FirstBank
Gambia

FirstBank Gambia Limited

Annual Report
And Financial Statements

For the year ended 31st December 2023

FirstBank Gambia

Financial highlights			
Income Statement (Dalasi '000)	**31-Dec-23**	**31-Dec-22**	**Increase / (decrease)**
Profit/(loss) before tax	64,859	40,650	59.5%
Post tax profit/(loss)	44,216	30,700	44.0%
Net Interest Income	100,047	71,601	39.7%
Operating Expenses	(104,434)	(78,586)	32.9%
Net Impairment Charge on Financial Assets	(1,588)	(3,440)	-53.8%
Net Interest Margin	98,408	68,161	44.4%
Balance Sheet (Dalasi '000)	**31-Dec-23**	**31-Dec-22**	**Increase / (decrease)**
Total Assets	2,229,220	1,831,164	21.7%
Loans and Advances	844,813	606,092	39.4%
Customer Deposits	1,703,539	1,087,974	56.6%
Shareholder's funds	329,923	285,707	15.5%
Loan to Deposit	49.6%	55.7%	-11.0%
Financial indicators	**31-Dec-23**	**31-Dec-22**	**Changes against 2022**
Earnings per Share (Bututs)	3.94	2.74	43.9%
Return on Assets (ROA)	2.9%	2.2%	32.2%
Return on Equity (ROE)	13.4%	10.7%	24.6%
Cost to Income Ratio	61.7%	65.9%	-6.4%
Non-Performing Loans (NPLs)	4,091	2,107	94.1%
Prudential indicators	**31-Dec-23**	**31-Dec-22**	**Changes against 2022**
Non-performing loans (Gross)	0.48%	0.55%	-12.7%
CAR	20.1%	18.4%	9.2%
Liquidity Asset Ratio (%) – Min. 30%	69.40%	55.09%	26.0%
Risk Weighted Capital Adequacy Ratio (%)	20.1%	18.4%	9.2%
Single Credit Concentration – Max. (25%)	13.29%	15.2%	-12.6%
Gearing Ratio (times) - Max 12 times	2.5	5.4	-53.7%
Statutory Reserve Requirement (%)	25%	25%	-

FirstBank
Gambia

Chairman's Statement

Building a more resilient and sustainable institution

The year 2023 witnessed continued pressure from the effect of Russia-Ukraine war which increased energy and food prices globally. Another theme last year was dominant rising inflation across the globe. To ease the effect of inflation on the economy, most central bank adopted a restrictive approach and tightening their monetary policies. Shortage of FX was a major concern for most of the emerging economies in 2023. Despite all these challenges, our bank responded exceptionally well, and our performance has been resilient and impressive. This was achieved while delivering a solid performance in the context of various regulation to strengthen the economy. Total gross revenue grew by **41%** in 2023 on the back of similar growth in both interest and non-interest income, while the profit before tax grew **59%** year-on-year, resulting in over **80%** target achievement.

In being true to our promise of building a strong, better and more valuable bank, and towards actualising our mission; " **To remain true to our name by proving best financial services possible**", the Bank is adapting and diversifying its business model, increasing the channel and positioning itself for present and future opportunities. Resilience and sustainability are the new norms for the Bank. We also rebranded our name from FBNBank Gambia Limited to FirstBank Gambia Limited in 2023. This is to align the bank with the growth.

FirstBank is primed, adequately capitalized and highly liquid, with our customers at the centre of the business, to build solid foundations for controlled and sustainable growth for the future. The bank has sustained its footprint in the Gambia, and we will be known for the way in which we do business and the integrity with which we operate. It is worth noting that operational and technological strengths are going to be a competitive advantage for the bank in the coming years, as we adapt increasingly to changing customers' preference.

We have also strengthened our core processes to provide us with innovative ways to serve our customers. It is our belief that operational and technological efficiency will significantly help in ensuring that we deliver world class customer experience that would drive customer loyalty and long-term growth.

