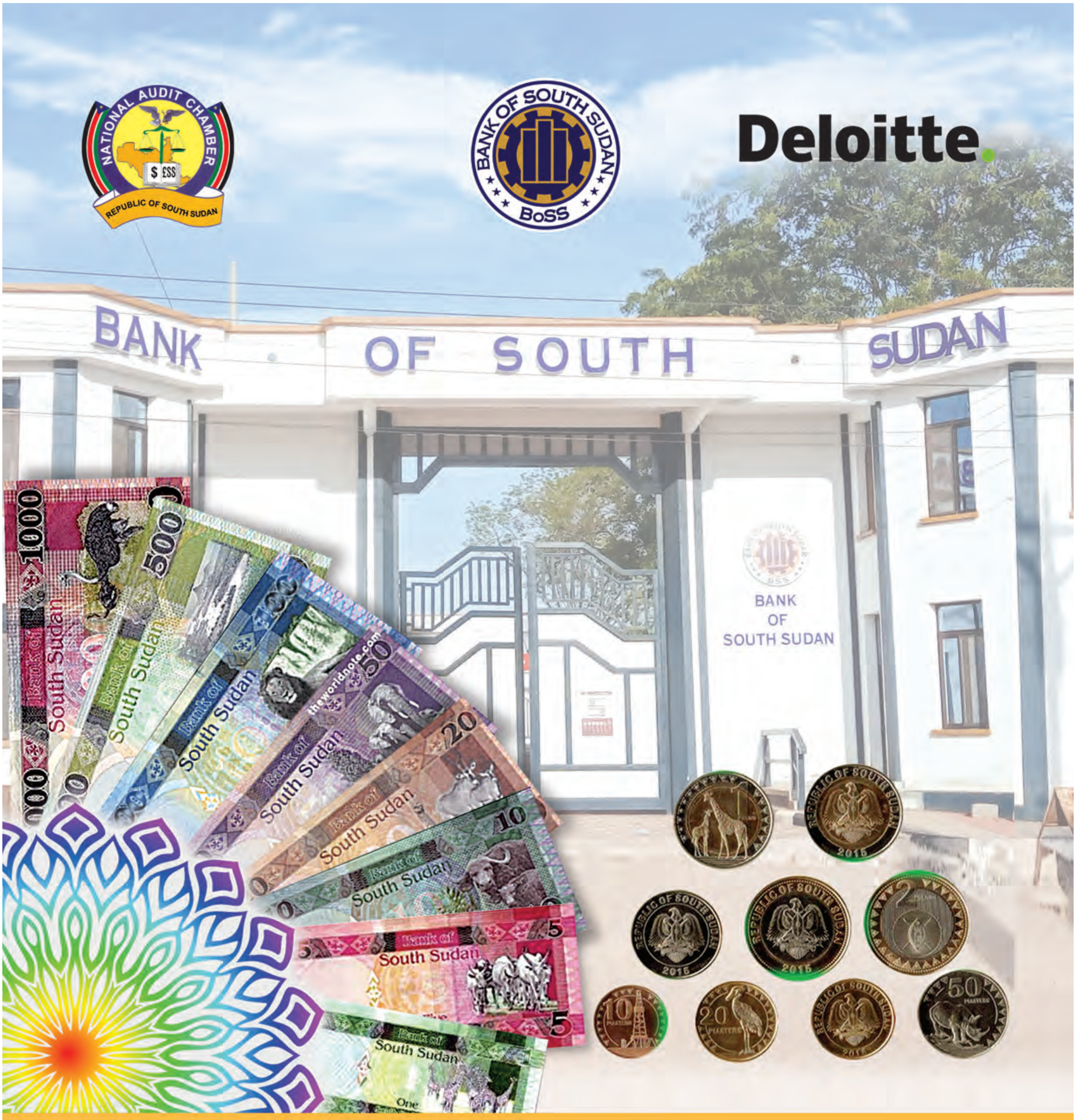

REPORTS OF THE AUDITOR GENERAL & THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

BANK OF SOUTH SUDAN

REPORTS OF THE AUDITOR GENERAL & FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

31 DECEMBER 2020

BANK OF SOUTH SUDAN

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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BANK OF SOUTH SUDAN

GOVERNOR'S FOREWORD

Hon. Dier Tong Ngor
Governor and Chairman
Board of Directors

Bank of South Sudan's operations were significantly impacted by the spread of the Coronavirus (COVID-19) during 2020. In response to the pandemic, the government mandated several measures to slow the spread of the virus. These measures included: curfews, social distancing protocols, using of face masks reduced work forced numbers orders and the temporary shutting of international borders.

Bank of South Sudan had to make strategic adjustments to its operations and policy framework during the year. A considerable slowdown in economic activity in the country also contributed to policy changes by the Bank. The policy adjustments included the implementation of a number of proactive initiatives aimed at assuring the financial system of access to adequate South Sudan Pounds and foreign currency liquidity while maintaining an adequate level of international reserves.

At the same time, the Bank maintained its focus on inflation. The Bank also made significant modifications to its operations to ensure that staff remained capable and equipped to carry out their duties safely and in an optimal manner.

The pandemic has three shocks:

1. a public health crisis,
2. a hammer-blow to the real economy and
3. a stress test for the global financial system.

During the acute phase of the pandemic, Bank of South Sudan intervened on an unprecedented scale to keep financial markets liquid and to preserve the stability of the financial system. Monetary and fiscal policies had to cushion the economic blow. A global shock of this magnitude puts a premium on international cooperation.

In recent months, we have kept up on international meetings with IMF and replacing physical ones with virtual ones, and we have good interactions with the IMF and other regional bodies such EAC. Though, the effects of COVID 19 Pandemic were so painful to the economy but still we managed to do our things through supports of IMF and others.

