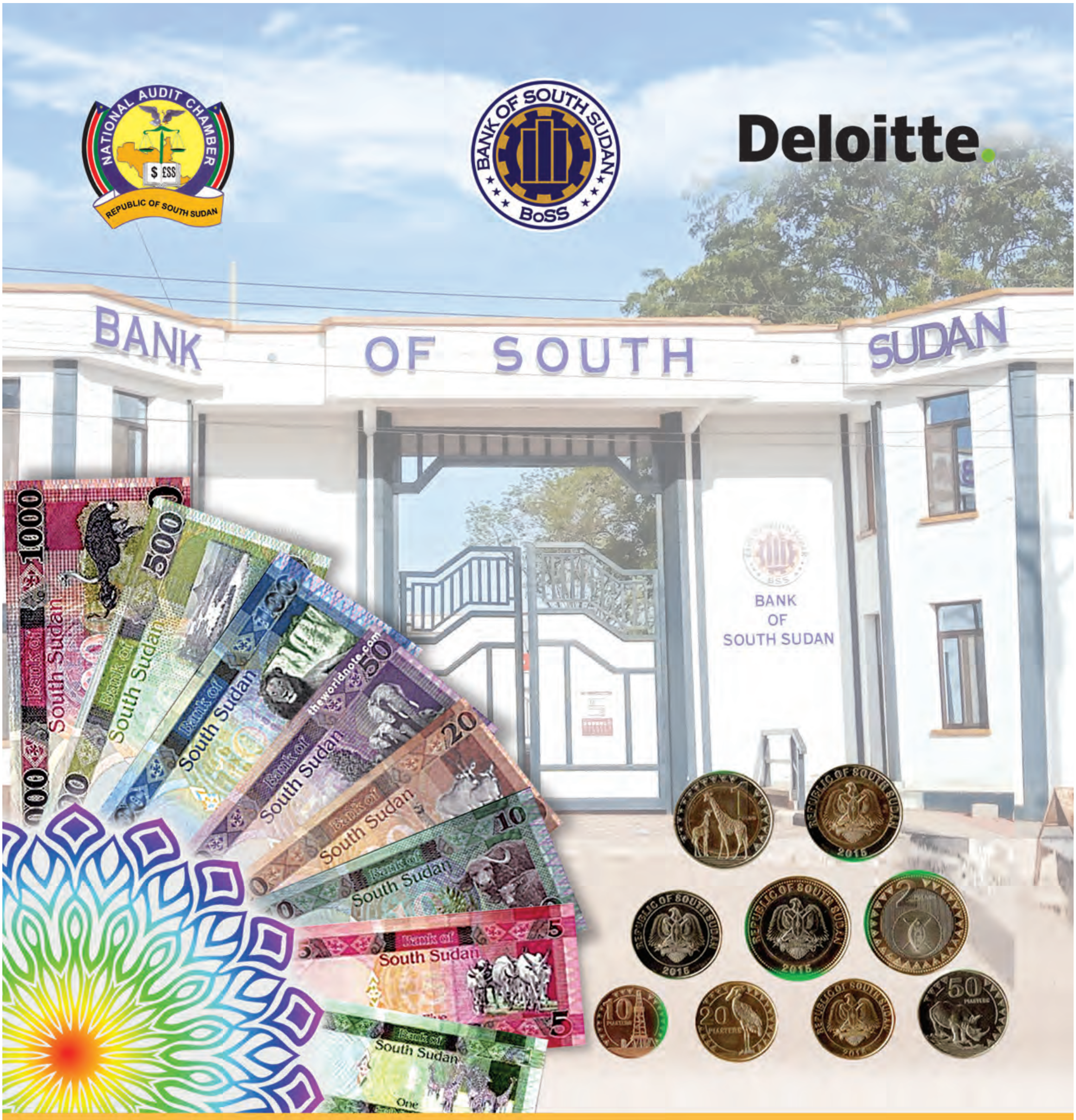

REPORTS OF THE AUDITOR GENERAL & THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

BANK OF SOUTH SUDAN

REPORTS OF THE AUDITOR GENERAL & FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

31 DECEMBER 2019

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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BANK OF SOUTH SUDAN

Hon. Dier Tong Ngor
Governor, Chairman

I write this foreword at an unprecedented time for the South Sudan and the Bank of South Sudan itself. Covid-19 has disrupted our day-to-day lives and our economy. The Bank, however, continues to meet its mission to serve the people of the Republic of South Sudan and support the economy through these challenging times.

The Bank is playing its part in responding to the economic challenges of Covid-19. At the same time, we continue to work on initiatives that will protect the monetary and financial stability of the Republic South Sudan into the 2019.

I am pleased to present the Bank of South Sudan's Annual Report and Financial Statements for the year 2019. We have some updates on the progress we made in implementing our 2028 strategy. There were some reforms and measures in economy and despite to the challenges we faced in the central banking community in recent months as I write, the spread of coronavirus has thrown the world into disarray.

This Annual Report and Performance Statement look at the Bank of South Sudan activities in 2019, an extraordinary year for South Sudan and the rest of the world. The crisis we all faced this year has no precedent in modern history, as Governments chose to "close down" economies in light of the pandemic. It was – and remains – an uncertain time for people across the country. Protecting citizens has been the priority throughout this pandemic, and protecting people is at the heart of everything we at the Bank of South Sudan do.

Our mission is to safeguard monetary and financial stability and ensure that, Bank of South Sudan the financial system operates in the best interests of the wider economy. This report sets out the actions of the Bank's people in response to the crisis as well as our ongoing work to oversee the financial system.

Of course, we do not operate alone, working closely with our domestic and international partners. We developed a new suite of indicators to help us understand what was going on in the economy.

The Bank of South has a broad mandate, and our responsibilities are heavily intertwined. Most of the areas we are responsible for providing economic analysis and statistics or the regulation of banks – interact with each other.

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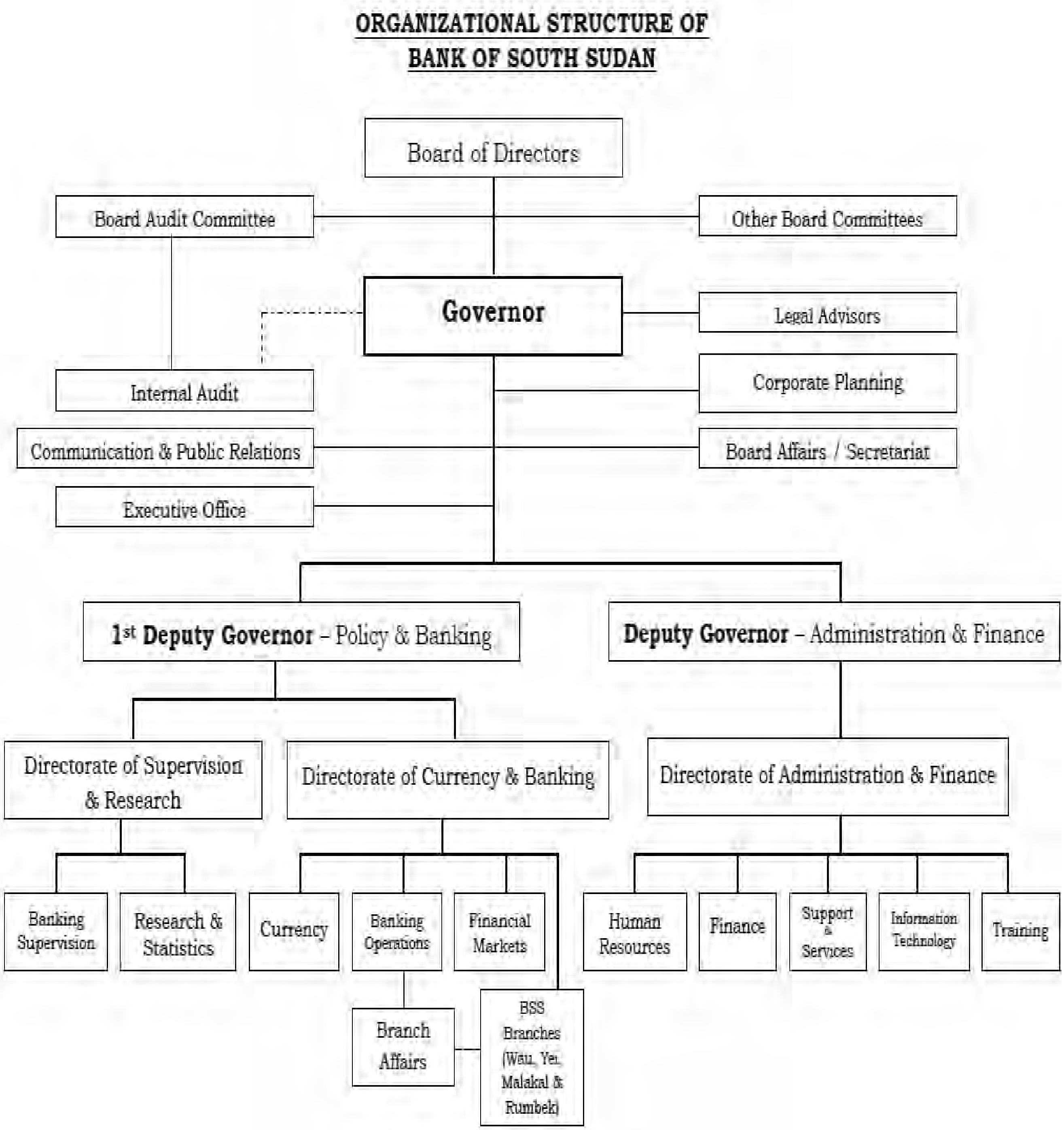
Hon. Dier Tong Ngor
Governor
Bank of South Sudan

GOVERNOR
BANK OF SOUTH SUDAN
BSS
BANK OF SOUTH SUDAN


ORGANIZATIONAL STRUCTURE OF
BANK OF SOUTH SUDAN
Board of Directors
Board Audit Committee
Other Board Committees
Governor
Legal Advisors
Internal Audit
Corporate Planning
Communication & Public Relations
Board Affairs / Secretariat
Executive Office
1st Deputy Governor – Policy & Banking
Deputy Governor – Administration & Finance
Directorate of Supervision & Research
Directorate of Currency & Banking
Directorate of Administration & Finance
Banking Supervision
Research & Statistics
Currency
Banking Operations
Financial Markets
Human Resources
Finance
Support & Services
Information Technology
Training
Branch Affairs
BSS Branches (Wau, Yei, Malakal & Rumbek)

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1st Deputy Governor

Hon. Daniel Pouc
2nd Deputy Governor

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Member of the Board

Hon. John Maciek Acuoth
Member of the Board

Hon. Nyiel Gordon Kuol
Member of the Board

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Member of the Board

Hon. Wani Buyu
Member of the Board

Hon. Weituy Louny Baboth
Member of the Board

Mr. Chol Atem Diing
Secretary

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Governor

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Deputy Governor-Policy & Banking

Hon. Daniel Pouc
2nd Deputy Governor-Administration & Finance

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Director General for Supervision & Research

Mr. Yeni Samuel Costa
Director General for Currency & Banking

Mr. Samuel Yanga Mikaya
Director General for Administration & Finance

Mr. Daniel Gwagwe Lomuja
Director for Training Centre

Mr. Tong Akec Deng
Director Wau Branch

Mr. Bedpiny Tipo Kur
Director of Currency Department

Mrs. Gan Samuel Bwogo
Director of Support & Services

Mr. Ownar Deng Achebek
Chief Internal Auditor (CIA)

Mr. Marial Mabeny Bawuor
Director of Financial Markets

TOP MANAGEMENT (CONTINUE)

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Director of Corporate Planning

Mr. David Manyoun Nak
Director of Administration & Human Resource

Mr. Deng Aru Bol
Director of Banking Operations

Mr. Ronan Dak Amum
Director of Corporate Planning

Mr. Abugo Charles Joseph Abate
Director of Supervision & Statistics

Mr. James Luba Samuel
Director of Information Technology

Mr. John Bullen Andrago
Director for Yei Branch

Mr. Majok Nikodemo Arou
Director of Communication & Public Relationship

Mr. Awad Balingo Donglia
Director of Finance

Deng NgorThuom
Director for Rumbek Currency Centre

Mr. Dongolia Balingo Dongolia
Acting Director for Banking Supervision

BANK OF SOUTH SUDAN MANDATE, MISSION, VISION AND CORE VALUES

MANDATE

Bank of South Sudan, the Central Bank of the Republic of South Sudan is a wholly owned by the Government of the Republic of South Sudan. The Bank of South Sudan was established under the Bank of South Sudan Act, 2011. The Bank operates in 3 branches, Yei, Wau and Malakal.

BANK'S MISSION

The Bank's mission is: To foster price stability, sustainable economic growth, and sound financial system in the Republic of South Sudan through excellent regulatory framework, monetary and exchange rate operations, advisory and banking services.

BANK'S VISION

The vision of the Bank is: "Aspiring to be credible Central Bank in fostering and ensuring price and financial system stability by 2028".

BANK'S CORE VALUES

The Bank embraces the following core values:

- Transparency: we make our decisions and actions clear to customers and stakeholders and scrutiny
- Accountability: we take responsibility for our decisions and actions
- Professionalism: we strive to be skilful and competent and deliver quality results with integrity
- Efficiency: We deliver quality results on time and on budget
- Teamwork: We work in cooperation and synergy and share skills, knowledge, and experience

Global output growth has shown signs of recovery at the end of the fourth quarter 2019, supported mainly by recovery of the manufacturing activity, broad based shift toward accommodative monetary policy, intermittent favorable news on US-China trade negotiations, and diminished fears of a no-deal Brexit. However, risk to global output are still visible especially due to rising tension between US and Iran in the middle east, the disruption to manufacturing in China due to the reported cases of COVID-19 virus, the negative surprises to economic activity in India due to increased social unrest which led to a reassessment of growth prospects over the next two years.

Economic performance within the East African Community registered varied outcome at the end of the year 2019. With other countries registering robust performance while others lagged behind. In Ethiopia for instance, economic growth moderated supported by strong services sector, resilient exports and soaring industrial production. In Kenya, merchandise export growth rebounded strongly at the end of the year 2019, while credit growth to the private sector gained traction in October–November 2019 causing cash flow problems which has weighed heavily on private sector activity.

In Tanzania, Merchandise exports grew strongly in fourth quarter of 2019, largely on upbeat gold exports, while credit supply growth to the private sector gathered path amid a favourable business environment. In Rwanda, real GDP growth is estimated to grow at 8.7 per cent at the end of the year 2019, higher than the regional average. Growth was mainly in services and industry, particularly construction and investment growth, led by public investment in basic services and infrastructure. South Sudan domestic output is expected to gain momentum at the end of 2019 supported by the increase in oil production due the recent discovery of new oil fields and resumption in production in other fields, high (but volatile) prices as well as the high expectation for macroeconomic stability in the medium to long run. Real GDP is projected to average about 5.01 per cent at the end of the year 2019 and it is expected to remain at around 5 per cent in 2020. This follows a slight recovery of 3.38 per cent at the end of 2018. Nevertheless, the risk to fiscal sustainability persists as the government continues to implement the Revitalized Peace Agreement with significant fiscal spending which is likely to increase the country’s debt position. This adds to the weaker performance of the agricultural sector. Despite the above, the Bank of South Sudan is optimistic that economic activities will improve in the medium and long run.

Oil prices have been falling over the end of the third quarter 2019 owing to growing concern around the global economic performance. The growth rate of money supply (M2) has declined from 13.69 percent at the end of the third quarter of 2019 to an average of 3.37 per cent at the end of the fourth quarter of 2019. Meanwhile, the Country’s Net Foreign Assets (NFA) has shown signs of improvements at the end of the fourth quarter of 2019. It improved from SSP -68.65 billion at the end of the third quarter to about SSP -51.98 billion at the end of the fourth quarter of 2019, driven mainly by improvement in crude oil exports. At the same time currency outside Depository Corporation increase from about SSP 41.95 billion at the end of the third quarter to about SSP 49.22 billion at the end of the fourth quarter 2019. Credit to the private sector has continue to grow but at gradual phase, it increased by about 32 per cent on annual basis at the end of the third quarter of 2019 driven by an increase in loan to building and constructions, domestic trade, hotels and restaurant sectors.

1. Global and Regional Outlook

1.1. Global Outlook

Global output growth has shown signs of recovery at the end of the fourth quarter 2019, supported mainly by recovery of the manufacturing activity, broad based shift toward accommodative monetary policy, intermittent favourable news on US-China trade negotiations, and diminished fears of a no-deal Brexit. However, risk to global output are still visible especially due to rising tension between US and Iran in the middle east, the disruption to manufacturing in China due to the reported cases of COVID-19 virus, the negative surprises to economic activity in India due to increased social arrest which led to a reassessment of growth prospects over the next two years.

As a result, the IMF registered a preliminary world output growth of 2.9 per cent at the end of 2019 and is projected to increase to an average of 3.3 per cent at the end of the year 2020. These early signs of stabilization in global activity may be reinforced by resilient consumer spending and improved business spending. Additional support could come from fading idiosyncratic drags in key emerging markets coupled with supportive monetary policy (IMF January 2020).

The IMF estimates growth in advanced economies to an average of about 1.7 per cent in 2019 remaining unchanged from October 2019 estimates, and it is projected to slow to 1.6 per cent in 2020. Growth in emerging markets and developing economies is expected to decline to 3.4 per cent at the end of the year 2019 and it is expected to improve to an average of 4.4 per cent in 2020.

1. Global and Regional Outlook (Continue)

1.1 Global Outlook (Continue)

Growth in the Sub-Saharan region is projected to increase slightly to an average of 3.3 per cent at the end of the year 2019 and is estimated to pick up gradually to an average of 3.5 per cent in 2020 (see table 1 below).
GDP growth in the **United States** is expected to be 2.3 per cent at the end of the fourth quarter 2019 (revised down from 2.4 per cent at the end of the third quarter 2019), due to rising geopolitical tension especially between US and Iran, further worsening of relations between the United States and its trading partners according to the IMF.

Output growth in **Japan** is projected to moderate from an estimated 1 per cent in 2019 compared to 0.3 per cent at the end of 2018. The upward revision at the end of year 2019 reflects healthy private consumption, supported in part by government policies that supported consumption expenditures, robust capital expenditure, and historical revisions to national accounts (IMF January 2020 updates).
Output growth in **China** and several other Asian Economies are expected to decline further due to manufacturing disruptions caused by corona virus. Unresolved disputes on broader US-China economic relations as well as needed domestic financial regulatory strengthening are expected to continue weighing on activity. Growth prospects have been revised down slightly for **Indonesia** and **Thailand**, where continued weakness in exports is also weighing on domestic demand. As a result, the IMF projected output growth in the Chinese economy to decline to 6.1 per cent in 2019 and further down to an average of 6.0 per cent in 2020 (see table 1 below).

Table 1: Global GDP Growth Rate

			Est.	Projections
	2017	2018	2019	2020
World	**3.8**	**3.6**	**2.9**	**3.3**
Advanced Economies	**2.5**	**2.3**	**1.7**	**1.6**
United States	2.4	2.9	2.3	2.0
Euro Area	2.5	1.9	1.2	1.3
Japan	0.7	0.3	1.0	0.7
Emerging & developing economies	**4.8**	**4.5**	**3.7**	**4.4**
China	6.8	6.6	6.1	6.0
India	7.2	6.8	4.8	5.8
Sub-Saharan Africa	**3.0**	**3.2**	**3.3**	**3.5**
Nigeria	0.8	1.9	2.3	2.5
South Africa	1.4	0.8	0.4	0.8
Consumer Prices				
Advanced Economies	1.7	2.0	1.5	1.6
Emerging Market and Dev. Economies	4.3	4.8	4.7	4.8

Source: IMF World Economic Outlook database (WEO, January 2020)

1.2. Sub-Saharan Africa

In Sub-Sahara Africa, economic activities are expected to consolidate at the end of the year 2019. However, structural constraints and deteriorating public finances are holding back business confidence and private investment in South Africa and public sector consolidation needed to contain debt vulnerabilities is expected to weigh on the regions output. In addition, continued protectionism across the region, sharp increase in risk premium, climate shocks, and the risk of the corona virus from spreading to the rest of the countries in the continent may all cause disruption to economic activities. In spite of the above risks, positive momentum is expected to persist, as a result, the IMF and the AfDB projects output to average about 3.3 per cent at the end of the year 2019 and 3.5 per cent in 2020 in Sub-Sahara Africa.
In **Nigeria** activities are expected to improve significantly at the end of the year 2019. The IMF estimated real GDP growth to average about 2.3 per cent in 2019 up from 1.9 per cent in 2018 and it is projected to increase to 2.5 per cent in 2020 (African Development Bank, 2019 and IMF 2020). While in **South Africa,** despite the modest recovery at the beginning of the third quarter 2019, output growth was weak at the end of 2019. The South African economy in particular technical fell into recession at the end of the fourth quarter 2019, this is because the industrial production doubled its pace of contraction which was in line with unprecedented rolling blackouts that hampered mining and manufacturing activities. Moreover, supply shocks weighed heavily on capital spending, while slower retail sales at the end of the fourth quarter 2019 hint that household spending was harmed (AfDB 2020). This is because business confidence and public finance are held back due to structural

constraints. As a result of the IMF project output to slow down to 0.4 per cent in 2019 from an average of 0.8 in 2018 (See table 1 above).

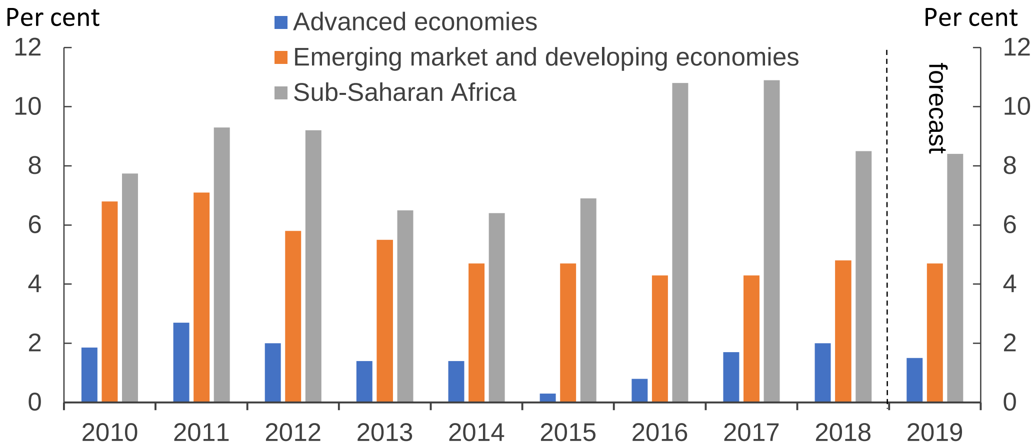
1 Global and Regional Outlook (Continued)

1.2 Sub-Saharan Africa

Inflation is expected to moderate at the end of the year 2019 supported by the softening of energy prices and stable output growth in some advanced economies.