Economic Environment

There was a resurgence of COVID-19 cases in China, which led to the country imposing strict lockdowns to curb further virus spread. The COVID-related restrictions impacted business activities within manufacturing hubs in China, thereby weakening the country's output and disrupting international trade. The effect of COVID-19 is gradually winding down in most countries. However, the effect of Russia-Ukraine war which is about two years has increased energy and food prices globally. Economies in the Sub-Saharan Africa region remained vulnerable to the spillover effects of these external shocks, including international capital flight to safety, with the region experiencing rising food and energy prices, increase inflation and political instability in some specific countries, increasing public debt and associated borrowing costs

Prospects in the global economy have improved, thanks to the strength of the United States economy and some large emerging market economies, supported by both demand and supply factors. Sustained private and government spending in most economies combined with favorable supply developments contributed to the improvement. Against this backdrop, the International Monetary Fund (IMF), in its January World Economic Outlook (WEO) updates forecast global growth at 3.1 percent in 2024, the same level as the estimates for 2023. However, the projections for both 2023 and 2024 are still lower than the historical average of 3.8 percent. In addition, this outlook is shrouded with significant risks, including the impact of the ongoing geopolitical developments on international trade and commodity prices.

On the domestic front, the Gambian economy continues its resilience, registering a growth rate above the average for sub-Saharan Africa. Recent data from the Gambia Bureau of Statistics (GBoS) revealed a quarterly annualized real GDP growth of 4.8 percent, supported by agriculture and services sectors. In addition, the Bank's Composite Index of Economic Activity (CIEA) pointed to a robust activity level in the fourth quarter of 2023. As a result, CBG staff forecast economic growth at 5.4 percent for 2024, representing a 0.1 percentage point upward revision from the November 2023 forecast. Public and private consumption and investments are expected to sustain aggregate demand as well as recovery in tourism and stable inflows of remittances. Furthermore, core inflation, which excludes volatile energy and food products declined markedly during the review period suggesting inflationary pressures are gradually dissipating. However, this outlook is surrounded by significant headwinds, including the still elevated inflation, uncertainties surrounding global commodity prices, and structural holdups in the domestic economy.

Banking Sector Developments

The banking industry remains strong and stable with healthy financial soundness indicators. The industry risk-weighted capital adequacy ratio stood at 28.6 percent in December 2023, compared to 24.4 percent reported in December 2022. All the banks were within the regulatory requirement of 10 percent. The banking sector liquidity ratio increased to 82.3 percent in December 2023, from 63.7 percent reported in December 2022.

The foreign exchange market remains vibrant with stable activity volumes. The cumulative volume of transactions in the domestic foreign exchange market in 2023 stood at US$2.0 billion, slightly lower than the US$2.5 billion in 2022. Total remittance inflows increased by 3.5 percent in 2023 to stand at US$737.1 million. The increase in private remittances and significant inflows from grants helped ease foreign currency supply conditions and considerably supported the stability of the dalasi during the review period. The Central Bank continues to implement reforms to enhance the efficiency of the foreign exchange market. In December 2023, the Bank published a new foreign exchange policy and revised the foreign exchange bureau guidelines. These reforms were necessary to ensure transparency and the smooth functioning of the market.

Financial Performance

Despite a challenging external environment in 2023 caused by effect of continued Russia Ukraine war and effect scarcity in FX liquidity locally, the Bank delivered a resilient performance with reported profit before tax of **D64.86 million**, up by **59.5%** on 2022, and profit after tax of **D44.22 million**, up by 44.0%. This was a significant improvement for the Bank as it delivers improved return on equity (ROE) of **13.4%** compared with 10.7% in 2022.

The balance sheet also grew by 20.6% from D1.83 billion in 2022 to D2.23 billion. The growth was financed by growth in deposit liabilities which moved from D1.1 billion to D1.7 billion a 56.6% increase.