____
Hon. Dier Tong Ngor
Governor
Bank of South Sudan

GOVERNOR
BANK OF SOUTH SUDAN
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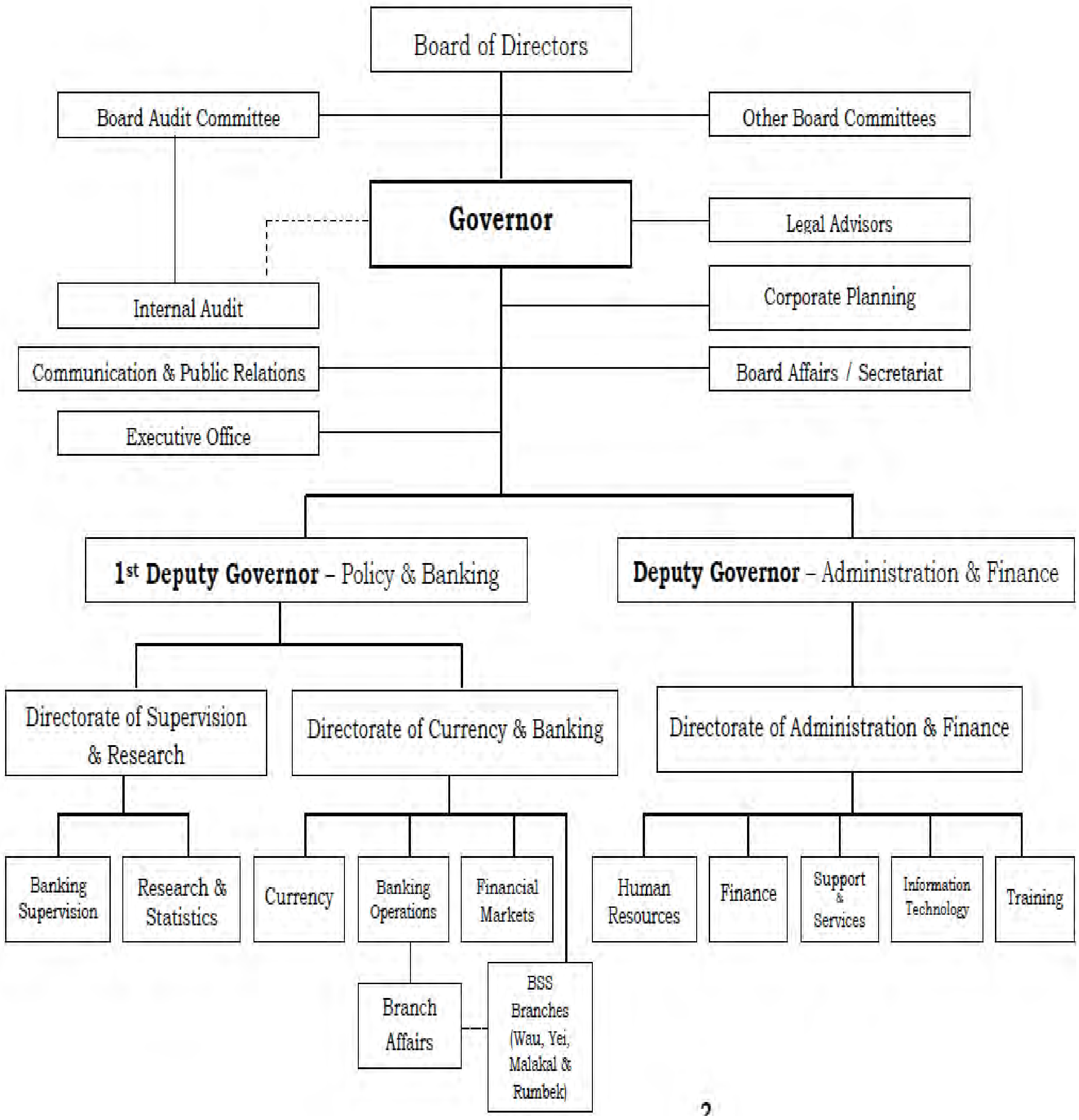
BANK OF SOUTH SUDAN

ORGANIZATIONAL STRUCTURE OF BANK OF SOUTH SUDAN



BOARD OF DIRECTORS

Hon. Dier Tong Ngor
Governor, Chairman

Hon. Johnny Ohisa Damian
1st Deputy Governor

Hon. Daniel Pouc
2nd Deputy Governor

Hon. Dr. Adil Atanasio Surur
Member of the Board

Hon. John Maciek Acuoth
Member of the Board

Hon. Nyiel Gordon Kuol
Member of the Board

Hon. Tabitha Eliaba Kenyi
Member of the Board

Hon. Wani Buyu
Member of the Board

Hon. Weituy Louny Baboth
Member of the Board

Mr. Chol Atem Diing
Secretary

BANK OF SOUTH SUDAN

BANK OF SOUTH SUDAN

TOP MANAGEMENT

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Governor

Hon. Johnny Ohisa Damian
1st Deputy Governor-Policy & Banking

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

Mr. Moses Makur Deng
Director General for Supervision & Research

Mr. Yeni Samuel Cost
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)

Dr. Majok Kuol Mading
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

Mr.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

EXECUTIVE SUMMARY

Global economy growth is projected to gradually come back from the deep contraction it experienced at the middle of the year 2020. The slight improvement is due to the raising hopes of an eventual end of the pandemic as multiple countries launched vaccines approvals and subsequent rolling out of vaccination program at the end of the fourth quarter of 2020.

However, the recovery is expected to be uneven and uncertain depending on access to medical interventions, effectiveness of policy support, logistical problems with vaccine distribution, and uncertainty about take-up especially from communities who does not trust the vaccine. Rising bankruptcies could further compound job and income losses as well as deteriorating financial situation that threatens the rollover of existing debts. This is exacerbated further by increased frequency and intensity of weather-related natural disasters, such as tropical storms, floods, heat waves, droughts, and wildfires that is more likely to inflict further humanitarian toll and widespread livelihood loss on many regions in recent years (IMF).