Across emerging market and developing economies, inflation expectations are now well anchored around targets and the pass-through from previous depreciations has faded off.
The IMF projects inflation in 2019 to average about 1.5 per cent in the group of advanced economies, down from 1.6 per cent in 2018. It also projects inflation of about 4.7 per cent in 2019 for the group of emerging markets and developing economies down from 4.8 per cent in 2018, and about 8.4 per cent in the group of Sub Saharan African countries by the end of 2019 (see figure 1 below).

Figure 1: Annual Inflation Rate for Some Selected Regions



Source: IMF World Economic Outlook database (WEO, January 2020)

Global inflation is dynamics based on the regional characteristics and level of development across countries. The IMF projects softer commodity prices to smoothened inflation outlook. In addition, expected moderation in growth in some selected countries, persistent growth above potentials in the US and the Eurozone, temporary boost to consumer price inflation from a higher value-added tax rate in Russia and a gradual pickup in price pressure in India due to the relatively stable demand conditions. (WEO, January 2020).

1.3. Risks to Global and Regional Outlook

The global economy is facing significant risks, among which include the outbreak of Corona virus that is more likely to spread to other countries, rising geopolitical tensions especially between the United States and Iran that could disrupt global oil supply and possibly hurt investment. Intensifying social unrest across many countries—reflecting, in some cases, the erosion of trust in established institutions and lack of representation in governance structures. Higher tariff barriers between the United States and its trading partners, notably China, have hurt business sentiment, the disputes have extended to technology, imperiling global supply chains while the prospects for a durable resolution to trade and technology tensions remain elusive, despite favorable news on ongoing negotiations.
Materialization of any of these risks could trigger rapid shifts in financial sentiment, portfolio reallocations toward safe assets, and rising rollover risks for vulnerable corporate and sovereign borrowers (IMF).
Other vulnerabilities include continued conflicts in the Middle East (especially in Yemen, Syria and Iraq) and Africa as well as threats stemming from terrorist attacks around the world. These are expected to worsen humanitarian situation around the world. This will affect macroeconomic developments and weigh down on global activity. Climate change, the driver of increased frequency and intensity of weather-related disasters that are likely to worsen human health and endangers economic outcomes. Climate related disasters may pose challenges to other areas that may not yet feel the direct effects. A continuation of the trends could inflict even bigger losses across more countries that could pose challenges to the global economy.

1.4. Global Outlook for Oil

1.4.1. Oil Price

Oil prices have been relatively stable, trading within a narrow range this year despite heightened geopolitical uncertainty. In April 2019, oil prices surpassed $71 per barrel, their highest for 2019 before rebounding back low at the end of the year 2019. This dynamics are exacerbated further by outages in Venezuela and US tensions with Iran, geopolitical tensions in the Middle East rose because of several attacks on Saudi oil infrastructures and oil tankers near the Strait of Hormuz, given that about 20 percent of global crude oil trade passes through the Strait. The fear of a conflict in that area has driven up precautionary oil demand and insurance costs. Further support to oil prices came from OPEC and non-OPEC oil exporters (including Russia), which, on July 1, 2019, agreed to extend their crude oil production cuts beyond their initial six-month period for an additional nine months until March 2020.
However, disruption to manufacturing in China and number of countries has recently pushed down oil price to a new record low. This is due to the outbreak of Corona virus that has significantly impacted on global trade (See table 2 on developments in selected oil prices).

Table 2: Selected Crude Oil Prices, US$/b

Crude oil price	2018		2019			
(US$/b)	Q3	Q4	Q1	Q2	Q3	Q4
UK Brent Price	78.89	58.82	66.14	68.16	62.29	66.20
Dar Blend price	74.71	53.0	61.81	63.44	62.77	67.78
Discount	4.18	4.38	4.02	3.39	2.06	1.98

Source: Ministry of Petroleum and Bank of South Sudan

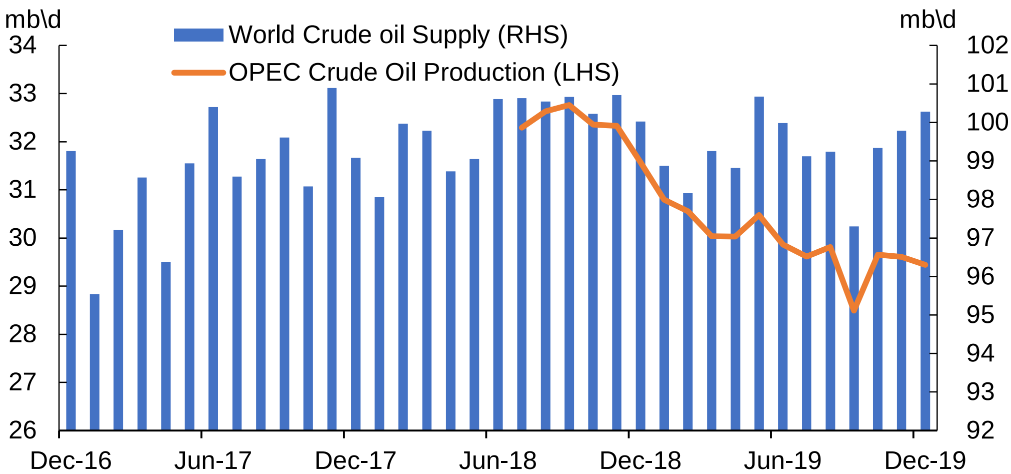
1.4.2. Oil Supply

Global oil supply decreased in December 2019 driven by downward production adjustments in the UK, Denmark, India, Qatar, and Ghana. Further short-term risks stem from ongoing geopolitical events in the Middle East disrupting oil supply and contributing to rising insurance and shipping costs of oil cargoes. OPEC projects rise in trade tensions to global growth could further decelerate global activity and reduce oil demand in the medium term. As a result, global oil supply in 2019 declined by 0.10 mb/d compared to 2018. However, OPEC member countries have continued to cut production to stabilize global prices of crude oil (figure 2).

1.4.3. OPEC Crude Oil Production

Preliminary data from OPEC crude oil shows that production has declined to an average of 29.44mb/d at the end of the fourth quarter 2019 compared to 29.86 mb/d at the end of the third quarter of 2019. The decrease was mostly visible in the Islamic Republic of Iran, Saudi Arabia, Nigeria, Algeria, Venezuela and the United Arab Emirates, while in Angola, Gabon and Congo has witnessed a slight increase in oil production. (See figure 2 and table 3 on global crude oil production and production by some selected countries respectively, most of which are Non-OPEC member countries).

Figure 2: Global Crude Oil Production



Source: US Energy International Agency (EIA) and OPEC Monthly Bulletin, January 2020

1.4.3 OPEC Crude Oil Production (Continued)

Table 3: Selected Crude Oil-producing Countries

Crude oil production	2018	2019			
(million barrels per day)	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
USA	11.54	11.51	12.08	12.19	13.12
Russia	11.61	11.58	11.58	11.44	
Saudi Arabia	10.02	9.79	9.58	9.13	9.76
China	0.39	0.41	0.43	0.46	0.47
Norway	1.85	1.93	1.71	1.55	2.06
Global Crude oil Output	**100.2**	**99.26**	**99.98**	**97.30**	**100.28**

Source: US Energy International Agency (EIA) and OPEC Monthly Bulletin, January 2020

The United States crude oil production increased to an average of 3.12 mb/d at the end of the fourth quarter of 2019, up from 12.19 mb/d at the end of the third quarter of 2019. The increase is mainly driven by increase oil production in the Persian basin. According to the EIA, "US net imports of crude oil and petroleum products fell over the last 3 to 4 quarters. The Agency forecasts US to be a net exporter of total crude oil and petroleum products by 2021. Production is continuing to increase, despite the pullback in drilling, as companies are running through their inventories of drilled but uncompleted (DUC) wells according to OPEC. Oil production from offshore fields in the GoM is also expected to grow while Lower 48 onshore non-tight crude oil production, including from Alaska, projected to decline moving towards 2020.

In **Norway** crude oil production has dropped at the end of the fourth quarter 2019 due to technical problems. However, on the monthly basis, oil production in December is 12.7% higher than the NPD's forecast for the same month. It is expected that the Aker BP, the operator for development of the Valhall Flank West, which is located in the southern Norwegian North Sea aims to produce large volumes of crude oil over the next 40 years. The Valhall Flank West is projected to contribute close to 80 million barrel of oil to Norway's total oil production. As a result, OPEC forecast Norway's oil supply to increase in the near future (see table 3 above).

Russia's crude oil production shows an increase at the end of the fourth quarter 2019 partly due to the rising condensate output from gas condensate fields in the Yamal LNG, Rospan plant, North Russkoye, one of several fields in the Nadym-PurTaz area of West Siberia and the Chayandinskoye gas field. A result, Russia's annual oil production was revised upwards at the end of the quarter 2019.

1.5. Regional Outlook

1.5.1. East African Community (EAC)

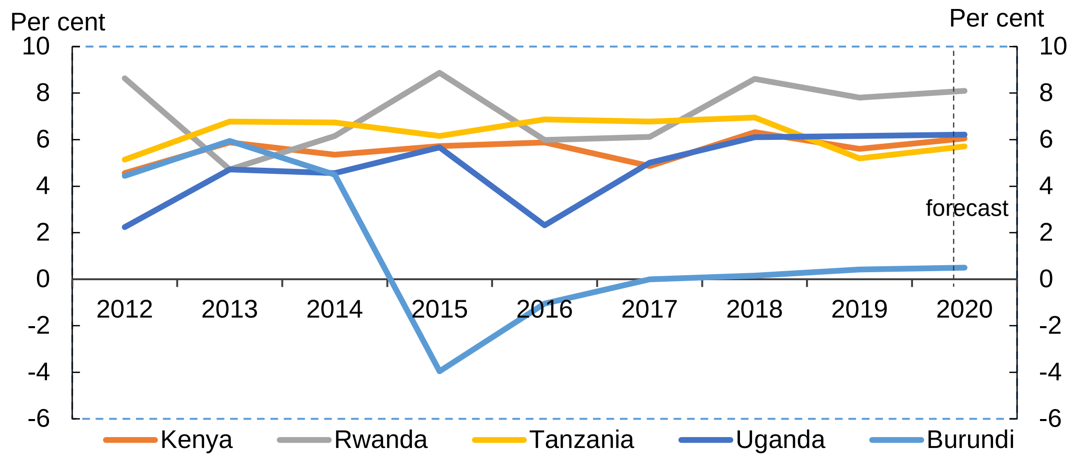
Economic performance within the East African Community registered varied outcome at the end of the year 2020. With other countries registering robust performance while others lagged behind. In **Ethiopia** for instance, economic growth is expected to moderate at the end of the year 2019 supported by strong services sector, resilient exports and soaring industrial production. In **Kenya,** merchandise export growth rebounded strongly at the end of the year 2019 while credit growth to the private sector gained traction in October–November 2019 causing cash flow problems which has weighed heavily on private sector activity. Heavy rainfalls and the recent locust infestation towards the end of the year has also delayed firms' delivery times and likely to pose further risks to Kenya's economic outlook. In **Tanzania,** Merchandise exports grew strongly in fourth quarter of 2019, largely on upbeat gold exports, while credit supply growth to the private sector gathered path amid a favorable business environment. In **Rwanda**, real GDP growth is estimated to grow at 8.7 per cent at the end of the year 2019, higher than the regional average. Growth was mainly in services and industry, particularly construction and investment growth, led by public investment in basic services and infrastructure. In **Uganda**, The private sector investment improved in at the end of the fourth quarter 2019 underpinned by increasing customer numbers as a result economic activity softened in at the end of the year 2019. (See Figure 3 for, Central Bank of Kenya, National Bank of Burundi and the AfDB December 2019 forecasts).

1.5. Regional Outlook (continued)

1.5.1. East African Community (EAC) (continued)

However, despite this excellent performance in member states of EAC, the region continues to face various downside risks that could undermine economic growth and development prospects. Significant risks according to the African Development Bank (AfDB 2019) are agriculture's vulnerability to weather conditions especially in Kenya where agriculture was hampered by heavy rain at the end of the year 2019, threats stemming from the spread of locust which is more likely to weigh heavily on agriculture output, heavy reliance on primary commodity exports (crude oil) especially in South Sudan, persistent current account deficits and related increases in external debts, state fragility with its adverse implications for security and economic progress which pose risk especially in Burundi, Somalia, South Sudan, and, to some degree, Ethiopia according to the African Development Bank 2019.

Figure 3: GDP Growth Rate for the Rest of the EAC Member States



Source: IMF World Economic Outlook database (WEO, January 2020) and AfDB December 2019

Inflation in most of the East African member states has remained stable and below the 8 per cent benchmark for the region over the fourth quarter of 2019 with some few exceptions. This stability is boosted by good performance of the industrial sector, service sector and partly agricultural production. However, risks stemming from the spread of locust, seasonal fluctuation caused by flooding in some parts of the region at the end of the fourth quarter of 2019 is more likely to pose threat to inflationary pressures in the short run. In South Sudan, inflation has remained volatile but dropped down to two digits toward the end of the fourth quarter 2019 owing to the depreciation of the South Sudanese Pound (refer to table 4 below). However, there is generally positive outlook that inflation would subside as parties to the peace agreement forms Revitalized Government of national Unity (RTGONU) to restore lasting peace and stability. This is expected to have positive impact on key macroeconomic variable in the country as both the citizens and investors starts to embark on rebuilding and reconstruction.

Table 4: Inflation Rate for some selected EAC Member States

EAC	2018		2019			
Member States	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Rwanda	1.60	1.4	1.8	0.9	3.1	1.6
Tanzania	3.30	3.0	3.1	3.7	3.4	3.8
Uganda	3.66	2.2	2.96	3.42	1.9	3.6
Kenya	5.70	5.7	4.35	5.7	3.83	5.78
South Sudan	49.06	40.1	62.92	68.16	157.3	69.0

Source: National Bank of Rwanda, Bank of Tanzania, Bank of Uganda, Central Bank of Kenya and Bank of South Sudan.

On the **foreign exchange market**, the US dollar is has continued to appreciate against the South Sudanese Pound while it depreciated against the Kenyan and Ugandan shilling at the end of the fourth quarter 2019 (see table 5 below).

1.5. Regional Outlook (continued)

1.5.1 East African Community (EAC) (continued)

Table 5: Exchange Rates for some selected EAC Member States

	2018		2019			
Selected EAC	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Ksh/USD	101.46	101.85	100.75	102.30	103.8	101.34
Ugx/USD	3,822.14	3,713.35	3,715.13	3,694.76	3,684.24	3,665.21
SSP/USD	145.84	153.32	155.92	158.43	159.76	160.42

Source: Bank of Uganda, Central Bank of Kenya and Bank of South Sudan

Currency depreciation, inflation, commodities prices among others are factors behind these macroeconomic developments in the region. For example, In **Rwanda**, the Rwanda franc is depreciating in line with developments in the external sector while inflation increased slightly driven by increased domestic demand. Since inflation was below the 5 per cent target, the National Bank of Rwanda (NBR) reduced the monetary policy rate by 50 basis points to 5 per cent in May 2019, stimulating bank lending to the private sector. In **Kenya**, the exchange rate remained stable due to the narrowing current account deficit which increased transfers, as a result, the foreign exchange reserves rose to equivalent of 6 months of imports, or more than the East African Community convergence criterion of 4.5 months. In **Tanzania**, inflation has remained stable at 3.6 per cent below the EAC convergence criteria of 5 per cent due to improved food supply, the strong performance of the Tanzanian shilling, financing of the fiscal deficit with concessional external debt at the end of the fourth quarter 2019. All these occurred amidst falling prices of non-food products such as housing and utilities, clothing and footwear, communication, hotels and restaurants. In **Uganda,** prices eased due to fall in prices of food and non-alcoholic beverage mostly sugar and bananas as well as communication. This is supported by appreciation of the Ugandan shilling at the end of the fourth quarter of 2019.

In **Burundi,** the central bank has initiated significant regulatory reforms in exchange rate policy, which could relieve pressure on the country's foreign reserves. Various initiatives are under way to modernize and diversify agricultural production including but not limited to, build the Jiji and Mulembwe power plants, improve access to the country (rehabilitating the port of Bujumbura), increase regional trade by strengthening the transport network, and improving the quality of human resources.

In **South Sudan**, the increase in electricity supply is likely going to benefit manufacturing, Education, mobile money, and water infrastructure. If lasting peace holds, these improvements could give confidence to private investors. However, there are structural challenges that could undermine efforts to economic transformation and sustainable development in South Sudan. This include the lack of economic diversification, high public debt, weak institutions, and political uncertainty, fluctuations in global oil prices are a major risk to South Sudan. Commitment to the peace agreement will remain key for the stability of oil production, private investment, foreign exchange inflows, and public investment in the critical sectors of health, education, and agriculture according to the African Development Bank 2020.

1. Domestic Outlook

Overview

South Sudan domestic output is expected to gain momentum at the end of 2019 supported by the increase in oil production due to discovery of new oil fields and resumption in production in other fields, high (but volatile) prices as well as the high expectation for macroeconomic stability in the medium to long run. Real GDP is projected to average about 5.01 per cent at the end of the year 2019 and it's expected to remain at around 5 per cent in 2020. It is worth noting that this figure might change as long as authorities (NBS) keep revising the numbers as new information becomes available.

1.1. Fiscal Sector

South Sudan fiscal outlook was given a boost by the recent discovery of new oil fields in the country, the positive optimism of lasting peace in the country as the country prepares to form a new government on November 2019. This coupled with ongoing developments project such as grading of road infrastructure linking the three central regions of Equatorial, Upper Nile and Bahr el Ghazal, recent launching of power project meant to power the whole of Juba and its surroundings, as well as connecting of fibre optic to boost information technology and services sector in general. However, the challenge of inadequate funds poses a potential risk to fiscal sustainability resulting from excessive off budget expenditure items as the government continues to commit resources for implementing the Revitalizes Peace Agreement.

1.1.1. Revenues

Government revenue has improved at the end of the fourth quarter of 2019. The improvement was driven by the increase in oil revenue above the quarterly target as well as the improvement in the collection of non-oil revenue by the National Revenue Authority (NRA) at the end of the fourth quarter 2019. The economic outlook is positive as the country embarks on major reconstruction and rebuilding programmes following signing of peace agreement in 2018, the discovery of new oil deposits, restoration of lasting peace and engaging in commercial agriculture production are all anticipated to improve government revenue in the medium and long run further. (See table 6 below showing summary of revenues estimates and outturns from the fiscal budget of 2019/2020.

Table 6: Summary of Revenue Outturns Compared to Fiscal Budget Estimates 2019/2020

	FY 2019/2020	Quarterly Target	Outturn Q1 2019	Outturn Q2 2019
	SSP million	SSP million	SSP million	SSP million
Net Oil Revenue	151,631	37,908	48,414	77,600
Non-Oil revenue	29,852	7,463	6,295	9,039
Of which:				
PIT	15,312	3,828	3,537	4,848
Sales Tax/VAT	3,266	817	874	1,013
Excise	3,582	896	990	1,714
Business Profit Tax	2,180	545	560	971
Customs	2,676	669	331	491
Other Revenue (fees, licenses, etc.)	2,836	709	2	258
Memorandum item				
Budget	**155,874**			

Source: RSS, Ministry of Finance and Planning, Ministry of Petroleum and BSS Calculations

Table 6 shows that total oil revenue amounted to SSP 77,600 million at the end of the fourth quarter of 2019 calendar year (or second quarter of 2019/2020 fiscal year). The amount is above the quarterly target of SSP 37,907.8 million estimates of the financial year 2019/2020. The high outturn is mainly attributed to an increase in oil production as well as high prices of crude oil at the international market at the end of the fourth quarter of 2019. However, there is looming risks to oil prices at the international market that is more likely going to affect revenue. Non-oil revenue are slightly above the quarterly target. Total of SSP 9,039 million was collected by the end of the fourth quarter of 2019 compared to the target of SSP 7,463.0 million for the same quarter. This represents a surplus of about SSP 2,744.3 million which can be saved or invest in much needed public infrastructure like roads, hospitals or schools.

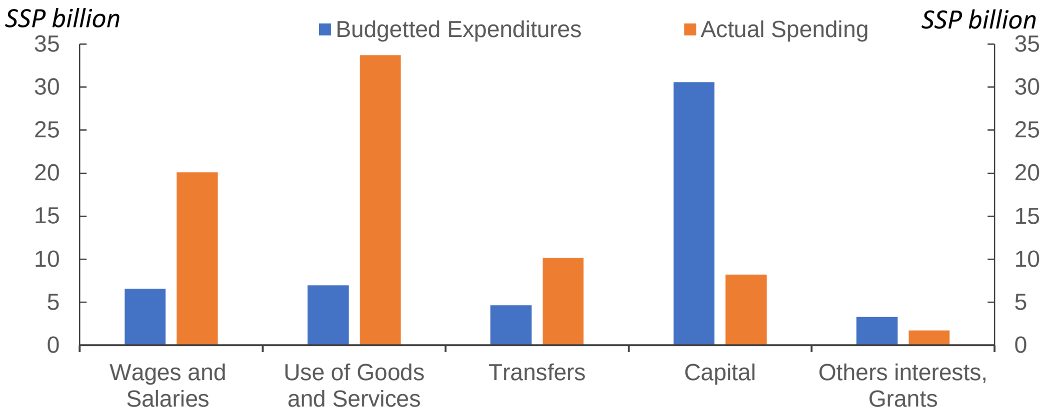
1.1.2. Expenditures

The Government of South Sudan rely much on proceeds from the oil sector and is more likely to face challenges if there are negative shocks to this sector. In order to combat these challenges, there is need for remedial actions by instituting a series of fiscal reforms starting with fiscal discipline. (See figure 4

1.1.2 Expenditures (Continue)

below showing expenditures for the second quarter of the fiscal year 2019/2020 compared to the approved spending plan of the same period).

Figure 4: Quarterly Budget Allocation and Outturns 2019/2020



Source: Ministry of Finance and Planning and Bank of South Sudan

Figure 4 above shows that the budget for wages and salaries, use of goods and services and transfer payments were all over spent at the end of the fourth quarter 2019 (herein referred to as Q2, 2019/20 in fiscal year calendar), this could be attributed to significant payment of civil servants salary arrears. While the actual spending in capital investment, other interest payment and grants are below the quarterly budget of 2019. It is worth noting that the government employed significant amount of resources towards the formation of new transitional government of national unity during the course of the fourth quarter 2019. This partly explains why there is overspending in some components of the budget. However, authorities need to be cautious of the issue of overspending. If the trend continues unabated, pro-cyclicality of fiscal policy of South Sudan will persistently continue into an unforeseeable future (see figure 4 above).