The bank continues to perform well above key regulatory benchmarks in other key financial indicators. The bank holds 69.4% and 22.4% for its liquid Asset and Capital Adequacy ratios against minimum regulatory requirements of 30% and 10% 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. FirstBank 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 25%
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.

Our Board

In the last 12 months, the Board of FirstBank Gambia has continued to work with the Management of the bank, to perform its fiduciary responsibilities through its statutory Committees. Our corporate governance framework ensures that the Board's independence is always maintained and that the highest ethical standards continue to guide our interactions with the bank. During the review period, we had no addition or retirement of any of the board member.

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 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 in 2023, we made good progress against the three strategic priorities – 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, which segmenting the customer base further to incorporate Public sector as a strategic business unit.

We will continue to focus on our strategy to maintain financial strength, improve our market position and build an effective organisation. FirstBank 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.

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 FirstBank 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 capturing future opportunities.

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Chairman
Board of Directors of FirstBank Gambia Limited

Chief Executive Officer's Review

Sustaining Profitability and Growth

Introduction

Sub-Saharan Africa GDP was projected to have modest decline to 3.3% in 2023 from 4% in 2022. as the region continue to face health, economic and political crisis. Most of the countries in the region have their currencies weakened, high debt service cost, food fuel and fertiliser prices soaring. As in the region, the rest of the world are also filling the effect of Russian Ukraine war. Economic outlook globally estimated 2.9% in 2023 and weaken to 2.7 in 2024. GDP but ended up with 3.3% 2022. Global inflation dropping from 8.7% in 2022 to 6.7% in 2023 and further down to 5.2% in 2024.

The Gambian economy reached 4.8% in quarter 4 of 2023, 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, recovery in tourism. 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 5.4% in 2024, higher than the initial projection by 0.1%.

The results from the Central Bank's latest Business Sentiment Survey revealed that sentiments about the prospects of the Gambian economy have improved. 3 Most of the businesses expressed optimism about the near-term growth outlook. Businesses also expect to hire more people with the expectation of increased production. However, near-term inflation expectations remain high, as survey respondents believe inflation will rise in the next three months. The effect of geopolitical developments, especially its impact on global supply chains, increase in domestic pump prices and depreciation pressures shaped the sentiments of businesses on the inflation outlook.

Preliminary balance of payments estimates show that the current account balance deteriorated in 2023, registering a deficit of US$204.1 million (7.0 percent of GDP), from a deficit of US$90.3 million (4.4 percent of GDP) in 2022. The goods account balance widened to a deficit of US$940.4 million (32.2 percent of GDP) in 2023, compared to a deficit of US$642.4 million (31.5 percent of GDP). The services account balance registered a surplus of US$204.2 million in 2023, higher than US$80.2 million, benefiting from the strong recovery in tourism activity.

Inflation remained elevated in 2023, driven by both demand pressures and supply shocks. The latest data indicates a decline in headline inflation to 16.2 percent in January 2024, from 17.3 percent in December 2023, due to decline in both food and non-food inflation.

The foreign exchange market remains vibrant with stable activity volumes. The cumulative volume of transactions in the domestic foreign exchange market in 2023 stood at US$2.0 billion, slightly lower than the US$2.5 billion in 2022. Total remittance inflows increased by 3.5 percent in 2023 to stand at US$737.1 million. The increase in private remittances and significant inflows from grants helped ease foreign currency supply conditions and considerably supported the stability of the dalasi during the review period.

Yields on short-term government securities continue to be influenced by liquidity conditions in the banking system and lower government appetite for borrowing. The weighted average yield rose from 12.7 percent in January 2023 to peak at 16.5 percent in May before sliding to 10.9 percent in September. 5 However, when compared to 2022, the weighted yield on government instruments increased from 4.8 percent to 11.2 percent in 2023.

The government's domestic debt rose by 8.4 percent to D41.3 billion (29.4 percent of GDP) in 2023, from D38.1 billion (31.7 percent of GDP) in 2022. This increase is explained mainly by the increased issuance of Treasury bills and medium-term government bonds to settle maturities and finance the budget. As a result, short-term debt accounted for 58.5 percent of the total domestic debt stock, while medium to long-term debt constituted 41.5 percent, indicating a substantial refinancing risk, as over half of the debt stock matures in less than 1 year.