In **Sub-Sahara Africa**, the region is still struggling with health and economic crisis, one that has cost live and has devastated health care systems. There is declining demand from key trading partners; steep declines in prices for commodities like oil, minerals and metals; and drastic containment measures domestically continue to pummel economies. Rising public debt burdens and limited fiscal space cloud the outlook further. In the **East African Region**, just like any other region in the world, has continued to suffer from the outbreak of the corona virus pandemic at the end of the fourth quarter of 2020. The sectors that are hit hard are the service, education, tourism and manufacturing sectors. Oil exporting countries also suffered due to fall of crude oil prices in the international market further leading to low output growth. However, activities are expected to pick up gradually as countries in the region starts to cautiously reopen, vaccines start to be rolled out and spread of locust infections starts to fade away. AFDB, January 2021.

In **South Sudan**, the invasion of locust infections, floods, falling prices of crude oil and the effects of Covid 19 have significantly affected economic activities in the country at the end of the fourth quarter of 2020. The fall in oil prices have led to reduce reduced revenue for the government while other sectors such as service, trade and the health were affected by the outbreak of the Covid 19 pandemic. The positive news is that growth in money supply has slowed at the end of the fourth quarter 2020 due to government's commitment to maintain zero borrowing from the Bank of South Sudan, Net Foreign Assets have shown signs of improvements and private sector credit has remained strong at the end of the fourth quarter of 2020. As a result, output growth is expected to decline to an average of 3.6 per cent at the end of the year 2020.

1. Global and Regional Outlook

1.1. Global Outlook

Global economy growth is projected to gradually come back from a deep contraction experienced at the middle of the year 2020. The slight improvement is due to the raising hopes of an eventual end of the pandemic as multiple countries launched vaccines approvals and subsequent rolling out of vaccination program at the end of the fourth quarter of 2020. However, the recovery is expected to be uneven and uncertain depending on access to medical interventions, effectiveness of policy support, logistical problems with vaccine distribution, and uncertainty about take-up especially from communities who does not trust the vaccine. Rising bankruptcies could further compound job and income losses as well as deteriorating financial situation that threatens the rollover of existing debts. This is exacerbated further by increased frequency and intensity of weather-related natural disasters, such as tropical storms, floods, heat waves, droughts, and wildfires that is more likely to inflict further humanitarian toll and widespread livelihood loss on many regions in recent years. However, there is hope as countries continue to accelerate vaccination of their population (IMF, January 2021).

As a result, the IMF has revised upwards growth in world output to average -4.4 per cent at the end of 2020, up from -4.4 per cent at the end of the third quarter of 2020, and is projected to rebound gradually to an average of 5.5 per cent at the end of the year 2021, revised up from 5.2 per cent from the projection made at the end of the third quarter of 2020. The positive recovery is due to roll of the COVID 19 vaccines at the same time a less severe contraction at the end of the third quarter of 2020 than previously anticipated, as well as an early pick of activities in China (IMF, January 2021).

1. Global and Regional Outlook(continued)

1.1. Global Outlook(continued)

The IMF estimates growth in **advanced economies** to average about -4.9 per cent in 2020 up from -5.8 per cent from the third quarter of 2020 forecast. This is due to the positive expectation as the COVID 19 vaccines continue to be rolled out in much of this economies as well as easing of lockdown measures in many of these countries. Growth in **emerging markets and developing economies** is expected to improve slightly to average -2.4 per cent at the end of the year 2020 from -3.3 per cent forecast of the third quarter of 2020.
This is partly due to spill over of policy support from advanced countries. However, the new variant that spread more quickly and may cause further lockdown measures will continue to pose a big challenge. Growth in the **Sub-Saharan** region is projected to improve to an average of -2.6 per cent at the end of the year 2020 from -3.0 per cent projected at the end of the third quarter of 2020, driven mainly by slight improvement in activities at the end of the year 2020 (see table 1 below).
GDP growth in the **United States** is estimated to improve due to declining unemployment rate, raising consumer confidence that that boosted private consumption as well as resilient manufacturing sector. As a result, output growth is projected to an average -3.4 per cent at the end of the year 2020 from -4.3 per cent projected at the end of the third quarter of 2020 according to the IMF.

Output growth in **Japan** is projected to improve slightly to an average of -5.1 per cent at the end of the year 2020 from -5.3 per cent at the end of the third quarter of 2020. The upward revision reflects better GDP outturn than previously anticipated (IMF January 2021).
The **Chinese economy** has continued to recover faster than previously anticipated. Output growth is projected to average 2.3 per cent at the end of the year 2020, up from 1.9 per cent projected in the third quarter of 2020. This is due to quick rebound of the manufacturing sector as most the Chinese provinces continue to cautiously reopen (see table 1 below).

Table 1: Global GDP Growth Rate

			Est.	Proj.
	2018	2019	2020	2021
World	**3.6**	**2.8**	**-3.5**	**5.5**
Advanced Economies	**2.3**	**1.7**	**-4.9**	**4.3**
United States	2.9	2.2	-3.4	5.1
Euro Area	1.9	1.3	-7.2	4.2
Japan	0.3	0.7	-5.1	3.1
Emerging & developing economies	**4.5**	**3.6**	**-2.4**	**6.3**
China	6.6	6.0	2.3	8.1
India	6.8	4.2	-8.0	11.5
Sub-Saharan Africa	**3.3**	**3.2**	**-2.6**	**3.2**
Nigeria	1.9	2.2	-3.2	1.5
South Africa	0.8	0.2	-7.5	2.8
Consumer Prices				
Advanced Economies	2.0	1.4	0.7	1.3
Emerging Market and Dev. Economies	4.8	5.1	5.0	4.2

Source: IMF World Economic Outlook database (WEO, January 2021)

1.2. Sub-Saharan Africa

In **Sub-Sahara Africa**, the region is still struggling with health and economic crisis, one that has cost live and has devastated health care systems. There is declining demand from key trading partners; steep declines in prices for commodities like oil, minerals and metals; and drastic containment measures domestically continue to pummel economies. Rising public debt burdens and limited fiscal space cloud the outlook further. However, the IMF and the AfDB projects output to improve slightly to an average of about -2.6 per cent, revised up from -3.0 per cent projected at the end of the third quarter 2020.