1.1.3. National Debts

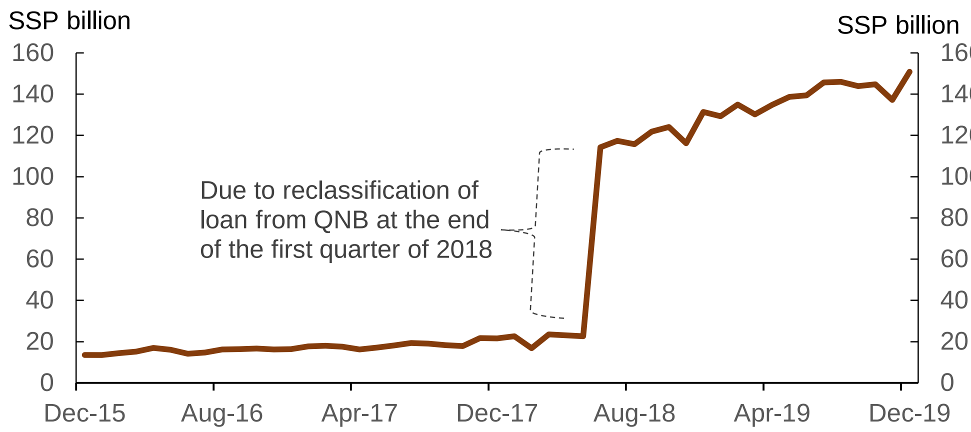
South Sudan national official debt consists of domestic and foreign borrowings by the Central Government. The domestic debt comes primarily from financial institutions, including the Bank of South Sudan and the private sector. Meanwhile, foreign debt comprises of multilateral and bilateral credit.

1.1.4. Domestic Debt

Domestic borrowing by the Central Government has started to pick up at the end of the fourth quarter of 2019. It increased from SSP 143.95 billion in the second quarter of 2019 to about SSP 150.87 billion at the end of the fourth quarter of 2019. This is mainly due to payment of large salary arrears and advances to the Ministry of Finance, associated with peace agreement implementation. However, it is worth noting that the government is still committed to the policy of zero borrowing from the Central Bank in the 2019/2020 fiscal year budget. Government Loans from financial institutions and private sector has also slightly increase at the end of the fourth quarter of 2019 mainly on account of accumulated interest. Overall domestic debt (net claims on Central Government) growth rate has increased from about 3.29 per cent at the end of the third quarter of 2019 to about 4.81 per cent at the end of the fourth quarter of 2019 as shown in figure 5 and table 7 below.

1.1.4 Domestic Debt(Continue)

Figure 5: Net Credit to the Government



Source: Bank of South Sudan

Table 7: Composition of Net Claim on Central Government

SSP billion	2018		2019			
	Q3	Q4	Q1	Q2	Q3	Q4
NCG	**121.81**	**131.35**	**130.12**	**139.36**	**143.95**	**150.87**
CG (BSS)	27.45	32.16	28.85	32.49	34.59	39.81
CG (ODCs)	94.36	98.03	101.27	108.21	109.35	111.06
In percentage of quarterly growth						
NCG	***6.68***	***7.84***	***-0.94***	***7.10***	***3.29***	***4.81***
CG (BSS)	*2.50*	*17.17*	*-10.29*	*12.62*	*6.48*	*15.08*
CG (ODCs)	*7.96*	*5.12*	*2.10*	*6.85*	*2.32*	*1.56*

Source: Bank of South Sudan

1.1.5. Foreign Debt

Government of South Sudan foreign debt comprises of multilateral and bilateral loans. The multilateral debt s includes concessional and non-concessional loans from the World Bank, African Development Bank (AfDB), China Exim Bank, etc., while the bilateral debts comes from Qatar National Bank, and oil companies (in the form of oil advances) among others. It is worth noting that the South Sudan has not received latest data on the country's external debt position. Data presented in table 8 below shows outstanding debts as of the end of the second quarter of 2019. Table 8 summarises the available country's outstanding debts up to the end of the second quarter of 2019.

Table 8: South Sudan Outstanding public debts

Q2 2019	Million USD
World Bank (IDA)	53
AfDB	28
loans from Oil Companies as Oil Advances	338
Qatar National Bank	627
China Exim Bank	150
Total	**1,196**

Source: IMF Article IV Mission, June 2019

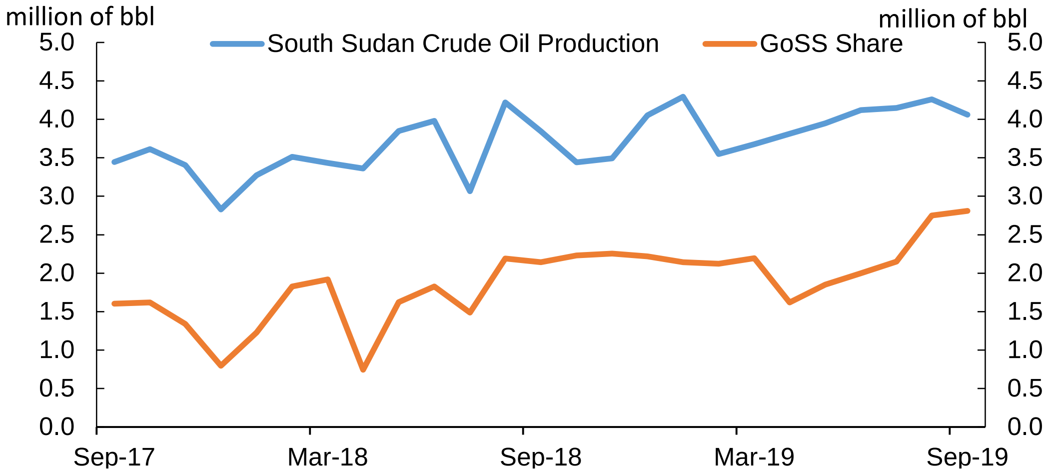
Nevertheless, the information on debt position should be used with caution because the numbers keep changing, especially when the Government meets its contractual obligations by repaying part of the loans. This information needs to be verified and validated by the Ministry of Finance and Planning, Debt Management Units (DMU) as well as providing updates to this data.

2.1. Outlook for Oil

2.1.2. Oil Production

South Sudan total crude oil production was given a boost by recent discoveries of some new oil fields in the country. South Sudan oil production is expected to pick up substantially in the medium to long run. Oil production decreased slightly from 4.12 million barrels at the end of the second quarter of 2019 to about 4.06 million barrels at the end of the third quarter of 2019. The Goss share, however, increased from 2.0 million barrels at the end of the first quarter of 2019 to about 2.8 million barrels at the end of the third quarter of 2019. It is expected that oil production will increase in the medium to long run if lasting peace returns to the country. (See figure 6 below showing trend of oil production in South Sudan).

Figure 6: South Sudan Crude Oil Production (millions of barrels)



Source: RSS, Ministry of Petroleum

Figure 6 above also shows the divergence between total crude oil production and Goss share. The difference comes with the payment of oil advances, TFA to Sudan and other related loan obligations by the Government of South Sudan.

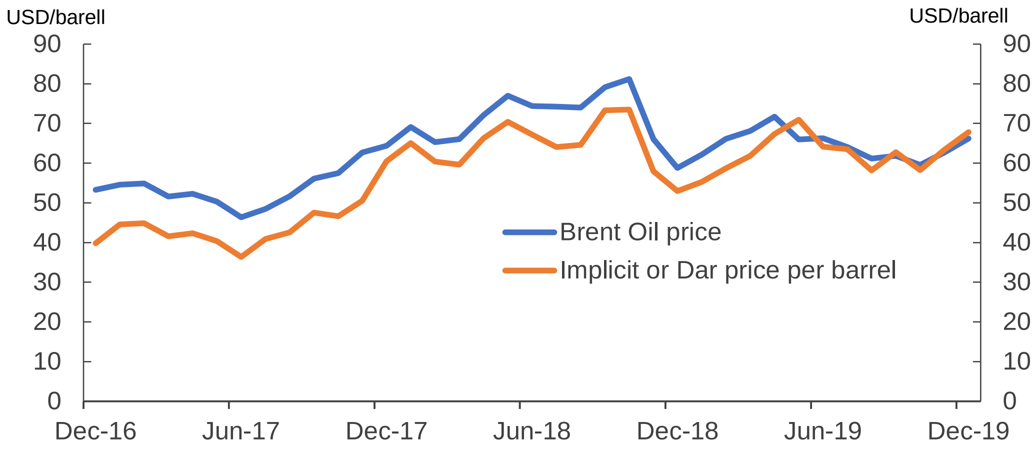
2.1.3. Crude Oil Prices

The international crude oil prices remained stable at an average of about $66/barrel at the end of the fourth quarter of 2019. This is due to a number of factors including the rising tensions between US and Iran that is projected to more likely affect global crude oil supply, the cut in crude oil production by OPEC at the end of the fourth quarter 2019 (see more details in figure 2). This adds to the cumulative disruption in oil supply following the attacks on Saudi Arabia oil processing facility at Abqaiq and Khurais, oil supply disruption in the Middle East, especially the continued conflict in Syria and Yemen. Geopolitical uncertainties in Latin America, especially in Venezuela, accounts for fluctuation of oil prices.

(See table 2 and figure 7 below for more developments in crude oil prices in the international market). All these factors have created uncertainties in the international crude oil market which have also affected favourably South Sudan crude oil prices at the end of the fourth quarter 2019.
However, there are projected risks to oil prices emanating from manufacturing disruption due the corona virus in major economies such as china, the uncertainty created due to trade disputes and geopolitical risks in a number of countries across the world.

2.1.3 Crude Oil Prices (Continue)

Figure 7: Crude Oil Prices (USD)



Source: Ministry of Petroleum and the Bank of South Sudan

2.2. Monetary Sector

Overview

The pace of growth in money supply has slowed at the end of the fourth quarter 2019 driven mainly by decline in expansion of transferable deposit. The NFA of the country has continued to improve at the end of the fourth quarter of 2019 supported by the resilient performance of the export sector especially crude oil. The Qatar National Bank (QNB) loan has remained the major domestic component of debt in the accounts of the financial institutions in the country. Private sector credit has continued to expand but at slow phase. It increases by about more than 30 per cent on annual basis at the end of the fourth quarter of 2019. The increase is mainly driven by an increase in demand for building and constructions materials, domestic trade, hotels and restaurant sectors.

2.2.1. Money Supply

The growth rate of money supply (M2) has slowed down at the end of the fourth quarter 2019 compared to growth rate in the end of the third quarter 2019. It declined to an average of 3.37 per cent down from about 13.67 per cent at the end of the third quarter of 2019. In nominal terms, it increased from SSP 128.87 billion at the end of the third quarter of 2019 to just about SSP 133.21 billion in the fourth quarter of 2019.

This slight increase was mainly driven by growth in currency outside Depository Corporation which increase from about SSP 41.95 billion at the end of the third quarter to about SSP 49.22 billion at the end of the fourth quarter 2019. These developments occurred almost exactly at the same time as the government commits significant funds in preparation for the formation of the new Transitional Government of National Unity. Other deposits increased by about 9.33 per cent at the end of the fourth quarter 2019 while transferable deposits declined by about 6.29 per cent at the end of the fourth quarter 2019. (See table 9 below on developments in money supply and its components).

Table 9: Money Supply and its Components

SSP billion	18	19			
	Q4	Q1	Q2	Q3	Q4
Money Supply	**105.11**	**108.17**	**113.38**	**128.87**	**133.21**
Currency outside depository corporations	36.41	36.33	36.92	41.95	49.22
Transferable deposits	61.97	64.69	68.62	79.68	74.67
Other deposits	6.73	7.14	7.84	7.24	9.33
In percentage (Quarterly Growth)					
Money Supply	***14.86***	***2.97***	***4.81***	***13.67***	***3.37***
Currency outside depository corporations	*21.26*	*-0.21*	*1.62*	*13.62*	*17.33*
Transferable deposits	*11.11*	*4.50*	*6.06*	*16.12*	*-6.29*
Other deposits	*17.91*	*6.13*	*9.74*	*-7.58*	*28.89*

Source: Bank of South Sudan

2.2.1. Net Foreign Asset

Net Foreign Assets (NFA) of the country has continued to improve over the last 3 quarters of 2019. It improved from SSP -68.65 billion at the end of the third quarter of 2019 to about SSP -51.98 billion at the end of the fourth quarter of 2019. This is mainly due to improvement in the South Sudan crude exports coupled by the high oil prices in the international market at the end of the fourth quarter of 2019. Table 10 below shows Net Foreign Assets quarterly movements and other components over the last two years.

Table 10: NFA Components

billions SSP	2018	2019			
	Q4	Q1	Q2	Q3	Q4
Net foreign assets	**-80.50**	**-75.70**	**-84.81**	**-68.65**	**-51.98**
Claims on nonresidents	104.68	109.25	111.73	133.92	157.79
Less: Liabilities to nonresidents	185.18	184.95	196.55	202.57	209.77
In percentage (quarterly change)					
Net foreign assets	*-2.53*	*-6.04*	*12.03*	*-19.06*	*-24.28*
Claims on nonresidents	*14.09*	*4.37*	*2.27*	*19.86*	*17.82*
Less: Liabilities to nonresidents	*6.21*	*-0.16*	*6.27*	*3.06*	*3.55*

Source: Bank of South Sudan

2.2.2. Monetary Base

Growth in the monetary base has picked up slightly at the end of the third fourth 2019. It increased by about 18.32 per cent from growth rate of about 6.57 per cent at the end of the third quarter of 2019, driven by growth in currency in circulation which has significantly increase from an average rate of 13.24 per cent at the end of the third quarter of 2019 to about 19.42 per cent at the end of the fourth quarter of 2019. Liabilities to ODCs have also significantly increased to 16.05 per cent at the fourth quarter of 2019 compared to 2.37 per cent at the end of the third quarter of 2019, liabilities to other sectors have further increase by about 48.77 per cent at the end of the fourth quarter of 2019 (See table 11).

Table 11: Monetary Base and its Components

billions SPP	2018	2019			
	Q4	Q1	Q2	Q3	Q4
Monetary base	**101.15**	**103.11**	**104.59**	**111.46**	**131.87**
Currency in circulation	41.52	42.35	42.84	48.52	57.94
Liabilities to ODCs	56.77	58.04	58.82	60.22	69.89
Liabilities to other sectors	2.86	2.72	2.92	2.72	4.05
centage (quarterly change)					
Monetary base	***9.41***	***1.94***	***1.43***	***6.57***	***18.32***
Currency in circulation	*24.40*	*2.01*	*1.16*	*13.24*	*19.42*
Liabilities to ODCs	*0.08*	*2.24*	*1.34*	*2.37*	*16.05*
Liabilities to other sectors	*21.73*	*-4.99*	*7.58*	*-6.83*	*48.77*

Source: Bank of South Sudan

2.2.3. Lending and Deposit Interest Rates

Substantial variation between deposit and lending rates still persist in the South Sudan financial system. The rate of interest paid on deposits remains relatively low on average of about 0.06 per cent in the fourth quarter of 2019. This rate is not competitive enough to attract significant deposits into the banking system. On the other hand, the average interest rate on loans remained stable and accommodative at an average of 12.64 per cent at the end of the fourth quarters of 2019. The financial sector of South Sudan is therefore encouraged to intermediate with themselves in order to smooth out challenges of liquidity problems in the country (See table 12 above).

The spread between lending and deposits rates reduced considerably from 15.94 per cent in the third quarter of 2019 to 12.64 per cent at the end of the fourth quarter of 2019. This was mainly due to the muted growth on interest rate on deposits which has caused the spread to drop over the quarter as shown in table 12 below.

Table 12: Average Lending and Deposit Interest Rates

In percentage points	2018	2019			
	Q4	Q1	Q2	Q3	Q4
Interest rate on deposit	0.03	0.05	0.06	0.05	0.06
Interest rate on loans	15.83	15.98	15.98	15.99	12.70
Interest rate spread	15.80	15.93	15.92	15.94	12.64

Source: Bank of South Sudan

2.2.4. Developments in Credit to Private Sector

Private sector credit has continued to expand but at slow phase. It increased by about more than 30 per cent on annual basis at the end of the fourth quarter of 2019. The increase is mainly driven by an increase in demand for building and constructions materials, domestic trade, hotels and restaurant sectors. The demand for credit by the agricultural sector has increased marginally from about SSP 11.10 million at the end of the third quarter of 2019 to about SSP 11.33 million at the end of the fourth quarter of 2019. However, activities are expected to pick up in 2020 as both the government and the citizens embark on rebuilding following the signing of the peace agreement. Commercial banks are therefore encouraged to invent and innovate new financial products as well as participate in enhancing financial literacy in the country in order to attract more deposits. (See table 13 below on the loans to the private sector by economic activity).

Table 13: Private Sector Credit by Economic Activities

	2018	2019			
Sector (million SSP)	Q4	Q1	Q2	Q3	Q4
Agriculture	0.61	0.21	0.12	0.12	0.13
Manufacturing	6.63	5.73	5.04	4.72	5.84
Building and Construction	6.93	12.35	12.92	13.51	9.54
Real Estate	12.15	12.84	12.13	11.26	11.83
Energy and Water	0.22	0.16	0.01	6.18	0.66
Mining and quarrying	0.33	0.28	0.25	0.23	0.00
Domestic Trade, Restaurants & Hotel	44.76	43.45	45.85	40.40	49.94
Foreign Trade	14.64	13.10	12.61	11.43	8.26
Transport and Communication	5.83	5.23	4.17	5.05	8.23
Financial Services	1.24	0.08	0.05	0.05	0.02
Household Services	6.65	6.58	6.84	7.06	5.55
Total	100.00	100.00	100.00	100.00	100.00

Source: Bank of South Sudan

2.3. Real Sector

Overview

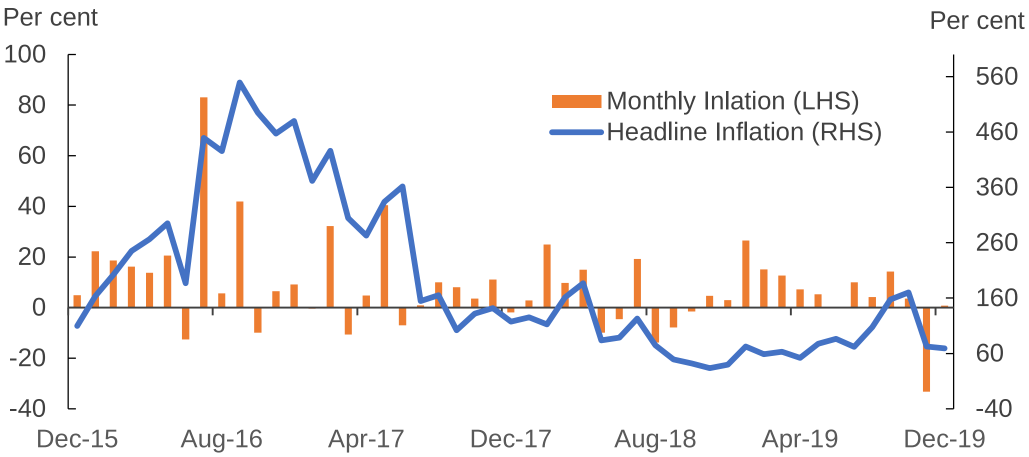
South Sudan output is expected to gain momentum at the end of 2019 supported by the increase in oil production, the recent discovery of crude oil, high (but volatile) prices as well as the high expectation for macroeconomic stability in the medium to long run as the government prepares to form recently extended new government early next year. As a result, the Bank of South Sudan projected GDP to grow by about 5.01 per cent at the end of the year 2019. However, inflationary pressures have started to build up at the end of the third quarter of 2019. Headline inflation has increase significantly to about 157.32 per cent at the end of the third quarter of 2019.

2.4.1. Inflation Developments

Inflation in South Sudan has moderate though volatile at the end of the fourth quarter of 2019. It has declined from an average of 157.32 per cent at the end of the third quarter 2019 to about 68.99 per cent at the end of the fourth quarter 2019. The quarterly decline was caused by falling prices of food and non-alcoholic beverages, alcoholic beverages and tobacco, health, restaurants and hotels services. (See figure 8 on monthly and annual inflation changes in South Sudan).

2.4.1. Inflation Developments (continue)

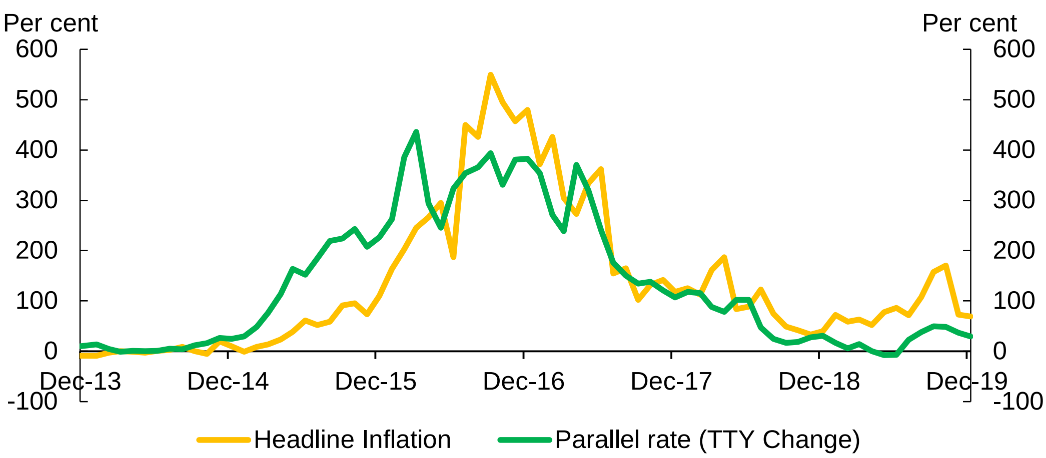
Figure 8: Monthly and through-the-year Inflation



Source: South Sudan National Bureau of Statistics and Bank of South Sudan calculation

Note: June 2011 =100
Overall inflation outlook in South Sudan is mainly volatile due to low production of consumer goods in the country aggravated further by shocks imported from the east African member states especially on agricultural output due to locust invasion. It is worth noting that food accounts for over 70 per cent of the overall Consumer Price Index. Most of the food commodities consumed in South Sudan are imported from the East African countries, mainly from Uganda and Kenya. As a result, inflation reflects the combination of both inflation dynamics in Uganda, Kenya and the Republic of South Sudan. Any shock to food prices in Uganda or any of the EAC Countries that South Sudan trades with impacts on prices in South Sudanese with a very short lag. (See figure 9 below on illustration of the co-movement of the exchange rates and inflation in South Sudan).