Industry Review

The banking industry remains strong and stable with healthy financial soundness indicators. The industry risk-weighted capital adequacy ratio stood at 28.6 percent in December 2023, compared to 24.4 percent reported in December 2022. All the banks were within the regulatory requirement of 10 percent. The banking sector liquidity ratio increased to 82.3 percent in December 2023, from 63.7 percent reported in December 2022. Customer deposits, the main source of funding for banks, increased by 8.7 percent (year-on-year) to D58.7 billion in December 2023 and accounted for about 67.9 percent of total liabilities. The industry's asset quality continues to improve, with the non-performing loans declining from 4.6 percent of gross loans reported in December 2022 to 3.3 percent recorded in December 2023. While credit risks remain, the stress test results indicated a resilient banking industry.

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.

FirstBank 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

2023 was a lot better compared to 2022 in terms of the effect of Russia Ukraine war for all, supply chain improved as many near nations had form alliances. 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 net interest income increased by **39.7%** in 2023. This growth was evidenced in all business segments as the Bank recorded growth in retail (32%), corporate (94%), commercial (8%) and treasury (118%) businesses. However, the total operating expenses increase as well due to increase in operational cost. The interplay of these culminated in an impressive bottom-line, as the

profit before tax (PBT) stood at **D64.86 million** compared to **D40.65 million** recorded in 2022, a **59.5%** growth.
Additionally, total assets improved by **20.6%**, greatly financed by growth in customer deposits which grew by **56.6%,** reinforcing the strength of our funding and liquidity positions. The total shareholders' funds increased by 15.5%, on the account of profit for the year.

Both the Bank's return on assets (ROA) and return on equity (ROE) grew to **2.9%** and **13.4%** in 2023 from **2.2%** and **10.7%** respectively in corresponding period of 2022. Also, the earnings per share (EPS) closed at **3.94 Butut** compared to D2.74Butut recorded in 2022. Our common equity tier one ratio was 22.4% while liquid asset ratio stood at 69.4%, well in excess of the regulatory minimum requirement and internal limit of 10.0% and 30.0% respectively. Cost to income ratio dropped by 4.6% which show management effort in curtailing cost.

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.The strategic vision was streamlined with that of the group also – **"To Be Africa'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 FirstBank 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 FirstBank' 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 entails 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 2024

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 mortal branch expansion. Opportunity exist in digital offerings which the bank will pursue in the year 2024. 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 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 2024 and beyond.

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Gbenga O. Ajibola
Managing Director/CEO

DT Associates

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Independent Auditors' Report

To the shareholders of FirstBank Gambia Limited

Opinion

We have audited the financial statements of FirstBank Gambia Limited which comprise the statement of financial position as at 31 December 2023 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 2023 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.

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. The interpretation of the requirements to determine impairment under application of IFRS 9, reflected in the Bank's expected credit loss model. The identification of exposures with a significant deterioration in credit quality 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). The need to apply additional overlays to reflect current or future external factors that are not appropriately captured by the expected credit loss model.	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; We assessed the modelling techniques and methodology against the requirements of IFRS 9; 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: 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; 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.

Independent Auditor's Report (Continued)