In **Nigeria,** economic activities are expected to remain under stress due rising numbers of Covid 19 cases that is more likely to cause further lockdowns. The fall in the prices of crude oil in the international market has also compounded the problems further as Nigeria is Africa's largest exporter of crude oil. However, the outlook looks positive as other trading partners' ramp up the production and distribution of vaccines. As a result, the IMF estimated real GDP growth to recover to an average of about -2.6 per cent at the end of the year 2020, revised up from -4.3 per cent at the end of the third quarter 2020 projections (African Development Bank, 2020 and IMF January 2021 Updates).

1. Global and Regional Outlook(continued)

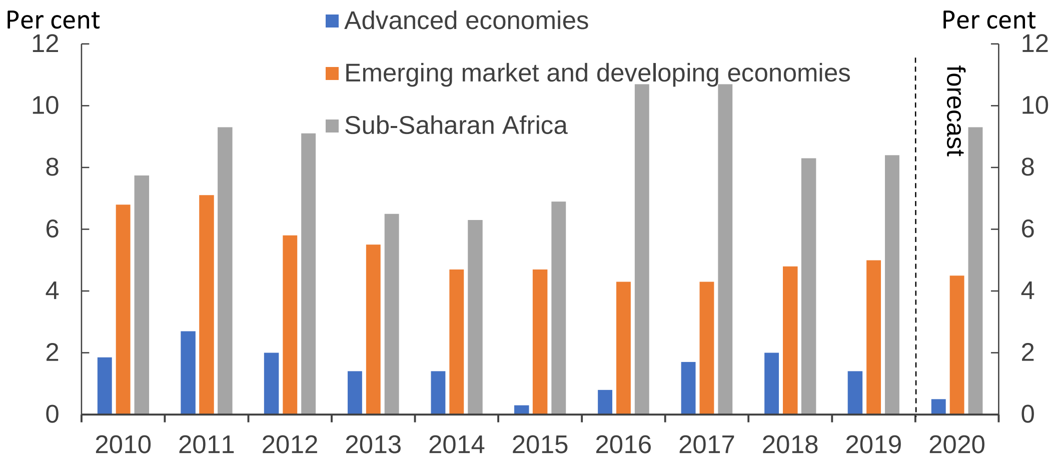
1.2. Sub-Saharan Africa(continued)

In **South Africa**, the mutation of the new variant has caused serious health and economic uncertainties at the end of the fourth quarter of 2020. This was compounded further by weak business confidence, raising public debts, high vulnerability of the country to global financial conditions. As a result, the IMF project output to slow down to -8.0 per cent at the end of the year 2020, up from -8.0 per cent in the third quarter of 2020. This is due to the reopening of some parts of the country as the country starts to roll out the corona virus vaccine (See table 1 above).

As a result of weak activities, **inflationary** pressures are expected to remain low at the end of the year 2020. Consumers around the world refocus their efforts on containment measures and emergency health care spending leading to reduced aggregate demand. Lockdowns has also added to rising unemployment and supply chain disruptions in advanced countries. Across emerging market and developing economies, inflation expectations are also expected to slow due to declining activities.

The IMF projects inflation in 2020 to decline to an average of about 0.7 per cent representing a slight decrease from 0.8 per cent projected in the third quarter of 2020 in the group of advanced economies, which is still below the Central Bank targets. It also projects inflation of about 5.1 per cent in 2020 for the group of emerging markets and developing economies up from 4.0 per cent projection made at the end of the third quarter 2020, and about 10.8 per cent in the Sub Saharan region by the end of 2020 (see figure 1 below).

Figure 1: Annual Inflation Rate for Some Selected Regions



Source: IMF World Economic Outlook database (WEO, January 2021)

In line with the subdued outlook for activity, inflation is expected to vary depending in a number of competing factors. For example, inflation is expected to increase as consumers increases spending on items that they were delayed to consume during the pandemic period, market participants in advanced economies generally expect subdue inflation in the medium to long, while, the IMF projects inflationary pressures to pick up in Sub-Sahara Africa because of supply disruptions (WEO, January 2021).

1.3. Risks to Global and Regional Outlook

Risk to the global and regional outlook that may weigh heavily on activities includes; the resurges of COVID 19 infection compound by slower and uneven distribution of vaccine may still delay the resumption of contact-intensive sectors from fully recovering. The increase in debt crisis as financial condition may again tighten, firms facing liquidity shortfalls may filed for bankruptcies and possible closures as they may find it hard to meet payroll expenses, cover fixed costs, and fulfill debt service obligations.

In addition, significant risks emanate from vaccine-resistant strains are potential headwinds for economic activity, as are operational risks, such as vaccine production and distribution delays. Excessive staggering across different regions may trigger start-stop patterns in the response to reemerging infection hotspots, extending the period of social distancing and uncertainty. The COVID-19 crisis could still lead to substantial and persistent damage to supply potential. This may arise, for example, from diminishing labor force participation, bankruptcies, and associated disruptions of production networks.

1. Global and Regional Outlook(continued)

1.3. Risks to Global and Regional Outlook

The longer the recession, the more likely it is that such effects will be permanent, especially in emerging market and developing economies, where the prevalence of relatively small firms and shallow capital markets could dampen investment and employment for a long time.

Related to the uncertainty around COVID 19 is the intensifying social unrest across many countries including the Americas, Middle East and some African countries mainly because of declining trust in established institutions and lack of representation in governance structures, as well as a perceived disconnect between leaders' priorities and the problems faced by the public.

