INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TRUST BANK GAMBIA LIMITED

We have audited the accompanying balance sheet of Trust Bank Gambia Limited as of 31st December 2008 and the related statements of income and cash flows for the year then ended. These financial statements are the responsibility of the directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing as promulgated by the International Federation of Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position of the company as of 31st December 2008 and of the result of its operations and its cash flows for the year then ended and have been properly prepared in accordance with the requirements of the Companies Act 1955 and the Financial Institutions Act 2003.

PKF

PKF
Accountants and business advisers
Registered Auditors
Banjul
The Gambia

Date: 18th March 2009

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	31-Dec-08 D'000	31-Dec-07 D'000
Interest income	2	**276,755**	236,233
Interest expense	3	**(109,854)**	(85,287)
Net interest income		**166,901**	150,946
Fees and commission income		**76,950**	94,520
Foreign exchange revenue/(loss)		**69,761**	(60,748)
Other revenue		**16,148**	22,565
		162,859	56,337
Total operating revenue less interest expense		**329,760**	207,283
Personnel costs	4a	**(52,770)**	(47,996)
General and administration cost		**(91,062)**	(68,576)
Depreciation and amortisation		**(32,562)**	(30,791)
		(176,394)	(147,363)
Operating profit		**153,366**	59,920
Provision for credit losses	10a	**(5,997)**	2,338
Profit before tax	5	**147,369**	62,258
Income tax expense	6	**(47,543)**	(21,790)
Profit for the year		**99,826**	40,468

Basic earnings per share (bututs)	7b	**166**	67
Diluted earnings per share (bututs)	7b	**166**	67
Total dividend per share for the year (bututs)		**130**	62.5

The notes on pages 25 to 31 form an integral part of these financial statements.

BALANCE SHEET

FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	**31-Dec-08 D'000**	31-Dec-07 D'000
ASSETS			
Cash and bank balances	*8*	**445,812**	683,916
Investments	*9*	**764,372**	640,665
Loans and advances	*10*	**1,073,516**	866,609
Other assets	*12*	**249,172**	317,244
Taxation	*6a*	**18,975**	15,028
Tangible fixed assets	*13*	**207,284**	126,658
TOTAL ASSETS		**2,759,131**	2,650,120
LIABILITIES			
Issued capital	*16*	**60,000**	60,000
Statutory reserves		**98,464**	83,490
Revaluation reserve		**70,588**	–
Share premium		**5,000**	5,000
Profit and loss reserve		**36,136**	57,698
CAPITAL AND RESERVES		**270,188**	206,188
Deposits	*14*	**2,196,343**	2,017,123
Dividend payable	*7a*	**46,174**	24,018
Other liabilities	*15*	**246,426**	402,791
		2,488,943	2,443,932
TOTAL EQUITY AND LIABILITIES		**2,759,131**	2,650,120

These financial statements were approved by the Board of Directors on 27th February 2009, and were signed on its behalf by:

CHAIRMAN

MANAGING DIRECTOR

DIRECTOR

SECRETARY

The notes on pages 25 to 31 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2008

	Called up issued share capital D000.	**Share premium D000.**	**Statutory Reserve D000.**	**Profit & Loss account D000.**	**Revaluation Reserve**	**Total D000.**
At 1 January 2008	60,000	5,000	83,490	57,698	–	**206,188**
Prior year adjustment (see below)	–	–	–	(28,414)	–	**(28,414)**
				29,284	–	**177,774**
Profit for the year	–	–	–	99,826	–	**99,826**
Transfers	–	–	14,974	(14,974)	–	**–**
Dividends paid & proposed	–	–	–	(78,000)	–	**(78,000)**
Revaluation surplus	–	–	–	–	70,588	**70,588**
At 31 December 2008	**60,000**	**5,000**	**98,464**	**36,136**	**70,588**	**270,188**

Prior Year Adjustment

In 2005 during the transition from the Banking platform of Bank Manager to the new software Flexcube, a USD interbranch account of D28.4M was mistakenly recognised in the books as an asset instead of an expense. The account comprised of a build up of exchange losses incurred in the year and preceeding years and should have been transferred to the profit and loss account. The effect of the error was an overstatement of profit by D28.4M in the year 2005. As this error was made in the preceding years, the error has been corrected in 2008 by reducing other assets and accumulated profit by D28.4M respectively.