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:
16th August 2024

FirstBank Gambia

Statement of Financial Position as at 31st December 2023

	Notes	31st Dec 2023 D'000	31st Dec 2022 D'000
Assets			
Cash and cash equivalents	16	**623,394**	318,534
Loans and advances to banks	18	**50,000**	-
Loans and advances to customers	20	**844,813**	606,092
Investment securities:			
-Amortised cost investments	21	**605,122**	810,654
Other assets	25	**11,728**	15,401
Property and equipment	22	**86,003**	80,361
Intangible assets	23	**8,160**	122
Deferred tax assets		-	-
Total assets		**2,229,220**	1,831,164
Liabilities			
Deposits from banks	26	**95,733**	372,146
Deposits from customers	27	**1,703,539**	1,087,974
Current tax liabilities	14	**17,142**	8,262
Deferred tax liabilities	24	-	-
Other liabilities	28	**82,883**	77,075
Total liabilities		**1,899,297**	1,545,457
Equity			
Stated capital	29	**224,000**	224,000
Income surplus/(deficit)		**(4,158)**	(33,751)
Statutory reserve		**42,852**	31,798
Credit risk reserve	29(a)	**67,229**	63,660
Total equity attributable to equity holders		**329,923**	285,707
Total liabilities and equity		**2,229,220**	1,831,164

Mr. Gbenga O Ajibola MD/CEO

Mr. Ousainou Ngum Chairman

Mr. Isaac Oyeniyi Director

16th August 2024

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

FirstBank Gambia

Statement of Comprehensive Income
the year ended 31st December 2023

	Notes	31st Dec 2023 D'000	31st Dec 2022 D'000
Interest income	7	**154,597**	100,635
Interest expense	7	**(54,549)**	(29,034)
Net interest income		**100,048**	71,601
Net Impairment charge for financial assets	8	**(1,588)**	(3,440)
Net interest income after impairment charge for financial assets		**98,460**	68,161
Fee and commission income	9	**38,061**	27,668
Fee and commission expense	9	**(12,026)**	(16,848)
Net fee and commission income		**26,035**	10,820
Net trading income	10	**33,462**	28,394
Other operating income	11	**11,336**	11,861
Operating income after impairment charge		**169,293**	119,236
Personnel expenses	12	**(44,048)**	(30,380)
Depreciation and amortization	22,23	**(16,187)**	(14,726)
Other expenses	13	**(44,199)**	(33,480)
Profit before income tax		**64,859**	40,650
Income tax expense	14a	**(20,643)**	(9,950)
Profit for the year		**44,216**	30,700
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		-	-

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		**44,216**	30,700
(Loss) / Profit attributable to:			
Controlling Interests		**44,216**	30,700
Non-controlling interests		-	-
		44,216	30,700
Basic earnings per share	*15*	**GMD 3.94**	GMD 2.74
Diluted earnings per share		**GMD 3.56**	GMD 2.48

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

Statement of changes in equity
for the year ended 31st December 2023
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 2023	224,000	63,660	31,798	(33,751)	**285,707**
Total comprehensive income, net of income tax					
Profit for the year	-	-	-	44,216	44,216
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	-	-	-	44,216	44,216
Transfers from income surplus to reserves and transactions with owners, recorded directly in equity					
Transfer from credit risk reserve (Note	-	3,569	-	(3,569)	-
Transfer to statutory reserve	-	-	11,054	(11,054)	-
New shares issued	-	-	-	-	-
Dividend paid to equity holders	-	-	-	-	-
Total transfers and transactions with owners	-	3,569	11,054	49,089	-
Balance at 31 December 2023	**224,000**	**67,229**	**42,852**	**(4,158)**	**329,923**

	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**

The accompanying notes are an integral part of these financial statements

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Statement of Cash Flows

for the year ended 31 December 2023

	Notes	31st Dec 2023 D'000	31st Dec 2022 D'000
Operating activities			
Cash flow generated from operations	*19*	**60,476**	54,051
Income taxes paid	*14b.*	**(11,763)**	(9,016)
Interest received		**139,214**	96,859
Interest paid		**(41,655)**	(34,416)
Net cash flow (used in)/generated from operating activities		**146,272**	107,478
Investing activities			
Purchase of investment securities		**(330,503)**	(355,135)
Proceeds from the sale of investment securities		**444,287**	139,621
Purchase of property, plant, and equipment	*22*	**(11,138)**	(14,730)
Purchase of intangible assets	*23*	**(8,180)**	-
Proceeds on disposal of property, plant, and equipment		**61**	9
Net cash used in investing activities		**94,527**	(230,235)
Financing activities			
Proceeds from shares issued		**-**	-
Payment for Leases		**(1,733)**	(8,270)
Net cash (used in)/generated from financing activities		**(1,733)**	(8,270)
(Decrease)/increase in cash and cash equivalents		**239,066**	(131,026)
Cash and cash equivalents at start of year		**206,005**	337,032
Cash and cash equivalents at end of year	*16*	**445,071**	206,005

