 35)					
Restated opening balance	224,000	61,024	19,554	(6,709)	(6,709)
Profit for the year	-	-	-	(67,851)	236,727
Other comprehensive income, net of income tax				18,280	18,280
Foreign currency translation difference for foreign operations	-	-	-	-	-
Net gain/loss on hedges of net investments in foreign operations	-	-	-	-	-
Revaluation of property, plant, and Equipment	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	18,280	18,280
Transfers from income surplus to reserves and					
Transactions with owners, recorded directly in equity					
Transfer to credit risk reserve	-	1,345	-	(1,345)	-
Transfer to statutory reserve	-	-	4,570	(4,570)	-
New shares issued	-	-	-	-	-
Dividend paid to equity holders	-	-	-	-	-
Total transfers and transactions with owners	-	1,345	4,570	(5,915)	-
Balance at 31 December 2021	224,000	62,369	24,124	(55,486)	255,007

The accompanying notes are an integral part of these financial statements

Statement of Cash Flows
for the year ended 31 December 2022

	Notes	31 st Dec 2022 D'000	31 st Dec 2021 D'000
Operating activities			
Cash flow generated from operations	19	54,051	(8,130)
Income taxes paid	14b.	(9,016)	(1,438)
Interest received		96,859	72,752
Interest paid		(34,416)	(18,239)
Net cash flow (used in)/generated from operating activities		107,478	44,945
Investing activities			
Purchase of investment securities		(355,135)	(378,109)
Proceeds from the sale of investment securities		139,621	255,224
Purchase of property, plant, and equipment	22	(14,730)	(9,064)
Purchase of intangible assets	23	-	2,841
Proceeds on disposal of property, plant, and equipment		9	-
Net cash used in investing activities		(230,235)	(129,108)
Financing activities			
Proceeds from shares issued		-	-
Payment for Leases		(8,270)	-
Net cash (used in)/generated from financing activities		(8,270)	-
(Decrease)/increase in cash and cash equivalents		(131,026)	(84,163)
Cash and cash equivalents at start of year		337,032	421,195
Cash and cash equivalents at end of year	16	206,005	337,032

The accompanying notes are an integral part of these financial statements

Notes (forming part of the financial statements)

FBNBank Gambia Limited

*Annual Report and Financial Statements
for the year ended 31st December 2022*