Other vulnerabilities include, damages to agricultural produce due to floods, weather related shocks including cyclone and droughts, continued conflicts in the Middle East and Africa especially in the Sahel region. These are expected to

1.4. Global Outlook for Oil

1.4.1. Oil Price

Oil prices increased significantly at the end of the fourth quarter 2020. The surge in crude oil prices boosted energy prices as demand prospects were lifted on the back of strong economic data out of China and the approval of a robust U.S. stimulus package. Moreover, positive news on the vaccine front continued to strengthen demand prospects ahead, further bolstering prices. The fall in U.S. crude inventories throughout December 2020 also supported crude oil prices.
But concerns about potential renewed lockdowns measures as countries witness rising number of infections may cause further uncertainty in the oil price (See table 2 on developments in selected oil prices).

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

Crude oil price	2019			2020			
(US$/b)	Q2	Q3	Q4	Q1	Q2	Q3	Q4
UK Brent Price	68.16	62.29	66.20	23.23	41.52	40.66	51.57
Dar Blend price	63.44	62.77	67.78	34.4	42.73	42.35	57.84
Discount	3.39	2.06	1.98	4.4	0	0	0

Source: Ministry of Petroleum and Bank of South Sudan

1.4.2. Oil Supply

Global oil supply is set to increase following the partial easing of lockdown measures. Some US shale oil producers are showing signs of restarting output that was shut in when demand plummeted in April as crude prices have risen since. Oil supply in countries outside of the DoC will gradually increase relative to their potential, financial conditions, capital expenditure discipline, logistics, operational possibilities and number of FID projects. Recovery in non-OPEC supply has already begun in the US, Canada and Latin America in the third quarter of 2020, although Hurricane Laura partially impacted production in the US Gulf of Mexico (GoM). As a result, US liquids supply was revised up by 12 tb/d and is forecast to grow by 0.30 mb/d, as uncertainties regarding sufficient well completions and upstream spending levels prevails (figure 2).

1.4.3. OPEC Crude Oil Production

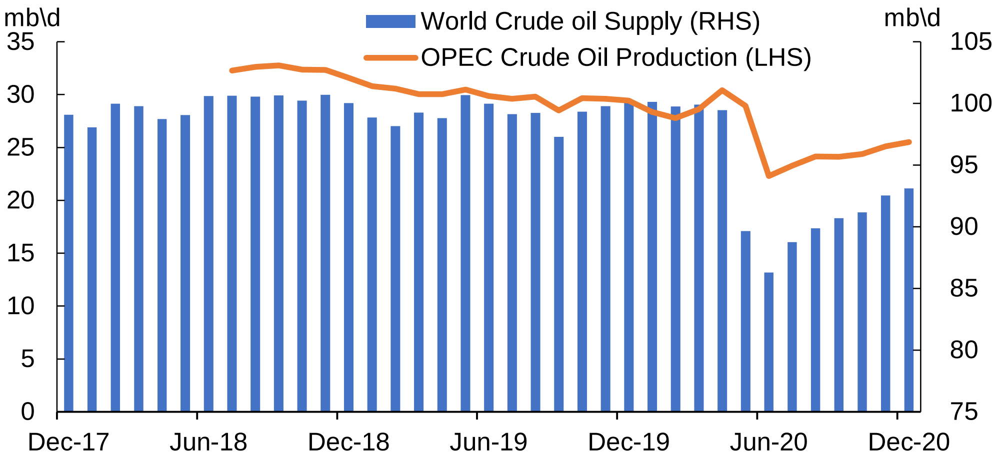
On monthly basis, OPEC crude oil production increased at the end of the fourth quarter 2020 to an average of 28.61 mb/d sustained OPEC+ output cuts. On quarterly basis, OPEC crude oil production also increased as compared to 22.3 mb/d registered at the end of the third quarter 2020. This is because of increased output in Saudi Arabia, UAE, Kuwait, Algeria and Angola, while production decreased primarily in Iraq. (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

1. Global and Regional Outlook(continued)

1.4. Global Outlook for Oil (continued)

1.4.3. OPEC Crude Oil Production (continued)



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

Table 3: Selected Crude Oil-producing Countries

Crude oil production	2019		2020			
(million barrels per day)	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
USA	12.19	13.12	11.10	11.00	10.86	10.42
Russia	11.44	11.61	11.50	8.6	10.00	10.18
Saudi Arabia	9.13	9.76	10.06	7.55	8.85	8.98
China	0.46	0.47	4.16	4.1	4.19	4.09
Norway	1.55	2.06	2.04	1.5	1.99	2.13
Global Crude oil Output	**97.30**	**100.28**	**99.90**	**86.29**	**90.71**	**93.12**

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

The **United States** crude oil production was revised down due to lower-than-expected output in the Lower-48 onshore fields. Production fell mainly in the Gulf Coast or Petroleum Administration for Defence District (PADD) 3. The drop was 0.39 mb/d to an average 6.91 mb/d, due to the hurricane-related production outages in the GoM. In Texas, oil output was flat at 4.63 mb/d, while production increased in New Mexico by 57 tb/d to average 1.08 mb/d. In the Midwest, production was down by -24 tb/d m-o-m, mainly through a decline of 23 tb/d in Oklahoma, although oil output rose slightly by 6 tb/d in North Dakota to average 1.22 mb/d. In the Rocky Mountains (PADD 4), oil output in Colorado, home of the Niobrara shale, dropped by 24 tb/d to 0.39mb/d according to the Bureau of Labor Statistics and PESA analysis. (OPEC January 2021 bulletin).
In **Norway** crude oil production has increased at the end of the fourth quarter 2020 supported by rebound of crude oil production at the end of the fourth quarter 2020. Crude oil production increased by 126 tb/d to average 1.61 mb/d in December 2020, according to the Norwegian Petroleum Directorate (NPD). NPD has said that the production figure for crude oil was consistent with forecast at the end of quarter 2020. However, Production in the third quarter of 2020 was below forecast mainly because of strikes and maintenance work in some fields. (See table 3 above).