The accompanying notes are an integral part of these financial statements

7. Net interest income

	31st Dec 2023 D'000	31st Dec 2022 D'000
Interest income		
Loans and advances to banks	**458**	709
Loans and advances to customers **(7.1)**	**105,541**	61,202
Investment securities at Amortized cost	**48,598**	38,724
Total interest income	**154,597**	100,635

7.1 Interest income on loans and advances to customers includes interest income on impaired financial assets, recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The growth in Interest income is due to growth in loans and advances to customers by over **D230m** and increase in interest rate due to increase in Monetary Policy Rate by 400 basis points in 2023

Interest income on impaired loans	**40**	**207**
Interest expense		
Deposits from banks	**18,065**	12,292
Deposits from customers **(7.2)**	**34,640**	14,021
Lease Liability	**1,844**	2,721
Total interest expense	**54,549**	29,034
Net interest income	**100,048**	**71,601**

7.2 Interest expense on deposits from customers increased significantly because some customers repriced their Fixed deposits at rollover in line with MPR in 2023 which was as high as 17%.

8. Impairment charge for financial assets

	31st Dec 2023 D'000	31st Dec 2022 D'000
Loans and advances to banks (refer to note 18)		
12- month ECL	-	-
Lifetime ECL	-	-
	-	
Investment securities (refer to note 21)	-	
12- month ECL	-	-
Lifetime ECL	**(52)**	-
Pledged assets		
12- month ECL	-	-
Lifetime ECL	-	-

Loans and advances to customers (refer note 20)		
Stage 1 - 12- month ECL	**539**	1,131
Stage 2 - Lifetime ECL	**523**	19
Stage 3 - Lifetime ECL	**157**	2,441
	1,219	3,590
Net recoveries on loans previously written off	**(50)**	(160)
Other assets (refer to note 25)		
12- month ECL	-	-
Lifetime ECL	**120**	-
Off balance sheet		
Increase/(decrease) in impairment	**351**	10
Net impairment charge	**1,588**	3,440

9 Net fee and commission income

	31st Dec 2032 D'000	31st Dec 2021 D'000
Credit related fees	**9,587**	10,273
Commission on turnover	**8,257**	5,836
Funds transfer & Intermediation fees	**4,224**	4,998
Money transfer commission	**3,054**	2,948
Account Maintenance Fee	**3,083**	2,411
Commission on Bonds and Guarantees (9.1)	**9,198**	402
Commission on bills	**445**	650
Other	**214**	150
Total fee and commission income	**38,062**	27,668
Less: fee and commission expenses	**(12,026)**	(16,848)
Net fees and commission income	**26,036**	10,820

9.1 The bank operates significantly in Contingent by issuing a lot of Bonds for various contracts in 2023 and also issue Letter of Credit for Ministry of Education. The bank does not have such instrument in 2022, see note 30.

9a) Breakdown of Fee and commission expense:

	31st Dec 2023 D'000	31st Dec 2022 D'000
Shipment Charges	**7,711**	13,763
CMA Charges	**1,360**	1,080
SWIFT fees	**1,073**	820
Offshore Bank Charges	**1,882**	1,182

10 Net Trading Income

	31st Dec 2023 D'000	31st Dec 2022 D'000
Foreign Exchange Income	**28,175**	26,179
Revaluation gain on foreign currency balances **(10.1)**	**5,287**	2,215
	33,462	28,394

10.1 Inclusive of net trading income was revaluation gain on foreign currency balances which reflects the foreign currencies translation differences between the opening balance sheet rate and closing rate as at balance sheet period.