Statutory Reserve

The Central Bank of the Gambia requires all licensed commercial banks that meet the minimum capital and statutory ratio of 1:1 to transfer 15% of their annual profits to statutory reserve. Accordingly, an amount of D15.0Million (2007: D6.070Million) has been transferred this year in accordance with this guideline.

The notes on pages 25 to 31 form an integral part of these financial statements.

FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	31-Dec-08 D'000	31-Dec-07 D'000
Reconciliation of operating profit to cash inflow from operating activities			
Operating profit before tax		**147,369**	62,258
Depreciation charge		**32,562**	30,791
Profit on disposal of fixed assets		**(837)**	(342)
Increase in operating assets	*17*	**(167,249)**	(186,375)
Increase in operating liabilities	*18*	**112,913**	270,425
Cash inflow from operating activities		**124,758**	176,757
Taxation			
Tax paid		**(51,490)**	(40,85)
Capital expenditure			
Proceeds from sale of fixed assets		**1,096**	871
Purchase of tangible fixed assets		(42,859)	(42,752)
Financing activities			
Dividend paid		**(55,844)**	(74,491)
New equity investment – International Bank of Liberia	*9b*	**–**	(48,645)
DECREASE IN CASH		**(24,339)**	(29,112)
Cash and cash equivalents at beginning of the year		**1,135,063**	1,164,175
CASH AND CASH EQUIVALENTS AT 31ST DECEMBER 2008		**1,110,724**	1,135,063
REPRESENTED BY:			
Cash and bank balances	8	**445,812**	683,916
Short-term investments	9	**715,177**	591,470
Cash and bank balances overdrawn	15	**(50,265)**	(140,323)
		1,110,724	1,135,063

The notes on pages 25 to 31 form an integral part of these financial statements.

NOTES – forming part of the financial statements

1 ACCOUNTING POLICIES

The company adopted the following accounting policies which have been consistently applied during the year in accounting for items that are considered material in relation to the financial statements.

a) Accounting convention

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain land and buildings in accordance with Generally Accepted Accounting Principles and relevant provisions of Schedule 8 of the Companies Act 1955.

b) Interest income

Interest income comprises interest on loans, advances, treasury bills and loans and is accounted for on an accrual basis. In respect of loans and advances, recognition of interest income ceases when payment of interest or principal is in doubt and any interest already recognised during the accounting period is reversed. Interest is thereafter included in income only when received.

c) Loans and advances

Loans and advances are stated after deduction of applicable unearned income and provisions for possible credit losses. Provision for bad and doubtful debts are held in respect of loans and advances taking into consideration both specific and general risks.

Provision against loans and advances are based on an appraisal of the loan portfolio. Specific provisions are made where the repayment of identified loans is in doubt and reflect an estimate of the amount of loss expected.

Provisions made during the year less amounts released and recoveries of advances previously written off are charged as a separate amount in the profit and loss account.

Advances are written off when the extent of any loss has been confirmed.

d) Tangible fixed assets

Tangible fixed assets are stated at cost less any depreciation accumulated to the balance sheet date.

Freehold premises are included in the accounts at their revalued amounts.

Depreciation of tangible fixed assets is calculated and charged to the profit and loss account on a straight line basis by reference to the expected useful lives of the assets at the following rates:

	Rate
Land & Buildings	2% – 4%
Machines and Equipment	20%
Furniture and Fittings	10% --20%
Motor Vehicles	33.30%

Expenditure incurred to replace a component of an item of tangible fixed assets that is accounted for separately, including major inspection and overhaul expenditure is capitalised and depreciated when the asset becomes operational in the business. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of tangible fixed assets. All other expenditure of a revenue nature is charged to the profit and loss account as incurred.

e) Treasury bills

Treasury bills are stated at maturity on the balance sheet date. Credit is taken for related income in the period when it is receivable.

The bank was granted approval by the Central Bank of The Gambia to act as a primary dealer in Gambia Government Treasury Bills and Central Bank bills in return for a fee of 0.25% of the face value of bills sold to the general public.

f) Foreign currencies

Transactions in foreign currencies are translated to Dalasi at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Dalasi at the bank's mid-rate of exchange ruling on the Balance Sheet date of D26.80/$,D31.30/€,D42.50/£. Foreign exchange differences arising on translation are recognised in the profit and loss account.

g) Employee benefits

Obligations for contributions to the Social Security and Housing Finance Corporation retirement benefits plan is recognised in the profit and loss account as incurred.