Figure 9: Co-movement of Exchange Rate and Inflation in South Sudan



Source: National Bureau of Statistics and Bank of South Sudan calculation
It was observed that food price in the neighbouring countries has been moderate at the end of the fourth quarter 2019. BSS intervention in the foreign exchange market towards the end of the of the fourth quarter is partly to explain for the decline in prices in the country (see recent developments in inflation in South Sudan in table 14).

2.4.1. Inflation Developments (continue)

Table 14: South Sudan Quarterly Inflation

	2018	2019			
Consumer Price Index (CPI)	Q4	Q1	Q2	Q3	Q4
Headline	**6,305.98**	**10,343.7**	**11,682.73**	**15,292.42**	**10,656.52**
Core	8,028.33	13,049.02	13,932.14	19,082.33	11,226.81
Food	5,172.58	10,209.59	11,679.36	13,976.66	10,625.92
Inflation (%, eop)					
Headline	***40.06***	***62.92***	***86.30***	***157.32***	***68.99***
Core	*53.13*	*47.94*	*79.49*	*165.96*	*39.84*
Food	*29.23*	*106.20*	*120.06*	*177.74*	*105.43*
Monthly inflation (headline)	*2.97*	*12.66*	*0.07*	*14.24*	*0.75*

Source: Bank of South Sudan

Headline, core and food inflation shows downward trends at the end of the fourth quarter of 2019. South Sudan's headline, core and food inflation declined by 68.99 per cent, 39.84 per cent and 105.43 per cent respectively at the end of the fourth quarter 2019 (See table 14).

2.4.2. GDP Performance

South Sudan GDP measures the value of all final goods and services produced in the country over one year. Nominal GDP is measured at current prices, and Real GDP is deflated at constant prices per year. The nominal GDP of South Sudan was forecasted to average 829,871 million South Sudanese Pounds in 2019. The Real GDP was projected to increase to 5.01 per cent at the end of the year 2019 up from 3.3 per cent in 2018. Table 15 below shows the annual percentage changes of National Accounts Aggregates at the 2009 constant prices.

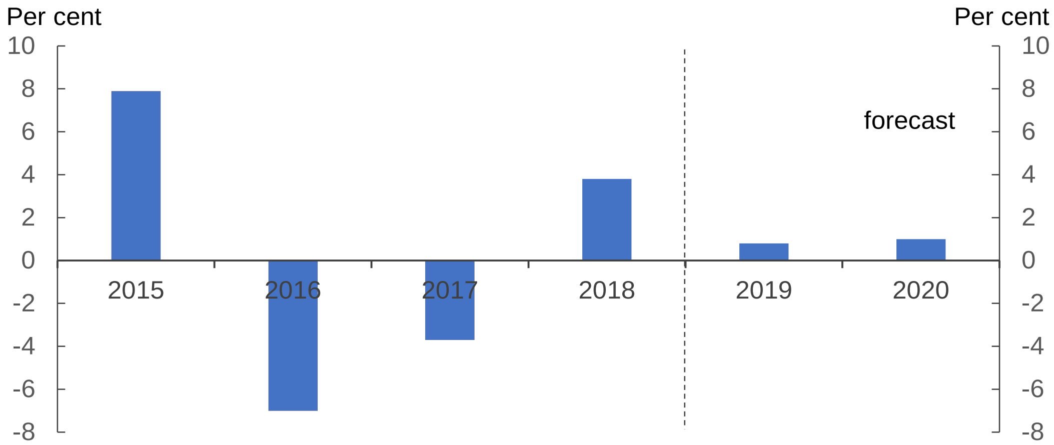
Table 15: Summary of Some Key National Accounts Aggregates

National Accounts Aggregates					Pre. est.	forecast
2009 constant prices	2015	2016	2017	2018	2019	2020
Gross Domestic Product	**7.9**	**-7.0**	**-3.7**	**3.8**	**0.8**	**1.0**
Oil sector	-1.38	-17.0	-8.92	5.75	-0.2	1.0
Non-oil GDP	11.6	-3.5	-2.1	3.3	1.0	1.0
Memorandum Item						
Population (million)	11	11.4	11.9	12.4	12.9	13.4

Source: National Bureau of Statistics and Bank of South Sudan Staffs Forecast

South Sudan oil sector remains the dominant sector in terms of its contribution to GDP. The agriculture sector, which employs about 70 per cent of the labor force in the country (See SSNBS, 2012 Baseline survey) remains the lowest contributor to GDP partly because many citizens fled their villages to become refugees or Internally Displaced Persons (IDPs) due to crisis that have affected the country since 2013. (See figure 10 below illustrating the real GDP growth of South Sudan).

Figure 10: Real GDP Growth Rate



Source: National Bureau of Statistics and Bank of South Sudan Estimates

2.5. External Sector

Overview

South Sudan trade balance has improved at the end of the fourth quarter of 2019 supported by strong export growth of crude oil leading to significant growth in the international reserve position of the country. Trade in goods was positive at the end of the year 2019 at the same time imports were high as demand for products spike towards the festive season, consequently the exchange rate depreciated marginally.

2.5.1. Current Account Developments

South Sudan current account balance was in deficit of USD 358.53 million at the end of the fourth quarter of 2019, attributed to mainly increase in imports at the end of the same period exacerbated by high demand for imports during the Christian season. Preliminary data shows that imports increased from an average of USD 653.64 million at the third quarter 2019 to about USD 1,026.41 million at the end of the fourth quarter 2019. This could have been increased due to importation of capital good in the country for infrastructural development. (See table 16 and table 17 below for South Sudan import composition).

Table 16: South Sudan Trade Statistics, 2018-2019 (USD millions)

	2018	2019			
	Q4	**Q1**	**Q2**	**Q3**	**Q4**
Total Exports	711.75	715.64	911.09	774.25	740.10
Total Import	222.07	244.99	308.46	653.64	1,026.41
Trade Balance	489.68	470.63	602.63	94.15	-302.31
% change	36.16	-19.03	131.98	-84.38	-23.35

Source: Bank of South Sudan

Table 17: South Sudan Current Account Components (USD millions)

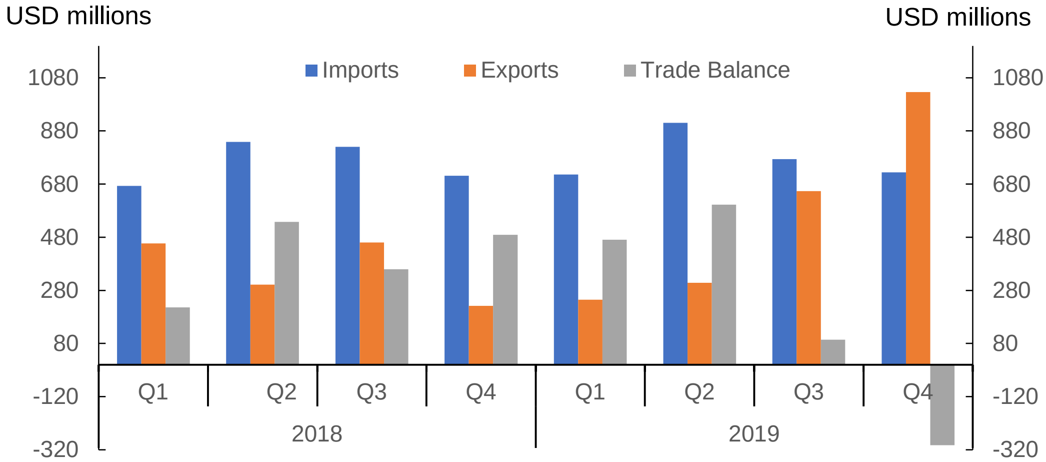
	2018	2019			
	Q4	**Q1**	**Q2**	**Q3**	**Q4**
CAB	**275.42**	**276.04**	**354.80**	**(487.62)**	**(501.53)**
Trade in goods	598.07	441.29	575.55	93.21	27.94
Trade in Services	-106.88	29.36	27.08	(391.26)	(327.40)
Primary Income	-81.02	-86.66	-83.3	(96.18)	(87.75)
Secondary Income	-134.75	-107.95	-164.53	(93.39)	(111.35)

Source: Bank of South Sudan

Table 17 shows the developments in South Sudan's current account components which comprise of trade in goods, services, primary, and secondary income. South Sudan trade-in goods were positive at the end of the fourth quarter 2019. However, its trade in services, primary income as well as secondary incomes is all in deficit at the end of the fourth quarter of 2019. The positive trade in goods was supported by increased oil exports with high but volatile oil prices. It's worth mentioning that the government of South Sudan continued to fulfil external obligations especially to Sudan in regard to the TFA and transportation charges related to oil production. These developments are shown in figure 11 below:-

2.5.1 Current Account Developments (continued)

Figure 11: Trade Balance (USD millions)



Source: Bank of South Sudan

2.5.2. Exchange Rate Development

The South Sudanese Pounds has continued to depreciate at the end of the fourth quarter of 2019. It depreciated by about 1.37 per cent on quarterly basis at the end of the fourth quarter of 2019 in the parallel market. The high demand for foreign exchange by the business community and speculation has remain the main factors for the depreciation of the South Sudanese Pound in the market. The Pounds depreciated from an average of 159.87SSP/1USD at the end of the third quarter 2019 to about 160.42 SSP/1USD at the end of the fourth quarter of 2019 in the official market, while at the parallel market, it depreciated from 317.17USD/1SSP at the end of the fourth quarter of 2019 to about 321.5 SSP/1USD at the end of the fourth quarter of 2019. This is mainly due to the shortage of foreign currency in the market which is exacerbated by the high demand for imports in the country during the Christmas season. The spread between the parallel and the indicative exchange rate has also widened by about 2.41 per cent over the quarter (table 18 below).

Table 18: Exchange Rate Dynamics

2018		**2019**			
Exchange rate (USD/SSP)	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Indicative rate	151.48	155.17	158.43	159.87	160.42
Parallel rate	232.19	269.51	290.85	317.17	321.50
Spread	80.71	114.34	132.42	157.30	161.08
Percentage (Quarterly change)					
Indicative rate	*3.01*	*1.23*	*1.61*	*0.91*	*0.34*
Parallel rate	*22.65*	*8.64*	*5.19*	*9.05*	*1.37*
Spread	*73.31*	*20.01*	*9.82*	*18.79*	*2.41*

Source: Bank of South Sudan

2.5.3. Gross International Reserve Position

The gross international reserve position of South Sudan comprises of its foreign currency reserves. This includes exclusive drawing rights (SDR) and three different currencies (Euro, Sterling, and US Dollars). The foreign reserves are used for external financing of the balance of payments and for maintaining the credibility of the Bank of South Sudan. Foreign reserves of South Sudan increased by about 650 per cent by the end of the fourth quarter of 2019, representing about one (1) month of import cover. This is as significant improvement but is still below the required three months standard of import cover for the stability of the domestic currency. Figure 12 below shows the percentage change in South Sudan's Gross International Reserve Position over the last two to three years.

2.5.3. Gross International Reserve Position (continued)

***Figure 12: Gross International Reserves Position* (percentage change)**

Source: Bank of South Sudan

2.5.3 Gross International Reserve Position (continued)

Appendix1: Summary of Developments in Monetary Aggregates

	2016	2017	2018	2019
Depository Corporations Survey (all eop)				
Net foreign assets	(48,944.94)	(72,813.95)	(80,567.14)	(51,982.56)
Net domestic assets	90,364.26	42,230.12	185,609.12	185,197.16
Domestic claims	66,694.73	106,550.48	144,446.33	171,647.46
Net claims on government	63,889.41	98,184.64	131,352.81	150,866.65
Central Bank	14,458.01	21,613.60	32,157.29	39,807.73
Commercial banks	49,431.40	76,571.04	99,195.53	111,058.92
Net claims on other sectors	2,805.32	8,365.84	13,093.51	20,780.81
Other items (net)	23,669.53	35,679.64	41,162.79	13,549.69
M1	34,237.20	61,918.74	98,313.44	123,880.58
M2 Broad money	41,419.32	69,416.17	105,041.97	133,214.60
Currency outside Banks (COB)	10,574.62	20,965.61	36,406.03	49,215.53
Deposits (DEP)	30,844.70	48,450.56	68,635.95	83,999.07
COB / DEP (yr avg)	0.34	0.43	0.53	0.59
Reserve requirement	0.20	0.20	0.20	0.20
Excess reserves (experimental)	34,741.52	45,563.83	44,399.24	57,710.16
Excess reserves / M2	0.84	0.66	0.42	0.43
Central bank (all eop)				
Net foreign assets	(6,318.35)	(14,260.58)	(15,745.94)	22,283.57
Net domestic assets	(31,086.16)	(43,991.08)	(39,832.05)	(11,584.96)
Domestic claims	14,516.31	25,106.33	38,531.67	49,003.12
Claims on ODCs	23.94	24.10	65.14	539.39
Net claims on government	14,458.01	21,613.60	32,157.29	39,807.73
Claims on government	19,938.97	28,277.42	38,634.04	40,087.43
Net claims on other sectors	34.36	3,468.63	6,309.24	8,655.99
Other items (net)	(45,602.47)	(69,097.41)	(78,363.71)	(60,588.07)
Shares and other equity	(37,738.28)	(55,854.23)	(63,076.68)	(63,244.44)
Monetary Base (BM)	53,800.43	79,943.16	101,149.44	131,874.76
Currency in circulation (CIC)	11,920.19	23,743.38	41,516.67	57,937.58
Liabilities to ODCs (LODC)	40,379.35	53,113.86	56,772.80	69,885.48
Liabilities to Other (LO)	1,500.89	3,085.92	2,859.98	4,051.71
M1 Money Multiplier	0.64	0.77	0.97	0.94
M2 Money Multiplier (M2 / BM) (yr. avg)	0.77	0.87	1.04	1.01
CIC / DEP (yr. avg)	0.39	0.49	0.60	0.69
LODC / DEP (yr. avg)	1.31	1.10	0.83	0.83
LO / DEP (yr. avg)	0.05	0.06	0.04	0.05
Commercial banks (all eop)				
Net foreign assets	(42,626.60)	(58,553.38)	(64,821.21)	(74,266.13)
Net domestic assets	88,570.04	132,401.50	164,611.27	190,926.94
Domestic claims	92,764.68	137,627.39	167,946.93	204,634.93
Claims on central bank	40,562.31	56,159.14	61,967.14	81,451.19
Net claims on government	49,431.40	6,571.04	9,195.53	11,058.92
Claims on government	49,536.84	76,701.24	100,653.81	114,072.72
Claims on other sectors	2,770.96	4,897.21	6,784.27	12,124.82
Other items (net)	(4,194.64)	(5,225.89)	(3,335.66)	(13,708.00)
Liabilities	45,943.44	73,848.12	99,790.06	116,660.81
Central bank	109.26	1,019.32	1,688.28	1,853.07
Other sectors	45,834.18	72,828.80	98,101.78	114,807.74

BANK INFORMATION

Registered office

Bank of South Sudan Head Office
P.O. Box 136
Juba, Republic of South Sudan

Governor

Hon. Dier Tong Ngor
Bank of South Sudan, Head Office
P.O. Box 136
Juba, Republic of South Sudan

Secretary to the Bank

Mr. Chol Atem Diing
Bank of South Sudan Head Office
P.O. Box 136
Juba, Republic of South Sudan

Branches

Yei Branch
Bank of South Sudan Head Office
P.O. Box 136
Juba, Republic of South Sudan

Malakal Branch
Bank of South Sudan Head Office
P.O. Box 136
Juba, Republic of South Sudan

Wau Branch
Bank of South Sudan Head Office
P.O. Box 136
Juba, Republic of South Sudan

Principal Auditor

Auditor General
National Audit Chamber
P.O. Box 210
Juba, Republic of South Sudan

Delegated Auditors

Deloitte & Touche
3rd Floor, Aris House
Plot 152, Haile Selassie Road, Oysterbay
P.O. Box 1559
Dar es Salaam, Tanzania

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. INTRODUCTION

The Directors present this annual report together with the audited financial statements for the financial year ended 31 December 2019, which disclose the state of affairs of the Bank of South Sudan ("the Bank").

During the year, the Bank continued to implement its mandate as provided in the Bank of South Sudan Act, 2011. The Bank operated 3 branches in the country.

ESTABLISHMENT

The Bank of South Sudan was established under the Bank of South Sudan Act, 2011 ("the Act").

BANK'S VISION

The vision of the Bank is: "Aspiring to be credible Central Bank in fostering and ensuring price and financial system stability by 2028".

BANK'S MISSION

The Bank's mission is: To foster price stability, sustainable economic growth, and sound financial system in the Republic of South Sudan through excellent regulatory framework, monetary and exchange rate operations, advisory and banking services.

2. STATUTE AND PRINCIPAL ACTIVITIES

Bank of South Sudan, the Central Bank of the Republic of South Sudan is wholly owned by the Government of the Republic of South Sudan. Its operations are governed by the aforementioned Act.

The primary objective of the Bank is to maintain monetary and domestic price stability.

Other functions and objectives of the Bank are to:

- Foster the liquidity, solvency and effective functioning of a stable market based financial system, and to promote a safe, sound and efficient national payment system which aims to maintain stability of the financial system as a whole;
- Support general economic policies of the Government and promote sustainable economic growth;
- Adopt and implement policies designed to maintain monetary stability;
- Determine the features of banknotes and coins in consultation with the Minister of Finance and Planning and approval of the Council of Ministers, and the terms and conditions of any currency recall in accordance to requirements of the Act;
- Hold and manage the official foreign exchange reserves of the State;
- Oversee the development and sound functioning of the payment systems for transfers of securities issued by the Government or the Bank, and for the clearing and settlement of payment transactions and transactions in such securities;
- Establish and enforce minimum bank reserve requirements;
- Act as banker and adviser to, and as fiscal agent of, the Government, and to such public agencies as may be determined by law, provided, however, that any transaction carried out by the Bank that may serve to extend financial assistance to or for the benefit of the Government or any such public agency, may be undertaken only pursuant to Section 65 of the Act;
- Regulate and supervise commercial banks and such other regulated entities as shall be submitted to its oversight in accordance with relevant legislation;

2. STATUTE AND PRINCIPAL ACTIVITIES (CONTINUED)

- Receive deposits from, and maintain accounts on its books for, regulated entities, units of Government, foreign central banks and international financial institutions on such terms and conditions as may be prescribed by account agreement or regulation of the Bank;
- Undertake foreign exchange operations at the request of the Government and on the Bank's own behalf;
- Issue debt securities in accordance with policies approved by the Board;
- Collect economic and financial data related to its objectives and tasks under the requirement of the Act;
- Open and maintain on its books, accounts for the administration of funds provided by foreign parties to the Government or to a Government Agency in accordance with the terms and conditions set out in trust account agreements, provided that:
    - The assets and liabilities of any such account shall be segregated from the other assets and liabilities of the Bank;
    - The assets of each such account shall be available only to meet liabilities of that account;
    - No other assets of the Bank shall be available to meet liabilities of such accounts; and
    - The Bank shall charge fees for the administration of such accounts to cover its costs; and
- Represent the Republic of South Sudan in international affairs in accordance with the Act.

3. RESOURCES AND STRENGTH

Resources and strengths that facilitate the Bank's endeavour in achieving its strategic objectives include human, financial and technological resources.

In terms of human capital, the Bank has well-qualified and committed staff dedicated to a long-term career in the Bank. Likewise, the management adheres to good governance and promotes labour relations. From its strategic perspective, the Bank enhances its financial sufficiency by improving management of its resources through prioritization of initiatives, implementing initiatives within the available financial envelope and prudently managing its sources of income. On technological side, the Bank has made significant efforts of adopting modern technology to improve its day-to-day operations. Further, the Bank has strategically located Branches, which facilitate efficient banking services.

4. CORPORATE GOVERNANCE

The Board shall be composed of nine voting members, as follows:

a) The Governor as Chairman of the Board;

b) The two deputy Governors, who shall be designated by the Governor as 1st Deputy and 2nd Deputy Governor, respectively of the Board;

c) Six non-executive members, who shall not be employees of the Bank;

d) The Governor and Deputy Governors shall be appointed by the President; and

e) The Board shall be proposed by the Governor and appointed by the President.

REPORT OF THE DIRECTORS (CONTINUED)

4. CORPORATE GOVERNANCE (CONTINUED)

The Directors at the date of this report and who served since 1 January 2019, except where otherwise stated, are:

No.	Name	Position	Date of appointment
1	Hon. Dier Tong Ngor	Governor	Appointed in November 2020
2	Hon. Gamal Abdallah Wani	Governor	Relieved in November 2020
3	Hon. Johnny Ohisa Domiano	First Deputy Governor	Appointed in May 2021
4	Hon. Maror Cyer Rehan	First Deputy Governor	Relieved in May 2021
5	Hon. Albino Dak Othow	First Deputy Governor	Relieved in May 2020
6	Hon. Daniel Kech Puoc	Second Deputy Governor	Appointed in March 2020
7	Hon. Charles Abdu Ngamunde	Second Deputy Governor	Relieved in November 2020
8	Hon. Odera Innocent Ochan	Second Deputy Governor	Relieved in August 2019
9	Hon. Agoyom Akomjo Musellam	Non-Executive Member	Relieved in May 2021
10	Hon. Hellen Pita Taban	Non-Executive Member	Relieved in May 2021
11	Hon. Prof. Samson Samuel	Non-Executive Member	Relieved in May 2021
12	Hon. Prof. Nyiel Gordon Kuol	Non-Executive Member	Appointed in November 2018
13	Hon. Dr. Adil Atanasio Surur	Non-Executive Member	Appointed in November 2018
14	Hon. John Maciek Acuoth	Non-Executive Member	Appointed in November 2018
15	Hon. Wani Buyu Dyori	Non-Executive Member	Appointed in May 2021
16	Hon. Weituy Louny Baboth	Non-Executive Member	Appointed in May 2021
17	Hon. Dr. Tabitha Eliaba Kenyi	Non-Executive Member	Appointed in May 2021

Bank of South Sudan ascribes to the highest standards of corporate governance. The Bank through the Board of Directors and Management upholds and practices the principles of sound corporate governance.

To this end, the Bank of South Sudan Act, 2011, has provided a framework for ensuring application of sound corporate governance principles and best practices by the Bank's Board of Directors and its Committee and Management in the course of managing the day to day affairs/operations of the Bank as summarized below:

(i) In terms of the provisions of Section 16(1) of the Bank of South Sudan Act, 2011, the Bank's Board of Directors shall be charged with the adoption of the principal policies of the Bank and the supervision of the administration and operation of the Bank.

(ii) In terms with provisions of Section 24(2) of the Bank of South Sudan Act, 2011 the Audit Committee shall assist the Board in fulfilling its oversight responsibilities for matters relating to the integrity of the Bank's financial statements; the Bank's compliance with legal and regulatory requirements; the annual external audit of the Bank; and the performance of the Bank's Internal Audit Department.