11 Other operating income

	31st Dec 2023 D'000	31st Dec 2022 D'000
Cheque Book Charges	**268**	188
Charges on Foreign currency withdrawals	**452**	427
Cash Handling (11.1)	**7,063**	7,658
Bank settlement charges	**1,286**	1,124
Income from E-Business	**1,268**	1,623
Service Charges	**9**	427
	-	414
Other transaction-related fees	**991**	
	11,337	11,861

11.1. Inclusive as part of cash handling fees was the charges made on certain corporate customers, who entered into agreements with the Bank to provide instant value on shipment of their foreign currencies particularly USD and EURO. The charges vary between 0.7% and 1% of the shipment amount at a threshold not less than US$200,000.00 or its EUR Equivalents.

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12 Personnel expenses

	31st Dec 2023 D'000	31st Dec 2022 D'000
Salaries and Wages	**12,619**	9,965
Staff Allowances	**20,977**	13,404
Contributions to provident fund (SSHFC)	**859**	713
Staff Training	**897**	222
Medical Expenses	**1,455**	937
Fringe Benefit tax	**100**	315
Overtime payments	**336**	211
Refreshment for staff	**295**	138
Outsourced Cost	**2,019**	1,548
Directors' Expenses:		
- Directors' Fees **(12.1)**	**4,224**	2,500
- Board Expenses	**-**	192
- Board assessment & Training	**267**	235
	44,048	30,380

	Number of employees 31st Dec 2023	31st Dec 2022
Executive Director	**2**	2
Management Staff	**4**	4
General Staff	**72**	67
	78	73

12.1. The increase in directors fee is due to three extra ordinary general meeting held in the year and effect currency devaluation in 2023.

13 Other operating expenses

	Notes	31st Dec 2023 D'000	31st Dec 2022 D'000
Software licensing and other information technology costs	(13.1)	**8,707**	1,421
Maintenance, rent and insurance		**6,156**	5,444
Adverts and corporate promotions		**4,650**	2,702
Stationery and printing		**1,425**	1,581
Auditors' remuneration		**789**	615
Electricity and Water		**2,715**	1,912
Security Services		**2,492**	1,005
Travelling, Transport and accommodation		**6,596**	2,180
Swift Services		**880**	820
Fuel and Lubricants		**2,400**	1,344
Bank and Other Charges		**295**	30
Telecommunication and Postal Charges		**4,207**	3,865
Conservancy and Cleaning		**1,284**	854
Legal Fees		**24**	338
Operational Losses (Note 34)		**-**	8,840
Subscriptions		**1,579**	529
		44,199	33,480

13.1 This represents various cost of network connectivity and IT related services incurred and paid in year 2023.

14 Income tax expense

a Recognised in the income statement

	31st Dec 2023 D'000	31st Dec 2022 D'000
Current tax expense		
Current year	**20,643**	9,950
Total income tax expense	**20,643**	9,950

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20 Loans and advances to customers

31 December 2023

	Gross amount D'000	12 months ECL D'000	Stage 2 ECL D'000	Stage 3 ECL D'000	Total impairment D'000	Carrying amount D'000
Corporate						
Overdrafts	275,641	281	15	-	296	275,345
Term loans	429,918	762	-	117	879	429,039
Project finance	-	-	-	-	-	-
	705,559	1,043	15	117	1,175	704,384

	Gross amount D'000	12 months ECL D'000	Stage 2 ECL D'000	Stage 3 ECL D'000	Total impairment D'000	Carrying amount D'000
Retail						
Overdrafts	50,998	1,035	139	420	1,594	49,404
Term loans	95,560	2,647	861	1,027	4,535	91,025
Credit cards	-	-	-	-	-	-
Mortgage	-	-	-	-	-	-
	146,558	3,682	1,001	1,447	6,129	140,429
Total loans and advances	852,117	4,725	1,016	1,564	7,304	844,813