In **Russia,** preliminary data shows that liquids production has slight increase by 0.04 mb/d to average 10.18 mb/d at the end of the fourth quarter of 2020. Crude oil production in December 2020 averaged 9.28 mb/d, an increase of 0.04 mb/d m-o-m. Russia's condensate output was pegged at 898 tb/d in November (y-t-d average of 838 tb/d). Gazprom has been the big condensate producer in Russia, producing 373 tb/d, y-t-d. It is estimated that NGLs output in December will be at the same level as November according to preliminary data from secondary sources. Annual liquids production in 2020 is forecast to decrease by 1.09 mb/d y-o-y to average 10.35 mb/d. As a result, Russia's annual oil production was revised downwards to average 10.12 mb/d at the end of the year 2020.

1.5. Regional Outlook

1.5.1. East African Community

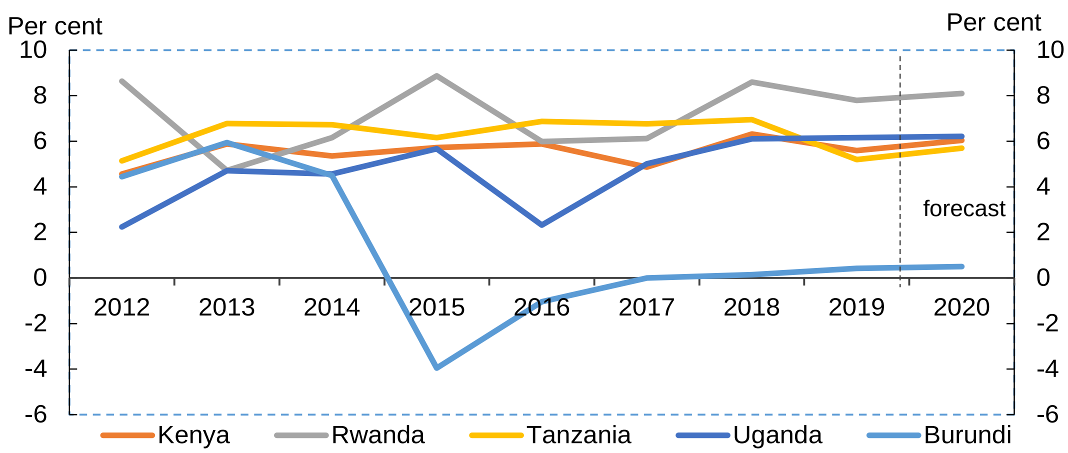
The East African Region, just like another region in the world continued to suffer from the outbreak of the corona virus pandemic at the end of the fourth quarter of 2020. The sectors that are hit hard are the service, education, tourism and manufacturing sectors. Oil exporting countries also suffered due to fall of crude oil prices in the international market further leading to low output growth. However, activities are expected to pick up gradually as countries in the region starts to cautiously reopen, vaccines starts to be rolled out and spread of locust infections starts to fade away. AFDB, January 2021.

In **Tanzania,** Output growth improved slightly at the end of the fourth quarter 2020, driven mainly by construction and manufacturing on the supply side and investments on the demand side. Meanwhile, the fall in imports suggest that domestic demand remained weak. In addition, credit growth picked up pace in the quarter, boosted by the Central Bank's accommodative policy, which have in another way supported domestic demand. In **Ethiopia**, output is projected to grow by 6.1 per cent in 2020, down from 8.4 per cent in 2019, largely because of the COVID–19 pandemic. Growth was led by the services and industry sectors, whereas the hospitability, transport, and communications sectors were adversely affected by the pandemic and the associated containment measures to prevent the spread of the virus in addition, the aftermath of the armed conflict in the country's Tigray region has left the country in dire humanitarian situation, tensions on the external front also remain as a new round of talks with Egypt and Sudan conducted in early November failed to overcome differences over the Nile river dam dispute. Additionally, rising new Covid-19 cases globally will likely hamper the external sector and further weaken foreign demand, thereby dragging on the economy further in the medium run. In **Kenya,** Economic activity will suffer this year at the hands of Covid-19, but is projected to grow strongly next year.

However, a growing public debt burden will put pressure on credit ratings and minimize room for fiscal stimulus: Revenues have been hit by the pandemic and the country might face difficulties meeting its existing debt obligations according to the focus economics journal (January, 2021). In **Rwanda**, economic growth, like the rest of the region, is expected to decelerate in 2020 due to the novel Coronavirus pandemic. The country's external debt is also projected to increase due to trade imbalances. In **Uganda**, economic conditions improved slightly at the end of the fourth quarter of 2020. This following initial contraction in the second quarter of 2020 due to the fallout from the pandemic. Economic activity gained notable momentum in the fourth quarter 2020 supported by growth in exports and imports suggesting that both foreign and domestic demand strengthened in the period amid the further easing of restrictions (See Figure 3 for, Central Bank of Kenya, National Bank of Burundi and the AFDB January 2021 forecasts).

The region continued to be faced by a number of risks including the rising number of Covid 19 cases as well as flooding that is likely to caused severe famine, rising external debts, Persistent current account deficits, state fragility with its adverse implications for security and economic progress are likely going to pose further downside risk to the region's outlook (African Development Bank 2021).

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



Source: IMF World Economic Outlook database (WEO, January 2021) and AfDB March, 2021

Inflation in most of the East African member states has remained stable and below the 8 per cent benchmark for the region at the end of the fourth quarter of 2020. This is supported by low prices of food item during the Covid 19 pandemic.

1.5. Regional Outlook(continued)

1.5.1. East African Community(continued)

Table 4: Inflation Rate for some selected EAC Member States

EAC Member States	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4
Rwanda	3.1	1.6	8.5	9.0	9.0	5.0
Tanzania	3.4	3.8	3.4	3.2	3.1	3.20
Uganda	1.9	3.6	3.0	4.1	4.54	3.56
Kenya	3.83	5.78	5.5	4.59	4.2	5.62
South Sudan	157.3	69.0	40.4	9.8	6.0	58.0

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 has continued to appreciate against the South Sudanese Pound and the Kenyan shilling. The Ugandan shilling has appreciated slightly against the USD at the end of the fourth quarter of 2020 mainly due to recovery of economic activities following the easing of lockdown measure (see table 5 below).