4. CORPORATE GOVERNANCE (CONTINUED)

The Audit Committee

Established under the provisions of Section 24(1) of the Bank of South Sudan Act, 2011, the Audit Committee consists of three non-executive voting members of the Board. The Audit Committee shall select one of its members to serve as Chairperson of the Audit Committee in accordance with the Charter of the Audit Committee approved by the Board. The Terms of Reference for the Audit Committee cover four major areas, namely, Internal Control, Financial Reporting, Internal Audit and External Audit.

The Audit Committee's mandate under Internal Control covers evaluation of control environment and culture; the adequacy of the internal control systems and compliance with IFRS in the preparation of financial statements; the overall effectiveness of the internal control and risk management framework; The Committee also reviews requests for write off/ back of items from the books of accounts and reviews the effectiveness of the system for monitoring compliance with laws and regulations.

The mandate relating to financial reporting requires the Audit Committee to review significant accounting and reporting issues and their impact on the financial reports and ensure current financial risk areas are being managed appropriately. The Committee also ensures the adequacy of the financial reporting process and reviews the Bank's annual accounts before approval and adoption by the Board.

With regard to external audit, the Audit Committee reviews and approves the external auditors' proposed audit scope, approach and audit deliverables, draft financial statements before submission to the External Auditors for audit; and also reviews and approves the proposed audit fee.

The Committee's mandate on Internal Audit covers review of the activities and resources of the internal audit function; effectiveness, standing and independence of internal audit function within the Bank; review of the internal audit plan; and follow up on implementation of internal audit findings and recommendations. The Audit Committee reports to the Board of Directors.

The Members of the Audit Committee at the date of this report and who served since 1 January 2019, except where otherwise stated, are:

No.	Name	Position	Discipline	Nationality
1	Hon. John Maciek Acuoth	Chairman	Accountant	South Sudanese
2	Hon. Hellen Pita Taban	Member	Sociologist	South Sudanese
3	Hon. Prof. Nyiel Gordon Kuol	Member	Economist	South Sudanese
4	Hon. Agoyom Akomjo Musellam	Member	Lawyer	South Sudanese
5	Hon. Wani Buyu Dyori	Member	Accountant	South Sudanese

5. MEETINGS

The Board held 4 meetings during the year ended 31 December 2019, 3 ordinary meetings and 1 extraordinary meeting. There were no committee meetings held during the year. All members of the Board were able to devote their time required for the Board and Audit Committee meetings.

REPORT OF THE DIRECTORS (CONTINUED)

5. MEETINGS (CONTINUED)

Below is a summary indicating the number of meetings attended by members of the Board from 1 January 2019 to 31 December 2019:-

		Number of meetings	
		Board	AC
No	Number of meetings		
	Names		
1	Hon. Dier Tong Ngor	2	Nil
2	Hon. Gamal Abdallah Wani	3	Nil
3	Hon. Johnny Ohisa Domiano	Nil	Nil
4	Hon. Maror Cyer Rehan	1	Nil
5	Hon. Albino Dak Othow	3	Nil
6	Hon. Daniel Kech Puoc	3	Nil
7	Hon. Charles Abdu Ngamunde	2	Nil
8	Hon. Odera Innocent Ochan	1	Nil
9	Hon. Agoyom Akomjo Musellam	3	Nil
10	Hon. Hellen Pita Taban	4	4
11	Hon. Prof. Samson Samuel	2	Nil
12	Hon. Prof. Nyiel Gordon Kuol	4	4
13	Hon. Dr. Adil Atanasio Surur	4	Nil
14	Hon. John Maciek Acuoth	4	4
15	Hon. Wani Buyu Dyori	Nil	Nil
16	Hon. Weituy Louny Baboth	Nil	Nil
17	Hon. Dr. Tabitha Eliaba Kenyi	Nil	Nil

The Board and its committees meet every quarter with additional meetings convened as and when necessary. During the year, the Board met to discuss and decide on various business activities.

The members of the Supervision Committee of Board ("SC") the served during the year ended 31 December 2019**:-**

No.	Name	Position	Discipline	Nationality
1	Hon. Dier Tong Ngor	Chairman	Business Administration	South Sudanese
2	Hon. Johnny Ohisa Domian	Member	Development Finance	South Sudanese
3	Hon. Weituy Louny Baboth	Member	Master's in economics	South Sudanese

The members of the Finance Committee of Board ("FCB") served during the year ended 31 December 2019:-

No.	Name	Position	Discipline	Nationality
1	Hon. Daniel Keck Puoc	Chairman	Masters in Banking	South Sudanese
2	Hon. Prof. Nyiel Gordon Kuol	Member	Professor in Business Adm.	South Sudanese
3	Hon. Dr. Adil Atanasio Surur	Member	PhD. in Statistics	South Sudanese

The members of the Human Resources Committee ("HRC")of Board served during the year ended 31 December 2019:-

No.	Name	Position	Discipline	Nationality
1	Hon. Dier Tong Ngor	Chairman	Business Administration	South Sudanese
2	Hon. Johnny Ohisa Domian	Member	Development Finance	South Sudanese
3	Hon. Dr. Adil Atanasio Surur	Member	PhD in Statistics	South Sudanese

The members of the Risk & Compliance Committee ("RCC") of Board served during the year ended 31 December 2019:-

No.	Name	Position	Discipline	Nationality
1	Hon. Wani Buyu Dyori	Member	Master's in accounting	South Sudanese
2	Hon. John Maciek Acuoth	Member	Master's in accounting	South Sudanese
3	Hon. Dr. Tabitha Eliaba Kenyi	Member	PhD in Business Management	South Sudanese

6. INDEPENDENCE

All Non-executive Directors are considered by the Board to be independent both in character, judgment and free of relationships or circumstances, which could affect their judgment.

7. CAPITAL STRUCTURE

Section 33 of the Act provides the level of authorized capital of the Bank to be fifteen million South Sudanese Pounds. This amount may be increase as a result of allocations from net profits/losses pursuant to Section 36 and 37 of the Act. The capital of the Bank is subscribed and held only by the Government of the Republic of South Sudan.

Due to the nature of the Bank's business and statutory requirements the whole capital is held in the form of equity. Different classes of reserves have been prescribed under Section 34 of the Bank of South Sudan Act, 2011 and Note 25 to these financial statements. The movement of the capital during the year is reflected under the Statement of Changes in Equity.

8. RELATIONSHIP WITH STAKEHOLDERS

The Bank recognizes the importance of addressing the needs of its key stakeholders in order to add value, satisfy their needs and expectations to fulfill its mission. The Bank's key stakeholders include: the Government, banking institutions, other financial institutions, development partners, general public and staff. The Bank is committed to delivering value to its stakeholders through better services and good customer care while maintaining good relationship in its engagements.

Accordingly, the Bank fulfills its mandate by delivering the following services to meet its stakeholders' needs and expectations:

(a) Issuance of Notes and Coins: The Bank provides secure, adequate, durable and portable bank notes and coins; ensure prompt circulation of currency through its branch network throughout the country; and promote public awareness on the currency handling and security features.

(b) Banking Services: The Bank promptly facilitate payments, settlements and clearing of payment instruments for the Government and financial institutions. Further, the Bank provides safe deposit custody for the Government and financial institutions.

(c) Price Stability: The Bank formulates and executes monetary policy that leads to stable domestic prices; provide policy advice to the Governments; disseminate economic reports; ensure stable exchange rates; and conduct Government securities auctions.

(d) Financial Stability: The Bank promotes the stability of the financial system through effective regulation and supervision of banking system; provide safe and efficient payment systems; and promote public access to the financial services.

(e) Internal Customer requirements: The Bank attracts and retains high caliber staff with integrity, competency and accountability and provides conducive working environment and career development opportunities to its staff.

9. MANAGEMENT

Section 14 of the Bank of South Sudan Act, 2011 vests the management of the Bank and the direction of its business and affairs to the Governor. The Governor is required to discharge such functions and direction, in conformity with the policies and other decisions made by the Board.

The law further provides that the Governor to be assisted by two Deputy Governors. The Deputy Governors head various functions under them.

10. CASH FLOW PROJECTION

Due to the nature of the Bank's operationss most of the cash prjections indicate that future cash flows will mostly be generated from operating, investing and financing activities and that the Bank will continue to be going concern within the foreseeable future.

11. STRENGTHENING CORPORATE GOVERNANCE

Improve work environment and use of technology

This objective entails acquiring and maintaining adequate and safe facilities and working tools, adopting regulations, policies and good practices that bring about fairness, trust, inclusiveness, cooperation and information sharing amongst staff. It also involves developing and implementing fair performance and reward management practices. This objective is measured by the survey to interrogate the level of satisfaction that staff have to the Bank's work environment.

During the period, the Bank acquired and maintained adequate and safe facilities and working tools, and adopted appropriate regulations, policies and best work practices. In addition, the Bank enhanced its key business processes and put in place relevant and secure technologies with a view to improving efficiency and effectiveness in service delivery.

Capacity building

To improve knowledge and skills of employees, the Bank continued to address skills requirements that match the needs of the Bank, through the annual corporate training plan and provision of adequate budget. Learning opportunities were accorded to staff with a view to enhance their competences to execute the Bank's core functions. During the period the Bank continued to attract and retain highly skilled, committed, motivated, and competent staff.

Enhance compliance with Legislation, Regulations, Policies and Standards

During the year, the Bank continued to put emphasis on compliance with the Bank of South Act; Public Procurement Act, 2011; and other legislations, regulations, policies and standards in executing its mandate.

In addition, the Bank promoted risk awareness and management culture across the Bank with the target of reducing significant risks. As a result, all risks in the very high level were reduced to high, moderate and low levels.

Improve Financial Performance

The Bank continued to manage its financial resources mainly on deposits to ensure adequate liquidity while maintaining capital preservation and maximising returns. The Bank generated sufficient income and implemented planned projects within allocated financial resources. Effective monitoring and control of budget expenditure was instituted successfully resulting to timely settlement of expenditure commitments throughout the period.

Bank's engagement with external stakeholders

The Bank continued to nurture its relationship with external stakeholders, seeking to enhance stakeholders understanding, support and feedback on the Bank's undertakings. It endeavoured to address stakeholders' needs, expectations and provide timely responses to stakeholders' inquiries.

Enhance Regional and International Policy Convergence

The Bank continued to implement the agreed regional and international policy decisions and benchmarks. This involved aligning and harmonizing existing policy, regulatory and supervisory frameworks with the agreed standards and benchmarks. As a result, the overall policy convergence towards the agreed regional and international convergence.

Public education programs

The Bank participated in various public education programs that were aimed at sensitizing the public on the roles and functions of the Bank. In addition, the Bank participated in various to disseminate information and provide public awareness on its operations in areas of roles and functions of the Bank including awareness on the bank notes and coins and their respective security features.

REPORT OF THE DIRECTORS (CONTINUED)

12. FUTURE DEVELOPMENT PLANS

The Bank will continue to focus on its core mandate of maintaining price stability and promoting integrity and stability of the financial system. In achieving these, the main focus areas during the coming years plan will be on leadership, where the Bank will take steps aimed at becoming a reputable organization that is attracting and retaining highly committed, motivated, competent and innovative staff. The Bank will continue to deliver timely, reliable and cost effective services and continue to embrace more technology driven solutions; and excellence in executing its mandate, where the Bank will achieve price stability, safe, sound and inclusive financial system.

1. The Bank will adopt interest rate targeting as its tool in implementing monetary policy.

2. To ensure integrity and stability of the financial system, the Bank puts emphasis on ensuring that the financial sector remains on a sound footing to serve the broader needs of the South Sudan economy.

3. To have special focus on surveillance of both macro-conditions and the financial system and putting in place elaborate crisis management and resolution framework.

4. The Bank will continue to improve its planning approach and execution through full implementation of the Balanced Score Card ("BSC") methodology.

5. The Bank will take deliberate measures to create broad awareness and capacity building among staff to implement the plan. In addition, the Bank will focus on enhancing application of modern technologies; improve its work processes and compliance with laws and regulation in order to improve operational efficiency in all its undertakings.

6. Further, the Bank will focus on service excellence in attending both internal and external stakeholders. In its service delivery, the Bank is dedicated to continue advising the Governments on economic policy related matters and serving the general public as its ultimate customers.

In addition, the Bank plans to:

7. Continue implementing Short Medium Term and long Expenditure Framework as a multi-year budgeting instrument;

8. Continue implementing Balanced Score Card ("BSC") methodology as an instrument for corporate strategy and performance management;

9. Continue with the construction of BOSS new office buildings for Headquarters as part of improvement of work environment;

10. Continue with the construction of the training institute centre,

11. Construct staff club at Juba;

12. Construct new staff hostel in Rumbek, Wau and Malakal Branches

13. Continue with process improvements initiatives that include MEMO automation, budget processing,

14. Business analytic tool; Bank of South Sudan Interbank Settlement System (modernization; and

15. Acquire and continue maintaining its other existing assets to support its operations.

13. RISK MANAGEMENT AND INTERNAL CONTROL

The Board accepts final responsibility for risk management and internal control systems in the Bank. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

1. The effectiveness and efficiency of operations;
2. The safeguarding of the Bank's assets;
3. Compliance with applicable laws and regulations;
4. The reliability of accounting records;
5. Business sustainability under normal as well as adverse conditions; and
6. Responsible behaviours towards all stakeholders

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system, of internal control can provide absolute assurance against misstatement or losses, the Bank's system is designed to provide the Board with reasonable assurance that procedures in place are operating effectively. The Bank ensures that existing and emerging risks are identified and managed within acceptable risk tolerances.

RISKS AND UNCERTAINTIES

The key risks that may significantly affect the Bank's strategies and development are mainly financial, operational and strategic. Below we provide a description of the operational and strategic risks facing the Bank. The risks related to financial instruments have been disclosed under Note 42 of the financial statements:

Operational risk

Includes both financial and non-financial resulting from inadequate human resource and systems, management failures, ineffective internal control processes, non-compliance, inadequate security and adverse legal judgments. The main operational risks of the Bank during the year were:

Human resource risk

The particular nature of the activities of the Bank necessitates specialized knowledge in many areas. The Bank ensures that there is an adequate knowledge base for all specialized job requirements by investing significantly in human resource development in terms of capacity building and practical exposure. The Bank also organizes workshops, seminars, conferences and job attachments to its staff to improve its human resource requirements. It also revises regularly its staff retention scheme to compete with the prevailing labour market.

Business disruption and security risks

Risks related to failure to execute business processes and events that compromise the assets, operations and objectives of the Bank. The risks might be due to lack of business continuity management, lack of good practices or controls on the Bank's activities.
The Bank addresses these risks inter alia through ensuring existence of Business Continuity Management ("BCM") plan and sound internal control system, which include operational and procedural manuals, ICT security policies, back up facilities, contingency planning, and independent internal audit function. Managing operational risk in the Bank is an integral part of day-to-day operations by the management. Management, Internal Audit function, Audit Committee and the Board, closely monitor this risk.

Legal risk

Legal risk arises from any uncertainty of enforceability, whether through legal or judicial processes, of the obligations of the Bank's clients and counter parties. The Bank aims at minimizing such uncertainties through continuous consultations with all relevant parties.

In mitigating this type of risk, the Bank ensures that all business agreements are contracted under Standard Industry Contracts, e.g. International Swaps and Derivatives Association ("ISDA"), International Securities Markets Association ("ISMA"), etc. Where substantially different contracts and substantive changes to existing contracts are entered into, external lawyers are contracted.

13. RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

RISKS AND UNCERTAINTIES (CONTINUED)

The Bank has in place a clear procedure of the delegation of authorities. In addition, strict code of conduct and ethics is used to minimize chances of causing legal disputes between the Bank and its counterparts.

Strategic risk

This covers analytical and policy risk which is associated with economic and monetary policy formulation; business risk which refers to the probability of loss inherent in the Bank's operations and environment; performance risk which is associated with formulation and execution of business plans and strategies; and external risks which refer to threats from the external environment such as infrastructure disruption, financial crime and computer viruses, political, social and economic changes. Similar to operational risk, strategic risk may result into damage on the Bank's reputation.

The Bank has an obligation to ensure that it performs its functions and maintains its reputation as a Central Bank in line with requirements of the provision of Section 7(2) of the Bank of South Act, 2011.

In view of the above, the Bank's Management ensures that it fulfils its fiduciary responsibilities. The Bank adheres to the best practices and applies principle of sound corporate governance. It also ensures that all relevant employees have clear understanding of the appropriate processes in respect of the best practices and principles of good governance.

The Bank therefore, sets out policies and guidelines that govern sound functional operations within the Bank. The performance of these policies and guidelines are periodically reported to different levels of the Bank's Management for control and compliance monitoring.The Top Management of the Bank has the necessary freedom and discretion to exercise central banking functions. However, this freedom is exercised within the context of good governance and having regard to a proper balance between accountability and the best interests of the Bank and its various stakeholders.

The function of the Bank of overseeing and ensuring the integrity of the financial system exposes it to severe criticism whenever there is an incident of bank failure or systemic difficulty. The responsibilities of the Bank regarding monetary policy, the National Payment System ("NPS") and the issuing of notes and coins also expose the Bank to a significant risk. The Bank adheres to international best practices and, to this end, maintains close liaison with international peers. The Bank strives towards full compliance with the principles for effective banking supervision as well as the core principles for systemically important payment systems. The Board assessed the internal control systems throughout the financial year ended 31 December 2019.

14. RESULTS AND DIVIDENDS

During the year, the Bank operations registered a net loss of SSP 8,856 million (2018: SSP 12,118 million). The Bank did not pay any dividends to the Government during the year (2017: Nil).

15. FINANCIAL PERFORMANCE FOR THE YEAR

15.1 Financial results

The performance of the Bank is measured on the basis of the achievements in implementing its core functions as detailed in the Act. The Bank needs to generate adequate resources in order to support its operations and maintain its independence.

In the course of its operations, the Bank made a total comprehensive loss of SSP 4,317 million (2018: SSP 11,937 million). The reported loss is attributable to the loss arising from dealings in foreign currency.

15. FINANCIAL PERFORMANCE FOR THE YEAR (CONTINUED)

15.2 Financial position

The financial position of the Bank is as set out in the statement of financial position shown on page 31. During the year, on historical cost basis, total assets of the Bank increased by SSP 47,333 million. The increase in assets is attributed to the increase in advances to government amounting to SSP 13,969 million and net increase of assets held at International Monetary Fund amounting to SSP 5,459 million. At the same time there was also an increase in cash and cash equivalents by SSP 22,127 million.

On the other hand total liabilities increased by SSP 52,148 million. Major areas of increase include currency in circulation amounting to SSP 20,804 million and deposits from financial institutions amounting to SSP 14,888 million. Moreover during the period, there was an increase with respect to liabilities due to International Monetary Fund amounting to SSP 7,797 million respectively.

16. SOLVENCY

The Board of Directors confirms that International Financial Reporting Standards (IFRS) applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The Board of Directors has reasonable expectation that the Bank has adequate resources to continue carrying out its statutory activities for the foreseeable future.

17. EMPLOYEES WELFARE

(a) Management and employees relationship

The relationship between the Bank and its employees continued to be good. Employees complaints raised during the year were resolved mainly through the use of consultative meetings/forums involving the management, trade union and employees through workers council. As a result, healthy relationship continued to exist between management and the trade union.

Complaints are resolved through meetings and discussions. Work morale is good and there were no unresolved complaints from employees. The Bank provides a number of facilities aiming at improving the working environment and living standards of its employees. Such facilities include medical services, transport to and from work, house allowance, employee training and development, leave travel assistance, long service awards for employees as stipulated in the Bank’s Employees Terms of Service Regulation, 2012.

(b) Medical Assistance

All members of staff with a maximum number of five beneficiaries for each employee were availed with medical insurance guaranteed by the Bank. During the year ended 31 December 2019, these services were provided by BSS Empoyes Terms of Service as it was in 2012.

(c) Financial assistance to staff

The Bank provides various loans to employees in accordance with the Bank’s Employees Terms of Service Regulation, 2012. These include house loans, motor vehicle loans and personal loans.

(d) Persons with disabilities

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned.

In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Bank continues and appropriate training is arranged. It is the policy of the Bank that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

REPORT OF THE DIRECTORS (CONTINUED)

17. EMPLOYEES WELFARE (CONTINUED)

(e) Gender parity

The Bank is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties. As at 31 December 2019 and 2018 the Bank had the following distribution of employees by gender.

Gender	2019	%	2018	%
Male	358	70%	355	69%
Female	150	30%	158	31%
Total	508	100%	513	100%

18. RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed in Note 31 to these financial statements. The directors' emoluments and key management personnel have been disclosed in Note 31 to the financial statements.

19. SERIOUS PREJUDICIAL MATTERS

During the year ended 31 December 2019, there was no serious prejudicial matters to report (2018: Nil).

20. AUDITORS

The Auditor General is the statutory auditor for the Bank of South Sudan pursuant to the provisions of Section 75(1) of the Bank of South Sudan Act, 2011. Deloitte & Touche were appointed by the Auditor General to audit the Bank's financial statements on his behalf, pursuant to Section 27 (1) of the Southern Sudan Audit Chamber Act, 2011.

Approved by the Board of Directors on 28. Dec. 2021, and signed on its behalf by:

Hon. Dier Tong Ngor
The Governor and Chairman of the Board

Hon. Daniel Kech Puoc
Deputy Governor for Administration and Finance

GOVERNOR
BANK OF SOUTH SUDAN
BSS
BANK OF SOUTH SUDAN

BANK OF SOUTH SUDAN

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation and fair presentation of these inflation adjusted financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and the requirements of the Bank of South Sudan Act, 2011, the Public Finance Management and Accountability Act, 2011 and for such internal controls as Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors accept responsibility for these inflation adjusted financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Bank of South Sudan Act, 2011 and the Public Finance Management and Accountability Act, 2011. The Directors are of the opinion that inflation adjusted financial statements give a true and fair view of the state of the financial affairs of the Bank and its operating results. The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Bank will not remain a going concern for at least the next twelve months from the date of this statement.

Approved by the Board of Directors on 28. Dec. 2021, and signed on its behalf by:

Hon. Dier Tong Ngor
The Governor and Chairman of the Board

Hon. Daniel Kech Puoc
Deputy Governor for Administration and Finance

GOVERNOR BANK OF SOUTH SUDAN BSS BANK OF SOUTH SUDAN

Board of Directors
Bank of South Sudan
P. O. Box 136
Juba, South Sudan

REPORT OF THE AUDITOR GENERAL ON THE INFLATION ADJUSTED FINANCIAL STATEMENTS OF BANK OF SOUTH SUDAN FOR THE YEAR ENDED 31 DECEMBER 2019

Qualified Opinion

I audited the accompanying inflation adjusted financial statements of the Bank of South Sudan (the "Bank") set out on pages 42 to 91 which comprise of the inflation adjusted statement of financial position as at 31 December 2019, inflation adjusted statement of profit or loss and other comprehensive income, inflation adjusted statement of changes in equity and reserve, inflation adjusted statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of this report, the accompanying financial statements present fairly, in all material respects, the inflation adjusted financial position of the Bank as at 31 December 2019, and its inflation adjusted financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and as/or in the manner required by the Bank of South Sudan Act, 2011.