31 December 2022	Gross amount D'000	12 months ECL D'000	Stage 2 ECL D'000	Stage 3 ECL D'000	Total impairment D'000	Carrying amount D'000
Corporate						
Overdrafts	222,563	275	19	-	294	222,268
Term loans	261,611	401	-	-	401	261,211
Project finance	-	-	-	-	-	-
	484,174	676	19	-	695	483,479

	Gross amount D'000	12 months ECL D'000	Stage 2 ECL D'000	Stage 3 ECL D'000	Total impairment D'000	Carrying amount D'000
Retail						
Overdrafts	42,667	1,176	58	129	1,363	41,304
Term loans	85,329	3,343	102	575	4,020	81,309
Credit cards	-	-	-	-	-	-
Mortgage	-	-	-	-	-	-
	127,996	4,519	160	704	5,384	122,613
Total loans and advances	612,171	5,195	179	704	6,079	606,092

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25 Other assets

	31st Dec 2023 D'000	31st Dec 2022 D'000
Financial assets:		
Accounts receivable	3,557	4,779
	3,557	4,779
Impairment	(339)	(219)
	3,218	4,560
Non-Financial assets:		
Stock of consumables	2,211	2,265
Prepayments	6,299	8,576
	8,510	10,841
Net other assets balance	11,728	15,401
Reconciliation of impairment account		
At start of period	219	204
Increase in impairment	120	15
At end of period	339	219

25.1 Breakdown of Account Receivable

	2023	2022
H/O Recoverable Balances	42	72
Money Transfer Receivables	3,176	819
Cash Shortage	-	1,262
Other Receivable	-	2,407
	3,218	4,560

The money transfer receivable represents the balance receivable from IMTOs as at year end which was cleared 1first week in January 2024.

25.2 Breakdown of Stock of Consumables

	2023	2022
Stationeries	1,382	1,363
Token	543	443
ATM Cards	269	330
Fuel Cards	17	129
	2,211	2,265

26 Deposits from banks

	31st Dec 2023 D'000	31st Dec 2022 D'000
Money market deposits	95,733	372,146
	95,733	372,146

Balance in money market deposit comprises of interbank takings in the normal cause of operation.

27 Deposits from customers

	31st Dec 2023 D'000	31st Dec 2022 D'000
Retail customers:		
Term deposits	155,414	112,437
Current deposits	162,672	75,828
Savings deposits	312,566	223,964
Corporate customers:		
Term deposits	127,911	193,866
Current deposits	724,343	314,886
Savings Deposits	220,633	166,993
	1,703,539	1,087,974

28 Other liabilities

		31st Dec 2023 D'000	31st Dec 2022 D'000
Financial Liabilities:			
Accounts payable		2,594	1,644
Creditors		142	9
Lease liabilities (See note 22b)		46,223	36,206
Bills of Exchange & Cheques payable		398	395
Legal and Search fee payable		1,004	651
Collection on behalf of third parties		1,757	1,463
		52,118	40,368
Non-Financial Liabilities:			
Provisions and accruals		5,739	11,628
Deferred income		276	329
Deposit for shares	28.1	24,750	24,750
		82,883	77,075

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Value Added Statement for the year ended 31 December 2023

	31st Dec 2023 D'000	31st Dec 2022 D'000
	Bank	Bank
Interest earned and other operating income	165,932	112,496
Direct cost of services	(110,774)	(79,364)
Value Added banking services	55,158	33,132
Non-banking Income	71,626	56,222
Impairments	(1,690)	(3,600)
Value Added	125,093	85,754
Distributed as follows		
To Employees: -		
Directors (non-executives)	(4,224)	(2,927)
Executive directors	-	-
Other employees	(39,823)	(27,453)
To Government:		
Income tax	(20,643)	(9,950)
To providers of capital		
Dividends to shareholders	-	-
To expansion and growth		
Depreciation	(16,045)	(14,158)
Amortisation	(142)	(566)
Retained earnings	44,216	30,700