Table 5: Exchange Rates for some selected EAC Member States

Selected EAC	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4
Ksh/USD	103.8	103.55	104.69	106.4	108.41	110.59
Ugx/USD	3,684.24	3,689.49	3,796.40	3,737.9	3,695.10	3,666.50
SSP/USD	157.36	158.66	161.84	163.78	167.94	177.28

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

Currency performance has been weak in the region at the end of the fourth quarter of 2020. This is due to fall in export receipt induced by COVID 19; decline in commodities prices especially crude oil. This is expected to worsen macroeconomic development further in the region.

In **South Sudan**, COVID 19 has added further complication to already existing problems. The country's n foreign currency receipts have fallen as oil prices decline in the international market. Other risks include overdependence on the volatile oil sector, high public debt, weak institutions, and political uncertainty African Development Bank 2020.

1. Domestic Outlook

Overview

The invasion of locust infections, floods, falling prices of crude oil and the effects of COVID 19 have significantly affected economic activities in the South Sudanese economy at the end of the fourth quarter of 2020. Flooding and locust have greatly affected the agriculture sector that employs more than 80 per cent of the South Sudanese population, the fall in oil prices have led to reduce reduced revenue for the government. Other sectors such as service, trade and the health were affected by the outbreak of the COVID 19 pandemic. As a result, output growth is expected to decline to an average of 3.6 per cent at the end of the fourth quarter of 2020.
However, the economy is expected to recover due to implementation of peace agreement, the re-opening of the borders and other economic activities.

1.1. Fiscal Sector

South Sudan fiscal outlook is affected by the impacts of COVID 19 at the end of the fourth quarter of 2020. Oil sector the account for more than 70 per cent of South Sudan revenue is affected due to falling crude oil prices. However, there is positive optimism of economic stability as the government starts implementing fully reform agenda stipulated in the provisions of the peace Agreements. In addition, development of road infrastructures has resumed in the country.

1.1.1. Revenues

Preliminary data shows that government revenue has fall at the end of the fourth quarter of 2020. However, economic outlook is expected to improve supported by easing of lockdown measures in most of the advanced and emerging market economies at the end of the fourth quarter 2020. Government need to sustain peace in the country to enable others sectors of the economy such as agriculture to fully reopen, including return of Internally Displaced persons (IDPs). (See table 6 below showing summary of revenues estimates and outturns from the fiscal budget of 2019/2020 and fiscal year 2020/2021.

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

				Projections
SSP million	Q3 FY 2019/20	Q4 FY 2019/20	Q1 FY 2020/21	Q2 FY 2020/21
Net Oil Revenue		**28,185.97**	**38,980.62**	**33,583.29**
Non-Oil revenue	**9,200.215**	**7,273.11**	**7,619.42**	**7,340.15**
Of which:				
PIT	4,829.31	3,276.13	3,073.78	3,107.49
Sales Tax/VAT	1,000.99	1,061.94	920.57	988.01
Excise	1,639.51	1,462.24	2,504.55	2,072.85
Business Profit Tax	1,303.10	975.36	721.35	727.27
	496.50	497.45	399.18	
Customs				444.53
Other Revenue (fees, licenses)	1.12	-	-	-

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

Table 6 shows that preliminary overall oil revenue amount to SSP 33,583.29 million at the end of the fourth quarter of 2020 (or second quarter of 2020/2021 fiscal year), from SSP **38,980.62** million at the end of the third quarter 2020 (first quarter in fiscal year terms). This shows a preliminary decline compare to outturns of the third's quarter of 2020. Preliminary non-oil revenue has also decrease at the end of the fourth quarterly of 2020. Total of SSP **7,340.15** million was collected by the National Revenue Authority (NRA) in the third quarter of 2020 down from SSP 7,619.42 million in the third quarter of 2020.

1. Domestic Outlook(continued)

1.1.2. Expenditures

Government expenditures are also affected by the effects of COVID 19 shocks that the country is going through at the end of the fourth quarter of 2020. This is because the country rely much on proceeds from the oil sector which is volatile. There is therefore need for policy actions that will reduce the country's over dependence on the oil sector, this may include but not limited to diversification of the south Sudanese economy, promotion of domestic production and investing in social infrastructures. (See figure 4 below showing expenditures for the second quarter of the fiscal year 2020/2021).

Figure 4: Government Expenditure Q2, 2020/2021

SSP billion	Q2 FY 2019/20	Q3 FY 2019/20	Q4 FY 2019/20	Projections Q1 FY 2020/21	Q2 FY 2020/21
Wages and Salaries	20.1	6.67	5.77	5.89	5.40
Use of Goods and Services	33.7	26.02	16.55	8.96	5.71
Transfers	10.2	3.78	3.65	3.66	2.10
Capital	8.2	2.88	0.33	0.27	0.23
Others interests, Grants	1.7	3.97	0.83	0.08	0.10

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

Figure 4 above shows the second quarter government expenditure outturns of the financial year 2020/2021. Note that the budget for the financial 2020/2021 is yet to be tabled in the national parliament. Therefore, the table summarises quarterly changes of government expenditures. It shows that preliminary expenditures for wages and salaries, transfers, budget for the use of goods and services have all decrease at the end of the fourth quarter of 2020. There is need to prioritise the budget of capital expenditure to develop social capital such as water plants, upgrading of roads, agriculture (see figure 4 above).