Basis for Qualified Opinion

i) Opening balances and the statement of cash flows

I was unable to express audit opinion on the inflation adjusted financial statements of the Bank for year ended 31 December 2018 because I was unable to satisfy myself by any alternative means concerning the existence, accuracy and completeness of the below balances which make up opening balances of the financial statements for the year ended 31 December 2019:

i) Cash and cash equivalent balance with corresponding banks amounting to SSP 5,562 million,
ii) Investment deposits with foreign banks amounting to SSP 58 million,
iii) Loans and advances to staff and other receivables amounting to SSP 788 million,
iv) Deposits from the Government and its agencies amounting to SSP 3,410 million,
v) Deposits from banks and financial institutions amounting to SSP 31,151 million,
vi) Other liabilities amounting to SSP 399 million,
vii) Currency in circulation balance amounting to SSP 41,689 million.

Since opening balances enter into the determination of the cash flows, I am unable to determine whether adjustments might have been necessary in respect of the net cash flows from operating activities, financing activities and investing activities reported in the inflation adjusted statement of cash flows.

ii) Currency in circulation

A total of SSP 62,493 million has been reported as the balance relating to currency in circulation. This balance is inherently affected by the opening balance which is carried from financial year 2011 when the Bank was incorporated. Due to material weaknesses in issuing, maintaining and managing currency, in all the years I have audited the Bank I was not able to determine accuracy and completeness of the currency in circulation balance recorded, consequently I am not able to determine if adjustment would have been required for this balance.

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the section below entitled Responsibilities of the Auditor General for the Audit of the Inflation Adjusted Financial Statements. I am independent of the Bank of South Sudan in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other ethical requirements that are relevant to my audit of the financial statements in the Republic of South Sudan, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Other Information

Directors are responsible for the other information. The other information comprises the Director's Report but does not include the inflation adjusted financial statements and my audit report thereon.

My opinion on the inflation adjusted financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the inflation adjusted financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed on the other information that I obtained prior to the date of this audit report, I conclude that there is a material misstatement of this other information; I am required to report that fact. I have nothing to report in this regard.

Directors' Responsibilities for the Inflation Adjusted Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the inflation adjusted financial statements in accordance with IFRSs, the requirements of the Bank of South Sudan Act, 2011 and the Public Finance Management and Accountability Act, 2011, and for such internal control as Directors determine is necessary to enable the preparation of inflation adjusted financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the inflation adjusted financial statements, 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 Directors either intend to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Responsibilities of the Auditor General for the Audit of the Inflation Adjusted Financial Statements

My objectives are to obtain reasonable assurance as to whether the inflation adjusted 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 my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs 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.

As part of an audit in accordance with ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the inflation adjusted 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 my 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.

Auditor General Responsibilities for the Audit of the Inflation Adjusted Financial Statements (continued)

- 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 Directors.
- Conclude on the appropriateness of Director's 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 I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the inflation adjusted financial statements or, if such disclosures are inadequate to modify my opinion. 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 inflation adjusted financial statements, including the disclosures, and whether the inflation adjusted financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I 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 I identify during our audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

Report on Other Legal Requirements

Compliance with Bank of South Sudan Act, 2011

In view of my responsibility to assess Bank's compliance with the Bank of South Sudan Act, 2011 ("the Act"), I noted the following instances of non-compliance with the requirements of the Act:

1. Section 43(1) of the Act, requires all unfit currency to be withdrawn from the currency in circulation destroyed and replaced. I noted that unfit currency was withdrawn from the circulation but not destroyed and were stored in containers exposed to theft and risk of reintroduction into the circulation. As at 31 December 2019 the balance of mutilated currency amounted to SSP 670 million (2018: 375 million

2. Non-compliance with Section 65(2) (a) of the Act which requires credit accommodations not to be in excess of 5% of the gross recurrent revenue of the Government and related entities. As at 31 December 2019, the credit accommodations amounting to SSP 50,062 million to the Government and related entities exceeded five percent of the extrapolated gross recurrent revenue of SSP 178,418 million from fiscal reports of the central government;
3. Non-compliance with Section 65(3) (a) and (b) of the Act. Which requires all credit accommodations to have a credit period of 3 months (i.e., settled within 3 months) and be secured by negotiable securities issued by the Government and related entities. I noted that credit accommodations exceeded the tenure of 3 months and none of the credit accommodations were secured by negotiable securities issued by the Government and related institutions; and
4. Non-compliance with Section 65(4) of the Act, which requires for at least 6 months of every calendar year, there must be no outstanding liabilities of the Government to the Bank. I noted the credit accommodations kept on increasing from SSP 35,913 million last year to SSP 47,153 million this year ended 31 December 2019.

Amb. Steven Kiliona Wondu
The Auditor General
Republic of South Sudan

NATIONAL AUDIT CHAMBER
AG - OFFICE

15/3/22 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

		Inflation Adjusted		Historical Cost	
	Notes	**2019**	**2018**	**2019**	**2018**
		SSP million	**SSP million**	**SSP million**	**SSP million**
Interest income	5	240,669	147,511	2,475	2,845
Commission income	6	123,979	42,830	1,324	810
Commission expense	7	(28,084)	(15,249)	(362)	(295)
Impairment losses	16(b)	(518)	(45)	(518)	(45)
Net interest and commission income		336,046	175,047	2,919	3,315
Losses arising from dealings in foreign currencies		(234,750)	(526,273)	(630)	(10,075)
Other operating income/(losses)		6,737	(89,558)	72	(1,715)
Net operating income / (loss)		108,033	(440,784)	2,361	(8,475)
Operating expenses					
Personnel expenses	8	(91,764)	(31,381)	(976)	(611)
General and administrative expenses	9	(912,489)	(45,811)	(9,930)	(2,623)
Depreciation	19	(402)	(138)	(175)	(138)
Total operating expenses		(1,107,483)	(77,330)	(11,297)	(3,372)
Monetary gain		892,305	505,953	-	-
Net loss before tax		(4,094)	(12,161)	(8,936)	(11,847)
Income tax expense	24	-	-	-	-
Loss for the year		(4,317)	(12,161)	(8,936)	(11,847)
Revaluation gain on property, plant, and equipment	18	-	224	-	224
Total comprehensive loss for the year		(4,317)	(11,937)	(8,936)	(11,623)

BANK OF SOUTH SUDAN

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

		Inflation Adjusted		Historical Cost	
	Notes	2019 SSP million	2018 SSP million	2019 SSP million	2018 SSP million
Assets					
Cash and cash equivalents	11	27,689	5,562	27,689	5,562
Holding of Special Drawing Rights (SDR's)	12	74	138	74	138
Quota of International Monetary Fund (IMF)	12	53,654	48,195	53,654	48,195
Government securities	13	1,917	1,917	1,917	1,917
Advances to the Government	14	50,062	36,093	50,062	36,093
Advances to commercial banks	15	-	-	-	-
Other loans and receivables	16	840	788	840	788
Deferred currency cost	17	1,532	615	793	434
Property and equipment	19	8,746	3,873	5,183	3,873
Total assets		144,514	97,181	140,212	97,000
Liabilities					
Currency in circulation	20	62,493	41,689	62,493	41,689
Deposits from the Government and its agencies	21	12,768	3,493	12,768	3,493
Deposits from banks and financial institutions	22	73,596	58,708	73,596	58,708
Other liabilities	23	106	722	106	722
IMF related liabilities	12	53,654	48,196	53,654	48,196
Allocation of Special Drawing Rights (SDR's)	12	22,990	20,651	22,990	20,651
Total liabilities		225,607	173,459	225,607	173,459
Equity					
Capital account	25	448	946	15	15
Revaluation reserve		2,429	2,595	2,429	2,595
General reserve		(83,970)	(79,819)	(87,839)	(79,069)
Total equity and reserves		(81,093)	(76,278)	(85,395)	(76,459)
Total equity and liabilities		144,514	97,181	140,212	97,000

The financial statements on page 42 to 91 were approved and authorised for issue by the Board of Directors on ....28.Dec............2021 and signed on its behalf by:

Hon. Dier Tong Ngor
The Governor and Chairman of the Board

Hon. Daniel Kech Puoc
Deputy Governor for Administration and Finance

GOVERNOR BANK OF SOUTH SUDAN BSS BANK OF SOUTH SUDAN

BANK OF SOUTH SUDAN

STATEMENT OF CHANGES IN EQUITY AND RESERVES
FOR THE YEAR ENDED 31 DECEMBER 2019

Inflation Adjusted

Details	Capital account SSP million	General reserve SSP million	Revaluation reserve SSP million	Total SSP million
At 1 January 2018	675	(67,982)	2,493	(64,814)
IAS 29 adjustment (Note 26)	271	-	-	271
IFRS 9 transition adjustment (Note 2)	-	(22)	-	(22)
Net loss for the year	-	(11,937)	-	(11,937)
Revaluation gain on property and equipment	-	-	224	224
Transfer of excess depreciation on property and equipment	-	122	(122)	-
At 31 December 2018	946	(79,819)	2,595	(76,278)
At 1 January 2019	946	(79,819)	2,595	(76,278)
IAS 29 adjustment (Note 26)	(498)	-	-	(498)
Net income for the year	-	(4,317)	-	(4,317)
Revaluation gain on property and equipment	-	-	-	-
Transfer of excess depreciation on property and equipment	-	166	(166)	-
At 31 December 2019	448	(83,970)	2,429	(81,093)

Historical Cost	Capital account SSP million	General reserve SSP million	Revaluation reserve SSP million	Total SSP million
At 1 January 2018	15	(67,322)	2,493	(64,814)
IFRS 9 transition adjustment (Note 2)		(22)	-	(22)
Net loss for the year	-	(11,847)	-	(11,847)
Revaluation gain on property and equipment	-	-	224	224
Transfer of excess depreciation on property and equipment	-	122	(122)	-
At 31 December 2018	15	(79,069)	2,595	(76,459)
At 1 January 2019	15	(79,069)	2,595	(76,459)
Net loss for the year	-	(8,936)	-	(8,936)
Transfer of excess depreciation on property and equipment	-	166	(166)	-
At 31 December 2019	15	(87,839)	2,429	(85,395)

BANK OF SOUTH SUDAN

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Inflation Adjusted 2019 SSP million	Inflation Adjusted 2018 SSP million	Historical Cost 2019 SSP million	Historical Cost 2018 SSP million
Cash flows from operating activities					
Net loss before tax		(4,317)	(12,161)	(8,936)	(11,847)
Adjustment for:					
Depreciation	19	402	138	175	138
IFRS 9 Transition adjustment	2	-	(22)	-	(22)
Monetary (gain)/loss		(3,266)	495	-	-
Operating profit before working capital		(7,181)	(11,550)	(8,761)	(11,731)
Changes in working capital					
Increase in advances to the government		(13,969)	(11,129)	(13,969)	(11,129)
(Increase)/Decrease in advances to commercial banks		-	19	-	19
Increase in other loans and receivables		(52)	(745)	(52)	(745)
Increase in deposits from banks and financial institutions		14,888	3,306	14,888	3,306
Increase/(decrease) in deposits from the government and its agencies		9,275	207	9,275	207
Increase in deferred currency costs		(916)	(262)	(359)	(81)
Decrease in other liabilities		(616)	(564)	(616)	(564)
Net changes in working capital		8,610	(9,168)	9,167	(8,987)
Cash generated / (utilised) in operations		1,428	(20,718)	406	(20,718)
Cash flows from investing activities					
Purchase of property and equipment	19	(2,507)	(443)	(1,485)	(443)
Increase in quota of International Monetary Fund (IMF)	12	(5,459)	(9,334)	(5,459)	(9,334)
Increase in holding of SDR's	12	64	118	64	118
Cash utilised in investing activities		(7,902)	(9,659)	(6,880)	(9,659)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

		Inflation Adjusted		Historical Cost	
	Notes	**2019**	**2018**	**2019**	**2018**
		SSP million	**SSP million**	**SSP million**	**SSP million**
Cash flows from financing activities					
Currency in circulation	19	20,804	17,891	20,804	17,891
Increase in IMF related liabilities	12	5,458	9,335	5,458	9,335
Increase in allocation of SDR's	12	2,339	4,000	2,339	4,000
Cash generated from financing activities		28,601	31,226	28,601	31,226
Net increase in cash and cash equivalent		22,127	849	22,127	849
Cash and cash equivalents:					
At the beginning of the year		5,562	4,713	5,562	4,713
At the end of the year		27,689	5,562	27,689	5,562

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. REPORTING ENTITY

The Bank of South Sudan (the "Bank") is the Central Bank of the Republic of South Sudan. Established in July 2011, by an Act of Parliament (The Bank of South Sudan Act, 2011), it replaced the now defunct branch of the Bank of Sudan, which had served as the branch of the Central Bank in Southern Sudan from February 2005 to July 2011. The Bank is fully owned by the Government of the Republic of South Sudan. It is headed by the Governor, assisted by two deputy governors, 1st Deputy Governor for Policy and Banking and 2nd Deputy Governor for Administration and Finance.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

(i) *New standards, interpretations and amendments to published standards effective for the year ended 31 December 2019*

IFRS 16 Leases

In these financial statements, the Bank has applied IFRS 16 *Leases* for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard are described below.

IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Bank is the lessor.

The Bank adopted IFRS 16 using the modified retrospective (simplified) method of adoption with the date of initial application of 1 January 2019. Under this method, the Right of Use asset is measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments recognised immediately before the date of initial application. The Bank elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at 1 January 2019. Instead, the Bank applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The Bank has lease contracts for office spaces, personnel's houses and office equipment. Before the adoption of IFRS 16, the Bank classified each of its leases (as lessee) at the inception date as an operating lease. The Bank did not have any finance leases at adoption. Upon adoption of IFRS 16, the Bank applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets.

- Leases previously classified as finance leases
  The Bank did not have any leases previously classified as finance leases.

- Leases previously accounted for as operating leases
  The Bank assessed each operating lease and concluded there were no operating leases that met the criteria for being recognized as a lease according to IFRS 16 because these lease were either of low value and/or short-term (leases with lease term less than 12 months).

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONTINUED)

(i) New standards, interpretations and amendments to published standards effective for the year ended 31 December 2019 (Continued)

IFRS 16 Leases (Continued)

The Bank also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as of 1 January 2019 there were no rights of use or lease liabilities recognized as Bank's leases did not meet the minimum requirements to be recognized as leases.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 *Income Taxes*. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- How an entity considers changes in facts and circumstances.

The Bank determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Interpretation did not have an impact on the financial statements of the Bank.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the 'SPPI' criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

Early termination can result from a contractual term or from an event outside the control of the parties to the contract, such as a change in law or regulation leading to the early termination of the contract. Where the prepayment is made at current fair value or at an amount that includes the fair value of the cost to terminate associated hedging instruments, the Group assesses the specific contractual cash flows for the relevant debt instruments in order to determine whether they meet the SPPI criterion.

These amendments had no impact on the financial statements of the Bank.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONTINUED)

(ii) New and revised standards and interpretations that are not mandatorily effective (but allow early application) for the year ended 31 December 2019

Annual Improvements to IFRS Standards 2015-2017 Cycle

IAS 12 Income Taxes

The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

IAS 23 Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

IFRS 3 Business Combinations

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including re-measuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be re-measured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.

IFRS 10 Consolidated Financial Statements and IAS 28 (amendments) sale or contribution of assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the re-measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The Bank does not anticipate that the application of the amendments in the future will have an impact on the Bank's financial statements.

(iii) Early adoption of standards

The Bank did not early-adopt any new or amended standards in the year ended 31 December 2019.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs); the requirements of the Bank of South Sudan Act, 2011; and the Public Finance Management and Accountability Act, 2011.

Basis of measurement

The financial statements have been prepared on a inflation adjusted basis except where otherwise stated or as required by International Financial Reporting Standards and Interpretations to those Standards for assets and liabilities to be stated at their fair value as disclosed in the accounting policies hereafter. Amounts in these financial statements are rounded to the nearest million ('000,000) unless otherwise stated.

The financial statements are prepared to comply with International Accounting Standard (IAS) 29: Financial Reporting in Hyper Inflationary Economies effectively from 1 January 2016. As required by the standard, income and expenses, non-monetary assets and liabilities have been adjusted at current measuring unit.

The Bank adopted monthly South Sudan Consumer Price Indices (CPI) as the general price index to restate balances and transactions, with year 2011 being the base year for estimation of conversion factors from historical cost measurement to inflation adjusted measurement. All comparative figures have been restated to reflect the change in the CPI from the start of the reporting period to the end. Statement of Profit or Loss items have been restated by applying conversion factors applicable in the month when the transactions were processed in the Bank's books. All items in the statement of cash flows are expressed based on the restated financial information for the period. A net monetary gain was recognized in the Statement of Profit or Loss and Comprehensive Income respectively.

The conversion factors are obtained by dividing the average CPI for 2011 by the relevant month's CPI as shown below:

Month	CPI	Conversion factor
January 2019	7,980	66.10
February 2019	9,181	76.05
March 2019	10,344	85.67
April 2019	11,087	91.83
May 2019	11,675	96.70
June 2019	11,683	96.76
July 2019	12,851	106.44
August 2019	13,386	110.87
September 2019	15,292	126.66
October 2019	15,833	131.14
November 2019	10,577	87.60
December 2019	10,657	88.26

As a result of adopting the standard, the Bank has recorded a monetary gain amounting to SSP 892,305 million (2018: SSP 505,953 million) in the inflation adjusted statement of profit or loss for the year.

Functional and presentation currency

These financial statements are presented in South Sudanese Pounds ("SSP"), which is the Bank's functional currency and presentation currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest income

Interest income is recognized within the profit or loss basis using the effective interest method. The ‘effective interest rate’ is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

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

Fees and commission income

Fees and commission income that is integral to the effective interest rate on a financial asset or financial liability is included in the measurement of the effective interest rate. Other fees and commission income - including account servicing fees, investment management fees, sales commission, placement fees and syndication fees are recognised as the related services are performed. If a loan commitment is not expected to result in the drawdown of a loan, then the related loan commitment fees are recognised on a straight-line basis over the commitment period.

Gains arising from dealings in foreign currencies

Gains arising from dealings in foreign currencies comprises gains less losses related to trading assets and liabilities, and includes all realised fair value changes, interest, dividends and foreign exchange differences.

Other income

Other income is recognised in the period in which it is earned.

Employees’ benefits including post-employment benefits

Short-term employment benefits such as salaries and overtime, allowances and staff training are recognized in profit or loss when they fall due.

Other employee benefits

The Bank provides free medical treatment to staffs and their dependants through medical insurance scheme. Exclusions are met by the Bank as medical expenses. The cost is charged to profit or loss. The estimated monetary liability for employees earned but not taken leave entitlement at the end of the reporting period is recognized as an accrued expense.

Expenses

These are losses and other expenses that arise in the course of Bank’s ordinary activities. They include interest and administrative expenses. Generally, expenses are recognised in the income statement when decrease in future economic benefits related to decrease in an asset or an increase of a liability has arisen and can be measured reliably.

Interest expenses

Interest expense is the cost of debt that has accrued during a specified accounting period regardless of the time of spending the cash. These include interests on liquidity papers, repurchase agreements and IMF drawings.

Since interest on debt is not paid daily, the Bank passes adjusting entries periodically to recognise interest expense within the accounting period that the expense has been accrued. Interest expenses are recorded using the effective interest rate method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenses (continued)

Administrative expenses

This includes expenses that produce no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the balance sheet as an asset. Such expenses are recognised immediately in the income statement in the accounting period that the cost has been incurred. These include maintenance, transport and travelling, meetings, conference and seminars, water and electricity, fees, rates and security expenses, telecommunication and postage, board expenses, audit fees, budget and annual accounts preparation, loss on disposal of property and equipment, hospitality, legal and investigation expenses.

In addition, administrative expenses include expenses whose economic benefits are expected to arise over several accounting periods and the association with benefit can only be broadly or indirectly determined. Such expenses are recognised in the income statement in the accounting period in which the economic benefits are consumed or have expired. They may include stationery and office supplies.

Other expenses

Other expenses are recognised in the income statement when decrease in future economic benefits related to decrease in an asset or an increase of a liability has arisen and can be measured reliably.

Taxes

No provision for income tax was made in the Financial Statements as Section 9 of the Bank of South Sudan Act, 2011 exempts the Bank from paying all taxes and duties.

Provisions

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Where the Bank expects some or all of the provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is recognised in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which the Bank operates (“the functional currency”). The financial statements are presented in South Sudanese Pounds, which is the Bank’s functional and presentation currency and all values are rounded to the nearest thousands except where otherwise indicated.

Transactions and balances

Foreign currency transactions are translated into South Sudanese Pounds using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions during the year and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end are recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets and financial liabilities

Recognition

The Bank initially recognises cash and cash equivalents, Government securities, loans and receivables, other assets, currency in circulation, deposits – Government and its agencies, Deposits – Banks and non-financial institutions, deferred grant and other liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Bank becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Financial assets

The Bank classifies its financial assets into one of the following categories: at fair value through profit or loss; loans and receivables; held-to-maturity; and available-for-sale. Management determines the classification of its investments at initial recognition.

Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Derivatives are also recognized as held for trading.

Gains and losses arising from changes in the fair value of derivatives that are managed in conjunction with designated financial assets or financial liabilities are included in 'net income from financial instruments designated at fair value'.

Held - to – Maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has positive intention and ability to hold to maturity. If the Bank was to sell other than an insignificant amount of held-to-maturity assets, the entire category would be reclassified as available for sale.

Government securities comprise treasury bills and treasury bonds, which debt securities are issued by the Ministry of Finance and Planning on behalf of the Government of Republic of South Sudan. Treasury bills and bonds are classified as held to maturity and are stated at amortised cost.

Available-for-sale financial assets

Available-for-sale assets are financial assets that are not (a) financial assets at fair value through profit or loss, (b) loans and receivables, or (c) financial assets held to maturity.

Available-for-sale investments are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Regular-way purchases and sales of financial assets at fair value through profit or loss, held to maturity and available for sale are recognized on trade-date - the date on which the Bank commits to purchase or sell the asset.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit and loss are initially recognized at fair value, and transaction costs are charged through profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets and financial liabilities (continued)

Financial assets (continued)

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Bank has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when they are extinguished - that is, when the obligation is discharged, cancelled or expires.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in profit or loss in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized in other comprehensive income, until the financial asset is derecognized or impaired. At this time, the cumulative gain or loss previously recognized in equity is recognized in profit or loss. However, interest calculated using the effective interest method and foreign currency gains and losses on monetary assets classified as available for sale are recognized as other comprehensive income.

The fair values of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, the Bank establishes fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, and other valuation techniques commonly used by market participants.

The Bank classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or fair value through profit or loss. Currency in circulation, deposits of Government and its agencies, deposits from banks and non-financial institutions, other liabilities and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities and equity instruments

Currency in circulation

This represents South Sudan Pounds that have been issued into the South Sudanese economy by the Bank since inception. Currency in circulation is measured at the face value of notes and coins issued. Currency in circulation is determined by netting off notes and coins issued against the balance held in the Bank of South Sudan vaults. The currency in circulation is measured at amortized cost.

Deposits

Deposits from Government and its agencies and banks and non-financial institutions are the Bank's sources of debt funding.

When the Bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (sale and repurchase agreement), the arrangement is accounted for as a deposit, and the underlying asset continues to be recognised in the Bank's financial statements.

Deposits from Government and its agencies and banks and non-financial institutions are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Bank designates liabilities at fair value through profit or loss.

Financial guarantee contracts liabilities

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. 'Loan commitments' are firm commitments to provide credit under pre-specified terms and conditions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets and financial liabilities (continued)

Financial liabilities and equity instruments (continued)

Liabilities arising from financial guarantees or commitments to provide a loan at a below-market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. The liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment to settle the liability when a payment under the contract has become probable.

Equity instruments

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

De-recognition

Financial assets

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in Other Comprehensive Income is recognised in profit or loss. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale and repurchase transactions because the Bank retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Bank neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Bank continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Bank retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

Financial liabilities

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank has a legal right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets and financial liabilities (continued)

Financial liabilities and equity instruments (continued)

Amortised cost measurement

The ‘amortised cost’ of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The ‘effective interest rate’ is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Bank on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid. The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets and financial liabilities (continued)

Identification and measurement of impairment

At each reporting date, the Bank assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s) and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired includes:

- Significant financial difficulty of the borrower or issuer;
- Default or delinquency by a borrower;
- The restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- Indications that a borrower or issuer will enter bankruptcy;
- The disappearance of an active market for a security; or
- Observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

The Bank considers evidence of impairment for loans and advances and held-to-maturity Government securities at both a specific asset and a collective level. All individually significant loans and advances and held-to-maturity investment securities are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and held-to-maturity investment securities with similar risk characteristics.

Impairment losses on assets measured at amortised cost are calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired assets continues to be recognised through the unwinding of the discount. If an event, occurring after the impairment was recognised causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through profit or loss.

The Bank writes off a loan or an investment debt security, either partially or in full, and any related allowance for impairment losses, when Bank Credit determines that there is no realistic prospect of recovery.

Valuation reserve account under the legal framework

In accordance with Section 36 and 37 of the Bank of South Sudan Act, 2011 unrealised gains or losses on foreign exchange are transferred to this reserve account. In accounting for unrealised gains or losses, the Bank complies with the requirements of both IFRS and the Bank of South Sudan Act, 2011. Pursuant to the requirements of the International Accounting Standard (IAS – 21) the Effects of Changes in Foreign Exchange Rates, all realised and unrealised foreign exchange valuations are taken to the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment

Recognition and measurement

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

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

If significant parts of an item of property or equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the Bank. Ongoing repairs and maintenance are expensed as incurred.

Derecognition

An item of premises and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of premises and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Bank will obtain ownership by the end of the lease term.

The estimated useful lives of significant items of property and equipment are as follows:

Buildings	40 years
Furniture and fixtures	5 years
Vehicles	5 years
Office equipment	5 years
Other	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Capital work in progress

Capital work in progress relates to property and equipment under construction. Cost includes materials, direct labour and any other direct expenses incurred in respect of the project less any recognised impairment losses. The amounts are transferred to the appropriate property and equipment categories once the project is completed and the asset is available for use.

Leased hold premises

Leased premises refurbishment represents costs incurred by the Bank in refurbishment of leased banking premises.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets

Intangible assets consist of computer application software and computer application licence packages. Intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets are amortised over the useful economic life and assessed for impairment at the reporting date to ascertain if there is an indication that the intangible asset may be impaired. Generally, cost associated with developing computer software programmes are recognised as an expense when incurred. Intangible assets acquired are measured on initial recognition at cost. Internally developed intangible assets are not capitalised unless they meet certain criteria.

Impairment of non-financial assets

At each reporting date, the Bank reviews the carrying amounts of its non-financial assets (other than investment properties) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or CGUs.

The 'recoverable amount' of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 'Value in use' is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised

Leases

Lease payments - lessee

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Lease assets - lessee

Assets held by the Bank under leases that transfer to the Bank substantially all of the risks and rewards of ownership are classified as finance leases. The leased asset is initially measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Bank's statement of financial position.

Capital grant

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the cost that it is intended to compensate. When the grant relates to an asset, it is recognised as deferred income and released as income in equal instalments over the expected useful life of the related asset.

When the Bank receives non-monetary grants, the asset and the grant are recorded at gross amounts and released to the income statement over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual instalments. When loans or similar assistance are provided by Governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional Government grants.

Other liabilities

Other liabilities are stated at their nominal value/cost, which approximates fair value due to the short-term nature of the obligation.

Loans, receivables, and other assets

These are measured at carrying amounts which approximates their fair value due to the short period between reporting date and settlements of these assets.

Cash and cash equivalents

Cash and cash equivalents comprise of demand and time deposit with central banks and commercial banks and holding of notes denominated in foreign currency. Cash and cash equivalent is carried at amortised cost in the statement of financial position. Due to their short-term nature, the carrying amount approximates the fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

International Monetary Fund (IMF) related balances

Relationship

The Bank is the fiscal and depository agent of Republic of South Sudan for transactions with the International Monetary Fund (IMF). Financial resources availed to South Sudan by the Fund are channelled through the Bank. Repayment of the IMF loans as well as charges is the responsibility of the Bank.

Currency of Transactions with the IMF

Borrowings from and repayments to the IMF are denominated in Special Drawings Rights (SDRs). The SDR balances in IMF accounts are translated into SSP and any unrealised gains or losses are accounted for in profit and loss account in accordance with IAS 21 – Effects of changes in foreign exchange rates.

Quota in IMF, Interest and Charges

Borrowings from the related South Sudan's quota are non-interest bearing with no stated maturity, while borrowings from the General Resources Account of the IMF bears interest at rates set by the IMF on a weekly basis and are repayable according to the repayment schedules of the agreement.

4. SIGNIFICANT ACCOUNTING JUDGMENT AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires the use of estimates and judgment that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The most significant use of judgement and estimates are as follows:

(a) Going concern

The Bank's Directors have made an assessment of the Bank's ability to continue as a going concern. Directors are satisfied that the Bank has resources to continue in operation for the foreseeable future. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

(b) Impairment of assets carried at amortised cost

Impairment losses on items in cash and cash equivalents, Government securities, loans and receivables and other assets.

The Bank reviews its financial assets measured at amortised cost at each reporting date to assess whether an impairment loss should be recognised in profit or loss. In particular, judgment by the Directors is required in the estimation of the amount and timing of future cash flows when determining the level of impairment loss required. Such estimates are based on the assumptions about a number of factors and actual results may differ, resulting in future changes in the impairment.

The Bank makes judgment as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows in an individual asset in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers, or national or local economic conditions that correlate with defaults on assets. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss incurred.

(c) Impairment of other financial assets

The Bank adopted an incurred loss approach to impairment. Impairment losses are incurred only if there is objective evidence of impairment as a result of occurrence of one or more past events since initial recognition.

Impairment exists when the carrying amount exceeds its recoverable amount and the asset is written down to the recoverable amount. Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the years on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the Bank and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

4. SIGNIFICANT ACCOUNTING JUDGMENT AND ESTIMATES (CONTINUED)

(d) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives and discount rates. Details have been provided under Note 24 to these accounts.

(e) Useful lives of property and equipment

Pursuant to the requirements of IAS 16 (Property, Plant and Equipment) the Bank makes accounting estimation of the useful lives of assets based on the expected pattern of consumption of the future economic benefits.

(f) Contingent liabilities

The Bank has provided for the liabilities arising out of contractual obligations. Professional expert advice is taken on establishing litigation provisions. Provisions for legal proceedings and regulatory matters typically require a higher degree of judgments than other types of provisions. When cases are at an early stage, accounting judgments can be difficult because of the high degree of uncertainty associated with determining whether a present obligation exists as a result of a past event, estimating the probability of outflows and making estimates of the amount of any outflows that may arise. As matters progress through various stages of the cases. Management together with legal advisers evaluate on an ongoing basis whether provisions should be recognised, and the estimated amounts of any such provisions, revising previous judgments and estimates as appropriate.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Inflation Adjusted		Historical Cost	
	2019 SSP million	2018 SSP million	2019 SSP million	2018 SSP million
5. interest and similar income				
Interest income	240,669	147,511	2,475	2,845
6. Commission Income				
Commission from foreign transactions	123,979	42,830	1,324	810
7. Commission Expenses				
Foreign bank charges	24,655	8,108	318	157
Other banking charges and commission expenses	3,429	7,141	44	138
	28,084	15,249	362	295
8. Personnel Expenses				
Salaries	32,146	10,114	342	197
Allowances	36,210	10,917	385	212
Training	23,408	10,350	249	202
	91,764	31,381	976	611
9. General And Administrative Expenses				
Staff travelling	10,796	3,980	108	76
Power and electricity	18,958	7,603	189	145
Currency and related expenses (Note 10)	2,495	3,223	1,052	1,808
Repair and maintenance	7,733	3,670	78	70
Communication	447	154	4	3
Director's remuneration	5,094	2,397	51	46
Printing and stationary	4,951	1,726	49	33
Entertainment	478	260	5	5
Donations	2,179	981	22	19
Library, books, and periodicals	555	652	6	12
Rent and fuel expenses	3,097	1,163	31	23
Posters and public awareness	987	48	10	1
Audit fees	9,444	1,568	23	30
Other expenses	845,275	18,386	8,302	352
	912,489	45,811	9,930	2,623
10. Currency And Related Expenses				
Cost of currency issued in circulation	2,030	2,748	1,047	1,798
Currency transportation and insurance	372	412	4	8
Other currency expenses	93	63	1	2
	2,495	3,223	1,052	1,808

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. Cash And Cash Equivalents

	Inflation Adjusted		Historical Cost	
	2019 SSP million	2018 SSP million	2019 SSP million	2018 SSP million
Cash in hand	20,780	3,344	20,780	3,344
Balances with foreign banks	6,909	2,218	6,909	2,218
	27,689	5,562	27,689	5,562

12. International Monetary Fund (Imf) Related Balances

	2019		2018	
	SDR '000	Equivalent SSP million	SDR '000	Equivalent SSP million
Assets				
Holdings of SDR's	339	74	708	138
Quota in IMF	246,001	53,654	246,001	48,195
	246,340	53,728	246,709	48,333
Liabilities				
IMF Account No.1	6	1	7	1
IMF Account No.2	-	-	-	-
IMF Securities Account	4,821	1,051	5,368	1,053
CVA Account	241,174	52,602	240,626	47,142
IMF related liabilities	246,001	53,654	246,001	48,196
Allocation of SDR's	105,406	22,990	105,406	20,651

13. Government Securities

	2019 SSP million	2018 SSP million	2019 SSP million	2018 SSP million
Interest bearing bond	1,917	1,917	1,917	1,917

This bond was issued by South Sudan Treasury and purchased by the Bank as part of the Capital Restoration Plan as approved by the Council of Ministers of the Republic of South Sudan - Resolution No. 211/2012 dated 7 December 2012. Under the Resolution, various assets with a record value of SSP 1,917,373,490 were transferred from the Bank to the Ministry of Finance and Economic Planning in exchange for this interest-bearing bond of the same amount. This bond pay interest at the rate of 3%. Accrued interest with respect to the bond has been disclosed under Note 14.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Advances To The Government

	Inflation Adjusted		Historical Cost	
	2019 SSP million	2018 SSP million	2019 SSP million	2018 SSP million
Advances to the government	47,153	34,821	47,153	34,821
Interest receivable from advances to the government	2,916	1,172	2,916	1,172
Interest receivable from government securities	-	107	-	107
Less: ECL Provision	(7)	(7)	(7)	(7)
	50,062	36,093	50,062	36,093

These represent advances to the Government of South Sudan during the year. The advances are repayable in 6 months and attracts an interest rate of 3% and 8% per annum repayable in 6 months.

15. Advances To Commercial Banks

	Inflation Adjusted		Historical Cost	
	2019 SSP million	2018 SSP million	2019 SSP million	2018 SSP million
Advances to domestic banks	533	59	533	59
Less: ECL Provision	(533)	(59)	(533)	(59)
	-	-	-	-

16. Other Loans And Receivables

	Inflation Adjusted		Historical Cost	
	2019 SSP million	2018 SSP million	2019 SSP million	2018 SSP million
Loans and advances to staff	44	39	44	39
Other receivables	841	750	841	750
Less: ECL Provision	(45)	(1)	(45)	(1)
	840	788	840	788

16(b) Movement in expected credit losses:

As at 1 January		-		-
IFRS 9 transition adjustment (Note 2)	67	22	67	22
Change in expected credit losses during the year	518	45	518	45
Advances to government	-	2	-	2
Advances to commercial banks	474	42	474	42
Other loans and receivables	44	1	44	1
As at 31 December	585	67	585	67

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Other Assets

The balance under the account represents deferred notes printing and coins minting expenses relating to costs of printed noted and minting coins that have not yet been released in circulation. During financial year 2018, the movement on deferred currency cost balance was as follows:

	Inflation Adjusted		Historical Cost	
	2019 SSP million	2018 SSP million	2019 SSP million	2018 SSP million
Balance at the beginning of the year	615	529	434	353
Add: Cost of currency received during the year	2,947	2,834	1,406	1,879
Less: Cost of currency issued in circulation	(2,030)	(2,748)	(1,047)	(1,798)
	1,532	615	793	434

18. Intangible Assets

	2019 SSP million	2018 SSP million
Cost		
As at 1 January	34	34
Addition during the year	-	-
As at 31 December	34	34
Amortisation		
As at 1 January	(10)	(10)
Charge for the year	(24)	(24)
As at 31 December	(34)	(34)
Net Book Value	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. PROPERTY AND EQUIPMENT: INFLATION ADJUSTED

	Land and buildings SSP million	Furniture and fixtures SSP million	Motor vehicles SSP million	Computer and IT equipment SSP million	Other office equipment SSP million	Work-in-progress SSP million	Total SSP million
COST							
At 1 January 2018	2,316	65	110	56	173	721	3,441
Additions	60	13	123	14	24	209	443
Revaluation gain	100	5	7	3	12	-	127
At 31 December 2018	2,476	83	240	73	209	930	4,011
At 31 January 2019	2,476	83	240	73	209	930	4,011
Inflation adjustment	1,708	57	166	51	144	642	2,768
Additions	833	23	25	157	409	1,060	2,507
At 31 December 2019	5,017	163	431	281	762	2,632	9,286
DEPRECIATION							
At 01 January 2018	(15)	(13)	(22)	(11)	(36)	-	(97)
Charge for the year	(16)	(17)	(48)	(15)	(42)	-	(138)
Eliminated on revaluation	15	13	22	11	36	-	97
At 31 December 2018	(16)	(17)	(48)	(15)	(42)	-	(138)
At 01 January 2019	(16)	(17)	(48)	(15)	(42)	-	(138)
Charge for the year	(75)	(33)	(86)	(56)	(152)	-	(402)
At 31 December 2019	(91)	(50)	(134)	(71)	(194)	-	(540)
NET BOOK VALUE							
At 31 December 2019	4,926	113	297	210	568	2,632	8,746
At 31 December 2018	2,460	66	192	58	167	930	3,873

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. PROPERTY AND EQUIPMENT (CONTINUED): HISTORICAL COST

	Land and buildings SSP million	Furniture and fixtures SSP million	Motor vehicles SSP million	Computer and IT equipment SSP million	Other office equipment SSP million	Work-in-progress SSP million	Total SSP million
COST							
At 1 January 2018	2,316	65	110	56	173	721	3,441
Additions	60	13	123	14	24	209	443
Revaluation gain	100	5	7	3	12	-	127
At 31 December 2018	2,476	83	240	73	209	930	4,011
At 31 January 2019	2,476	83	240	73	209	930	4,011
Additions	493	14	15	93	242	628	1,485
At 31 December 2019	2,969	97	255	166	451	1,558	5,496
DEPRECIATION							
At 01 January 2018	(15)	(13)	(22)	(11)	(36)	-	(97)
Charge for the year	(16)	(17)	(48)	(15)	(42)	-	(138)
Eliminated on revaluation	15	13	22	11	36	-	97
At 31 December 2018	(16)	(17)	(48)	(15)	(42)	-	(138)
At 01 January 2019	(16)	(17)	(48)	(15)	(42)	-	(138)
Charge for the year	(18)	(18)	(51)	(20)	(68)		(175)
At 31 December 2019	(34)	(35)	(99)	(35)	(110)	-	(313)
NET BOOK VALUE							
At 31 December 2019	2,935	62	156	131	341	1,558	5,183
At 31 December 2018	2,460	66	192	58	167	930	3,873

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. CURRENCY IN CIRCULATION

	Inflation Adjusted		Historical Cost	
	2019	**2018**	**2019**	**2018**
	SSP million	**SSP million**	**SSP million**	**SSP million**
Total printed currency	45,554	26,154	45,554	26,154
Currency printed during the year	39,500	19,400	39,500	19,400
Bank notes ex-mint (unissued)	(21,375)	(2,375)	(21,375)	(2,375)
	63,679	43,179	63,679	43,179
Bank notes and coins at the vault of the bank	(1,044)	(1,407)	(1,044)	(1,407)
Currency destroyed	(142)	(83)	(142)	(83)
Currency in circulation	62,493	41,689	62,493	41,689

Currency in circulation represents the face value of notes and coins in circulation. Notes and coins held by the Bank as cash in main vault, intermediary vault and cashier/teller at the end of financial year have been netted off against the liability for notes and coins in circulation because they do not represent currency in circulation.

21. DEPOSITS FROM GOVERNMENT AND ITS AGENCIES

	Inflation Adjusted		Historical Cost	
	2019	**2018**	**2019**	**2018**
	SSP million	**SSP million**	**SSP million**	**SSP million**
Ministry of Finance and Economic Planning	9,894	2,103	9,894	2,103
Other Government institutions	2,874	1,390	2,874	1,390
Total deposits from the Government and its agencies	12,768	3,493	12,768	3,493
Total advances to the Government (Note 14)	(50,062)	(36,093)	(50,062)	(36,093)
Net advance to the Government	37,294	32,600	37,294	32,600

22. DEPOSITS FROM BANKS AND FINANCIAL INSTITUTIONS

	Inflation Adjusted		Historical Cost	
	2019	**2018**	**2019**	**2018**
	SSP million	**SSP million**	**SSP million**	**SSP million**
Current accounts	51,834	38,849	51,834	38,849
Cash statutory reserves	21,763	19,859	21,763	19,859
	73,597	58,708	73,597	58,708

All balances are due to local banks and financial institutions and are non-interest bearing.
Cash statutory reserve balances are maintained by the commercial banks with the Bank as per the requirement of the Bank of South Sudan Act, 2011.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. OTHER LIABILITIES

	Inflation Adjusted		Historical Cost	
	2019 SSP million	2018 SSP million	2019 SSP million	2018 SSP million
Sundry payables	106	420	106	420
Deferred current cost accrual	-	302	-	302
	106	722	106	722

24. TAXES

No provision for income tax was made in the financial statements as Section 9 of the Bank of South Sudan Act, 2011 exempts the Bank from paying all taxes and duties.

25. CAPITAL ACCOUNT

	Inflation Adjusted		Historical Cost	
	2019 SSP million	2018 SSP million	2019	2018
Authorised and paid-up capital	946	675	15	15
Allocation from the general reserve account	-	-	-	-
IAS 29 adjustment	(498)	271	-	-
	448	946	15	15

The capital account comprises the initial capital paid by the Government as per Article 33 of the Bank of South Sudan Act of 2011 (the Act). The Act states that, the authorised and paid up capital of the Bank is SSP 15 million. This capital is solely held by the Government of the Republic of South Sudan and shall not be transferable or subject to encumbrances.

In previous year, the Bank adopted IAS 29: Financial Reporting in Hyperinflationary Economies, the standard requires restatement of equity in each reporting period in accordance with prevailing conversion factors. As a result of this adjustment the Bank has recorded a monetary loss amounting to SSP 653 million.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. RISK MANAGEMENT

26.1 Financial risks

(a) Credit risk

In its financial operations, the Bank is exposed to credit risk, defined as the probability of a complete or partial failure of a counterpart to fulfil its obligations arising from a financial transaction. Credit risk originates from the open market operations carried out in order to provide short-term liquidity to banks within the framework of monetary policy implementation and from the investments made during foreign exchange reserve management.

Total assets of the Bank exposed to credit risk as of 31 December 2019 and 31 December 2018 are presented in the table below:

	31 December 2019		31 December 2018	
	SSP million	%	SSP million	%
Credit exposures				
Cash and cash equivalents (excluding cash in hand)	6,968	6%	2,218	5%
Holding of Special Drawing Rights (SDR's)	74	0%	138	1%
Quota of International Monetary Fund (IMF)	53,654	47%	48,195	51%
Government securities	1,917	2%	1,917	2%
Advances to the Government	50,062	44%	36,093	39%
Advances to commercial banks	474	0%	-	0%
Other loans and receivables	840	1%	788	2%
	113,989	100%	89,349	100%

The above represents the worst-case scenario of credit exposure for both years, without taking account of any collateral held or other credit enhancements attached.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. RISK MANAGEMENT (CONTINUED)

26.1 Financial risks (continued)

(a) Credit risk (continued)

Credit quality per class of financial assets

The credit quality per class of financial assets is managed by the Bank using internal ratings. The table below shows the quality by class of asset for all financial assets exposed to credit risk, based on the Bank's credit rating system. The amount presented is gross of impairment allowances: -

	ECL Staging				
31 December 2019	Stage 1 SSP million	Stage 2 SSP million	Stage 3 SSP million	Not Credit Impaired SSP million	Total SSP million
Cash and cash equivalents (excluding cash in hand)	-	-	-	6,968	6,968
Holding of Special Drawing Rights (SDR's)	-	-	-	74	74
Quota of International Monetary Fund (IMF)	-	-	-	53,654	53,654
Government securities	1,917	-	-	-	1,917
Advances to the Government	50,069	-	-	-	50,069
Advances to commercial banks	-	-	533	-	533
Other loans and receivables	885	-	-	-	885
Gross carrying amount	52,871	-	533	60,696	114,100
Less: ECL allowance					
Government securities	-	-	-	-	-
Advance to government	(7)	-	-	-	(7)
Advances to commercial banks	-	-	(533)	-	(533)
Other loans and receivables	(45)	-	-	-	(45)
Total ECL provision	(52)		(533)	-	(585)
Net financial assets	52,819	-	-	60,696	113,515

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. RISK MANAGEMENT (CONTINUED)

26.1 Financial risks (continued)

(b) Credit risk (continued)

Credit quality per class of financial assets

The credit quality per class of financial assets is managed by the Bank using internal ratings. The table below shows the quality by class of asset for all financial assets exposed to credit risk, based on the Bank's credit rating system. The amount presented is gross of impairment allowances: -

	ECL Staging				
31 December 2018	**Stage 1 SSP million**	**Stage 2 SSP million**	**Stage 3 SSP million**	**Not Credit Impaired SSP million**	**Total SSP million**
Cash and cash equivalents (excluding cash in hand)	-	-	-	2,218	2,218
Holding of Special Drawing Rights (SDR's)	-	-	-	138	138
Quota of International Monetary Fund (IMF)	-	-	-	48,195	48,195
Government securities	1,917	-	-	-	1,917
Advances to the Government	36,100	-	-	-	36,100
Advances to commercial banks	-	-	59	-	59
Other loans and receivables	788	-	-	-	788
Gross carrying amount	38,805	-	59	50,551	89,415
Less: ECL allowance					
Government securities	-	-	-	-	-
Advance to government	(7)	-	-	-	(7)
Advances to commercial banks	-	-	(59)	-	(59)
Other loans and receivables	-	-	-	-	-
Total ECL provision	(7)	-	(59)	-	(66)
Net financial assets	38,798	-	-	50,551	89,349

26. RISK MANAGEMENT (CONTINUED)

26.1 Financial risks (Continued)

(a) Credit risk (continued)

Credit quality per external credit rating agencies

Description	31 December 2019 Balance	31 December 2019 Share (%)	31 December 2018 Balance	31 December 2018 Share (%)
Cash and cash equivalents (excluding cash in hand)				
NR	6,968	6%	2,218	6%
Balances with IMF-NR				
Holding of Special Drawing Rights (SDR's)	74	0.1%	138	1%
Quota of International Monetary Fund (IMF)	53,654	47%	48,195	51%
Government securities				
NR	1,917	2%	1,917	2%
Loans and Advances to the Government				
NR	50,062	44%	36,093	39%
Advances to commercial banks				
NR	474	0.4%	-	-
Other loans and receivables				
NR	840	0.7%	788	1%
Total	113,989	100%	89,349	100%

26. RISK MANAGEMENT (CONTINUED)

26.1 Financial risks (continued)

(a) Credit risk (continued)

The sectoral classification of the Bank's credit exposure as at 31 December 2019 is as follows:

31 December 2019	Foreign Country Treasury SSP '000	Supranational Institutions SSP '000	Domestic Financial Institutions SSP '000	Foreign Financial Institutions SSP '000	Government of South Sudan SSP '000	Others SSP '000	Total SSP '000
Cash and cash equivalents (excluding cash in hand)	-		-	6,968	-	-	6,968
Holding of Special Drawing Rights (SDR's)	-	74	-	-	-	-	74
Quota of International Monetary Fund (IMF)	-	53,654	-	-	-	-	53,654
Government securities	-	-	-	-	1,917	-	1,917
Advances to the Government	-	-	-	-	50,062	-	50,062
Advances to commercial banks	-	-	474	-	-	-	474
Other loans and receivables	-	-	-	-	-	840	840
Total	-	53,728	474	6,968	51,979	840	113,989

26. RISK MANAGEMENT (CONTINUED)

26.1 Financial risks (Continued)

(a) Credit risk (continued)

The sectoral classification of the Bank's credit exposure as at 31 December 2018 is as follows:

31 December 2018	Foreign Country Treasury SSP million	Supranational Institutions SSP million	Domestic Financial Institutions SSP million	Foreign Financial Institutions SSP million	Government of South Sudan SSP million	Others SSP million	Total SSP million
Cash and cash equivalents (excluding cash in hand)	-	-	-	2,218	-	-	2,218
Holding of Special Drawing Rights (SDR's)	-	138	-	-	-	-	138
Quota of International Monetary Fund (IMF)	-	48,195	-	-	-	-	48,195
Government securities	-	-	-	-	1,917	-	1,917
Advances to the Government	-	-	-	-	36,093	-	36,093
Advances to commercial banks	-	-	-	-	-	-	-
Other loans and receivables	-	-	-	-	-	788	788
Total	-	48,333	-	2,218	38,010	788	89,349

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. RISK MANAGEMENT (CONTINUED)

26.1 Financial risks (continued)

(a) Credit risk (continued)

Geographical analysis of concentrations of assets and liabilities of the Bank as at 31 December 2019 is as follows:

31 December 2019	South Sudan SSP '000	USA SSP '000	Other East African countries SSP '000	European Countries SSP '000	Other Countries SSP '000	Total SSP '000
Cash and cash equivalents (excluding cash in hand)	6,968	5,547	18	1,369	-	13,902
Holding of Special Drawing Rights (SDR's)	74	74	-	-	-	14,050
Quota of International Monetary Fund (IMF)	53,654	53,654	-	-	-	107,456
Government securities	1,917	-	-	-	-	109,225
Advances to the Government	50,062	-	-	-	-	51,979
Advances to commercial banks	474	-	-	-	-	50,536
Other loans and receivables	840	-	-	-	-	1,314
Total	113,989	59,275	18	1,369	-	174,651

26. RISK MANAGEMENT (CONTINUED)

26.1 Financial risks (continued)

(a) Credit risk (continued)

Geographical analysis of concentrations of assets and liabilities of the Bank as at 31 December 2018 is as follows:

31 December 2018	South Sudan SSP million	USA SSP million	Other East African countries SSP million	European Countries SSP million	Other Countries SSP million	Total SSP million
Cash and cash equivalents (excluding cash in hand)	34	1,506	17	661	-	2,218
Holding of Special Drawing Rights (SDR's)	-	138	-	-	-	138
Quota of International Monetary Fund (IMF)	-	48,195	-	-	-	48,195
Government securities	1,917	-	-	-	-	1,917
Advances to the Government	36,093	-	-	-	-	36,093
Advances to commercial banks	-	-	-	-	-	-
Other loans and receivables	788	-	-	-	-	788
Total	38,798	49,839	17	661	-	89,349

(b) Liquidity risk

This arises from inability of the Bank to meet its own foreign exchange and government obligations without incurring huge price concession. The table below analyses the assets and liabilities of the Bank into relevant maturity based on the remaining period at statement of financial position date to contractual maturity date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. RISK MANAGEMENT (CONTINUED)

26.1 Financial risks (continued)

(b) Liquidity risk

By contractual maturity analysis of financial instruments:

Details	Up to 1 Month SSP million	From 1 to 12 Months SSP million	From 1 to 5 Years SSP million	Over 5 Years SSP million	Total SSP million
31 December 2019					
Financial assets					
Cash and cash equivalents	27,689		-	-	27,689
Holding of Special Drawing Rights (SDR's)	74		-	-	74
Quota of International Monetary Fund (IMF)	53,654		-	-	53,654
Government securities	-		-	1,917	1,917
Advances to the Government	-	50,062	-	-	50,062
Advances to commercial banks	-	474	-	-	474
Other loans and receivables	-	840	-	-	840
Total	81,418	51,376	-	1,917	134,710
Financial liabilities					
Currency in circulation	62,493	-	-	-	62,493
Deposits from Government and its agencies	12,768	-	-	-	12,768
Deposits from banks and financial institutions	73,596	-	-	-	73,596
Other liabilities	106	-	-	-	106
IMF related liabilities	53,654	-	-	-	53,654
Allocation of Special Drawing Rights (SDR's)	22,990	-	-	-	22,990
Total liabilities	225,607	-	-	-	225,607
Net liquidity gap	(144,189)	51,376	-	1,917	(90,897)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. RISK MANAGEMENT (CONTINUED)

26.1 Financial risks (continued)

(b) Liquidity risk (continued)

By contractual maturity analysis of financial instruments:

Details	Up to 1 Month SSP million	From 1 to 12 Months SSP million	From 1 to 5 Years SSP million	Over 5 Years SSP million	Total SSP million
31 December 2018					
Financial assets					
Cash and cash equivalents	5,562	-	-	-	5,562
Holding of Special Drawing Rights (SDR's)	138	-	-	-	138
Quota of International Monetary Fund (IMF)	48,195	-	-	-	48,195
Government securities	-	-	-	1,917	1,917
Advances to the Government	-	36,093	-	-	36,093
Advances to commercial banks	-	-	-	-	-
Other loans and receivables	-	788	-	-	788
Total	53,895	36,881	-	1,917	92,693
Financial liabilities					
Currency in circulation	41,689	-	-	-	41,689
Deposits from Government and its agencies	3,493	-	-	-	3,493
Deposits from banks and financial institutions	58,708	-	-	-	58,708
Other liabilities	722	-	-	-	722
IMF related liabilities	48,196	-	-	-	48,196
Allocation of Special Drawing Rights (SDR's)	20,651	-	-	-	20,651
Total liabilities	173,459	-	-	-	173,459
Net liquidity gap	(119,564)	36,881	-	1,917	(80,766)

26. RISK MANAGEMENT (CONTINUED)

26.1 Financial risks (continued)

(b) Market risk (continued)

i. Interest rate risk

The table below summarises the exposure to interest rate risk. Included in the table are the Bank's assets and liabilities at carrying amounts, categorised by the earlier of either contractual reprising or maturity dates. The Bank does not bear an interest rate risk on off balance sheet items.

Details	Up to 1 month SSP million	From 1 to 12 months SSP million	From 1 to 5 years SSP million	Over 5 years SSP million	Non-interest bearing SSP million	Total SSP million
31 December 2019						
Financial assets						
Cash and cash equivalents	-	-	-	-	27,689	27,689
Holding of Special Drawing Rights (SDR's)	-	-	-	-	74	74
Quota of International Monetary Fund (IMF)	-	-	-	-	53,654	53,654
Government securities	-	-	-	1,917	-	1,917
Advances to the Government	-	50,062	-	-	-	50,062
Advances to commercial banks	-	474	-	-	-	474
Other loans and receivables	-	840	-	-	-	840
Total	-	51,376	-	1,917	81,417	134,710
Financial liabilities						
Currency in circulation	-	-	-	-	-	-
Deposits from the Government and its agencies	-	-	-	-	62,493	62,493
Deposits from banks and financial institutions	-	-	-	-	12,768	12,768
Other liabilities	-	-	-	-	106	106
IMF related liabilities	-	-	-	-	53,654	53,654
Allocation of Special Drawing Rights (SDR's)	-	-	-	-	22,990	22,990
Total liabilities	-	-	-	-	152,011	152,011

26. RISK MANAGEMENT (CONTINUED)

26.1 Financial risks (Continued)

(c) Market risk (continued)

i. Interest rate risk (continued)

Details	Up to 1 month SSP million	From 1 to 12 months SSP million	From 1 to 5 years SSP million	Over 5 years SSP million	Non-interest bearing SSP million	Total SSP million
31 December 2018						
Financial assets						
Cash and bank balances	-		-	-	5,562	5,562
Holding of Special Drawing Rights (SDR's)	-		-	-	138	138
Quota of International Monetary Fund (IMF)	-		-	-	48,195	48,195
Government securities	-		-	1,917	-	1,917
Advances to the Government	-	36,093	-	-	-	36,093
Advances to commercial banks	-		-	-	-	-
Other loans and receivables	-	788	-	-	-	788
Total	-	36,881	-	1,917	53,895	92,693
Financial liabilities						
Currency in circulation	-	-	-	-	41,689	41,689
Due to the Government and its agencies	-	-	-	-	3,493	3,493
Due to banks and financial institutions	-	-	-	-	58,708	58,708
Other liabilities	-	-	-	-	722	722
IMF related liabilities	-	-	-	-	48,196	48,196
Allocation of Special Drawing Rights (SDR's)	-	-	-	-	20,651	20,651
Total	-	-	-	-	173,459	173,459

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. RISK MANAGEMENT (CONTINUED)

26.1 Financial risks (Continued)

(c) Market risk (Continued)

ii. Foreign exchange risk

The exchange rate risk (or currency risk) refers to the loss of the portfolio value or purchasing power of the portfolio occasioned by adverse foreign exchange rate movements. The Bank foreign reserves portfolio is denominated in a number of currencies whose exchange rates are subject to fluctuation on international foreign exchange market.

The currency positions of the Bank as of 31 December 2019 and 31 December 2018 that provides the Bank's assets, liabilities and equity at carrying amounts, categorized by currency is summarized below.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. RISK MANAGEMENT (CONTINUED)

26.1 Financial risks (continued)

(c) Market risk (continued)

ii. Foreign exchange risk (continued)

The Bank's currency position: -

31 December 2019	SSP SSP million	USD SSP million	GBP SSP million	EURO SSP million	UGX SSP million	SDR SSP million	Total SSP million
Financial assets							
Cash and bank balances	5,408	20,820	202	1,242	18	-	27,690
Holding of Special Drawing Rights (SDR's)	-	-	-	-	-	74	74
Quota of International Monetary Fund (IMF)	-	-	-	-	-	53,654	53,654
Government securities	1,917	-	-	-	-	-	1,917
Advances to the Government	50,062	-	-	-	-	-	50,062
Loans and advances to banks	474	-	-	-	-	-	474
Other loans and receivables	840	-	-	-	-	-	840
Total	58,701	20,820	202	1242	18	53,728	134,711
Financial liabilities							
Currency in circulation	62,493	-	-	-	-	-	62,493
Deposits from Government and its agencies	9,195	3,226	3	344	-	-	12,768
Deposits from banks and financial institutions	27,003	45,008	418	1,167	-	-	73,596
Other liabilities	106	-	-	-	-	-	106
IMF related liabilities	-	-	-	-	-	53,654	53,654
Allocation of Special Drawing Rights (SDR's)	-	-	-	-	-	22,990	22,990
Total	98,797	48,234	421	1,511	-	76,644	225,607
Net exposure	(40,096)	(27,414)	(219)	(269)	18	(22,916)	(90,896)

26. RISK MANAGEMENT (CONTINUED)

26.1 Financial risks (continued)

(c) Market risk (continued)

ii. Foreign exchange risk (continued)

The Bank's currency position: -

31 December 2018	SSP SSP million	USD SSP million	GBP SSP million	EURO SSP million	UGX SSP million	SDR SSP million	Total SSP million
Financial assets							
Cash and bank balances	1,756	2,843	188	758	17	-	5,562
Holding of Special Drawing Rights (SDR's)	-	-	-	-	-	138	138
Quota of International Monetary Fund (IMF)	-	-	-	-	-	48,195	48,195
Government securities	1,917	-	-	-	-	-	1,917
Advances to the Government	36,093	-	-	-	-	-	36,093
Loans and advances to banks	-	-	-	-	-	-	-
Other loans and receivables	788	-	-	-	-	-	788
Total	40,554	2,843	188	758	17	48,333	92,693
Financial liabilities							
Currency in circulation	41,689	-	-	-	-	-	41,689
Deposits from Government and its agencies	1,175	1,977	3	338	-	-	3,493
Deposits from banks and financial institutions	12,346	44,834	382	1,146	-	-	58,708
Other liabilities	722	-	-	-	-	-	722
IMF related liabilities	-	-	-	-	-	48,196	48,196
Allocation of Special Drawing Rights (SDR's)	-	-	-	-	-	20,651	20,651
Total	55,932	46,811	385	1,484	-	68,847	173,459
Net exposure	(15,378)	(43,968)	(197)	(726)	17	(20,514)	(80,766)

BANK OF SOUTH SUDAN

27. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets and financial liabilities are measured on an ongoing basis at either fair value or amortised cost. A summary of significant accounting policies in Note 3 describes how classes of financial instruments are measured and how income and expenses, including fair value gains are recognised. During the year ended 31 December 2019 all the financial assets and liabilities were carried at amortized cost.

28. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Bank measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all-significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument’s valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation technique includes net present value and discount cash flow model, comparison with similar instruments for which market observable price exist. Assumptions and inputs used in valuation technique include risk-free and benchmark interest rate, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation technique is to arrive at a fair value measurement that reflects the price that would be received to sell the assets or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

28. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Details	Level 1 SSP million	Level 2 SSP million	Level 3 SSP million	Total carrying amount SSP million
31 December 2019				
Assets				
Cash and cash equivalents	-	27,689	-	27,689
Holding of Special Drawing Rights (SDR's)	-	74	-	74
Quota of International Monetary Fund (IMF)	-	53,654	-	53,654
Government securities	-	1,917	-	1,917
Advances to the Government	-	50,062	-	50,062
Advances to commercial banks		474		474
Other loans and receivables	-	840	-	840
	-	134,710	-	134,710
Liabilities				
Currency in circulation	-	62,493	-	62,493
Deposits from Government and its agencies	-	12,768	-	12,768
Deposits from banks and financial institutions	-	73,596	-	73,596
Other liabilities	-	106	-	106
IMF related liabilities	-	53,654	-	53,654
Allocation of Special Drawing Rights (SDR's)	-	22,990	-	22,990
Total liabilities	-	225,607	-	225,607

28. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Details	Level 1 SSP million	Level 2 SSP million	Level 3 SSP million	Total carrying amount SSP million
31 December 2018				
Assets				
Cash and cash equivalents	-	5,562	-	5,562
Holding of Special Drawing Rights (SDR's)	-	138	-	138
Quota of International Monetary Fund (IMF)	-	48,195	-	48,195
Government securities	-	1,917	-	1,917
Advances to the Government	-	36,093	-	36,093
Other loans and receivables		788	-	788
	-	92,693	-	92,693
Liabilities				
Currency in circulation	-	41,689	-	41,689
Deposits from Government and its agencies	-	3,493	-	3,493
Deposits from banks and financial institutions	-	58,708	-	58,708
Other liabilities	-	722	-	722
IMF related liabilities	-	48,196		48,196
Allocation of Special Drawing Rights (SDR's)	-	20,651	-	20,651
Total liabilities	-	173,459	-	173,459

29. CONTINGENT LIABILITIES

Contingent liabilities arise in the normal course of the Bank's business activities. In order to meet the financial needs of the Government, the Bank enters into various irrevocable commitments and contingent liabilities. Even though these obligations may not be recognised on the inflationary adjusted statement of financial position, they do contain credit risk and are therefore part of the overall risk of the Bank.

During the year 2015 the Bank entered a guarantee deed with Qatar National Bank S.A.Q on behalf of the Government of South Sudan in relation to a letter of credit and documentary credit facilities issued which as at the end of this year they were in tune of USD 649 million. The matter is still in discussion with the International Centre for the Settlement of Investment Disputes due to uncertainty of settlement of the balances utilized from the credit facilities by the government.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. OUTSTANDING COMMITMENTS

CAPITAL COMMITMENTS

As at 31 December 2019, the Bank's capital commitments in respect of, Property and Equipment, Intangible Assets and major capital projects aggregated to SSP 198 million (2018: SSP 68 million). The major capital expenditure commitments item is as reflected herewith below:

	31 December 2019 SSP million	31 December 2018 SSP million
Data Centre and Fence Project in headquarters-Juba	198	68

The above commitments have been included and approved for payment in accordance with the 2019/2020 Budget Estimates.

31. RELATED PARTY DISCLOSURES

In the course of its operations, the Bank enters into transactions with related parties, which include the Government of the Republic of South Sudan, the ultimate shareholder of the Bank and key management personnel. The related party transactions during the year are as follows:

(a) Loans and emoluments to key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank. The Bank's key management personnel are the Governor, Deputy Governors', Non-Executive Directors and Directors.

The Bank extends loans facilities to the Governor, the Deputy Governors and its members of staff. Loans and receivables (Note 14) included advances to employees that as at 31 December 2019 amounted to SSP 533 million (2018: SSP 55 million). The advances are granted at interest rates determined by the Bank over the period of the loan. The following is the breakdown of loans and emoluments granted to key management personnel except Non-Executive Directors.

		2019 SSP million	2018 SSP million
i	**Loans to Senior Management (i.e. Governor, Deputy Governors and Directors)**		
	At start of the year	22	20
	Loans granted during the year	540	2
	Loans repaid during the year	(13)	-
	Balance end of the year	549	22
ii	**Emoluments to Senior Management Personnel (Governor, Deputy Governors and Directors)**		
	Salaries, allowances and benefits	26	11

In accordance with Section 18 of the Bank of South Sudan Act, 2011, remuneration of the Governor and Deputy Governors is determined by the Minister of Finance and Planning and Council of ministers of the Republic of South Sudan; plus an additional amount determined by a resolution of the non-executive Board members. As at 31 December 2019, the number of key management personnel was 7 (2018: 7).

(b) Directors' remunerations

During the year ended 31 December 2019, emoluments paid to the members of the Board amounted to SSP 51 million (2018: SSP 46 million). These emoluments include benefits of Non - Executive Directors. Non-Executive Directors are not entitled to loans and advances.

31. RELATED PARTY DISCLOSURES (CONTINUED)

(c) Government of the Republic of South Sudan

Transactions entered into with the Government include:

(a) Financial accommodation on temporary short falls in Government revenue;
(b) Receipt of deposits from government bodies including ministries and agencies
(c) Other duties including agency of the Government as provided under the Bank of South Sudan Act, 2011.

Balances due from the government of Republic of South Sudan

	2019 SSP million	2018 SSP million
Government securities (note 12)	1,917	1,917
Advances to the Government (note 13)	47,153	24,964
	49,070	26,881

Balances due to the government of Republic of South Sudan

	2019 SSP million	2018 SSP million
Deposits from Ministry of Finance and Economic Planning (note 20)	9,894	2,103
Deposits from other Government institutions	2,874	1,390
	12,768	3,493

32. COMPARATIVE FIGURES

Where necessary comparative figures have been reclassified to conform to changes in presentation in the current year

33. EVENTS AFTER THE REPORTING DATE

At the date of signing the financial statements, the Directors are not aware of any other matter or circumstance arising since the end of the financial year, not otherwise dealt with in these financial statements, which significantly affected the financial position of the Bank and results of its operations.

During the year 2020 the cabinet of ministers of the government of South Sudan resolved to discontinue monetary financing of the fiscal deficit starting at the end of June 2021.