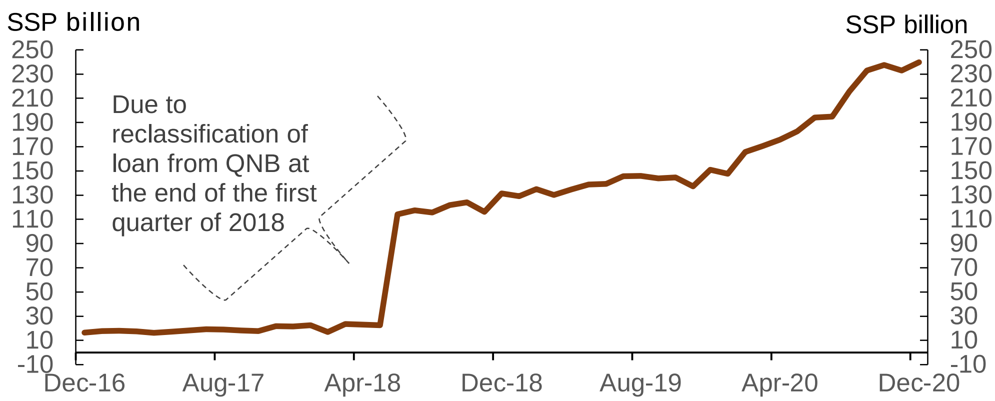
1.1.3. National Debts

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 grown just marginally at the end of the fourth quarter of 2020. This follows the government commitment of zero borrowing from the central bank. It increased to an average of SSP 239.76 billion at the end of the fourth quarter of 2020 from about SSP 232.98 billion at the end of the third quarter of 2020. While government borrowing from financial institutions and private sector has increased slightly at the end of the fourth quarter of 2020, its borrowing from the central bank have decline at the same period. See figure 5 and table 7 below.

Figure 5: Net Credit to the Government



Source: Bank of South Sudan

Table 7: Composition of Net Claim on Central Government

	2019			2020			
	Q2	Q3	Q4	Q1	Q2	Q3	Q4
NCG	**139.36**	**143.95**	**150.87**	**170.38**	**194.14**	**232.98**	**239.76**
CG (BSS)	32.49	34.59	39.81	54.93	76.67	115.95	113.40
CG (ODCs)	108.21	109.35	111.06	115.46	117.48	117.03	126.37
In percentage of quarterly growth							
NCG	***7.10***	***3.29***	***4.81***	***12.94***	***13.94***	***20.01***	***2.91***
CG (BSS)	*12.62*	*6.48*	*15.08*	*37.99*	*39.57*	*51.24*	*-2.21*
CG (ODCs)	*6.85*	*2.32*	*1.56*	*3.96*	*1.75*	*-0.38*	*7.98*

Source: Bank of South Sudan

1.1.5. Foreign Debt

Government of South Sudan foreign debt comprises of multilateral and bilateral loans. The multilateral debts include concessional and non-concessional loans from the World Bank, African Development Bank (AFDB), China Exim Bank, among others, while the bilateral debts comes from Qatar National Bank, and oil companies (in the form of oil advances). There is no updates on the external debt position of South Sudan at the time this report was produced, however, the country's external debt position as at the end of the second quarter of 2020 is about USD 1,418.85 million (about one billion four hundred eighteen million dollars) as shown in table 8 below.

Table 8: South Sudan Outstanding Public Debts

million USD	Original Loan	Disbursed	Undisbursed	Interest charge	Q2 2020 Outstanding
World Bank (IDA)	87.79	78.65	9.14	9.44	78.65
AfDB	28	18	10	-	18
Qatar National Bank	550	550	-	50	600
China Exim Bank	155.9	155.9	-	-	155.9
Oil Related Debts (Advances)	1,520	1,207.67	312.3	28.87	566.3
Total	**2,341.69**	**2,010.22**	**331.44**	**88.31**	**1,418.85**

Source: Ministry of Finance and Planning

The government of South Sudan had significant progress towards meeting its loan repayment agreements especially for oil related loans over the years. As a result, its outstanding debts declined to about USD 1,418.85 million in the second quarter of 2020. Interest charges from the disbursed loans amount to USD 88.31 million at the end of the second quarter of 2020.

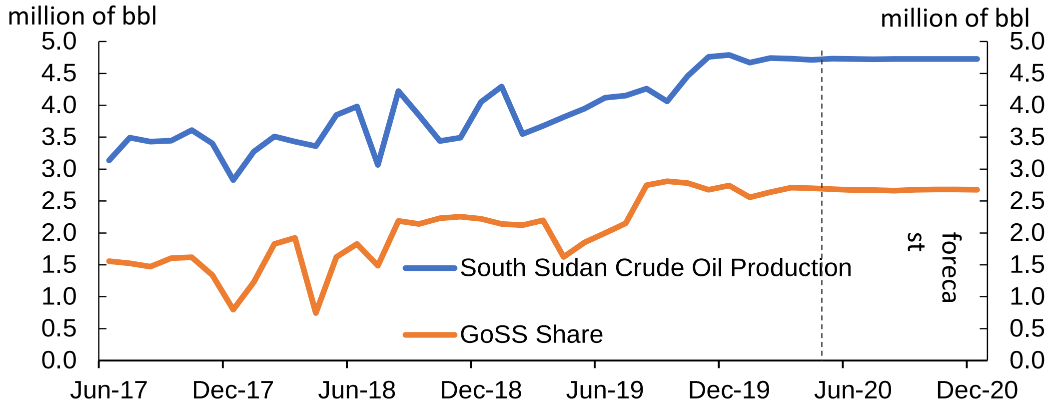
2.1. Outlook for Oil

2.1.2. Oil Production

Oil Production

South Sudan oil production is estimated to average 4.72 million barrels at the end of the fourth quarter of 2020 down from about 4.73 million barrels at the end of the third quarter 2020. The Government of South Sudan share is expected to increase to an average of 2.68 million barrels at the end of the fourth quarter of 2020, up from 2.67 million barrels at the end of the third quarter 2020. It is expected that oil production as well as demand will start to pick up as soon as the industrial sector and manufacturing sectors starts to bounce from the outbreak of Covid 19. (See figure 6 below showing trend of oil production in South Sudan).

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



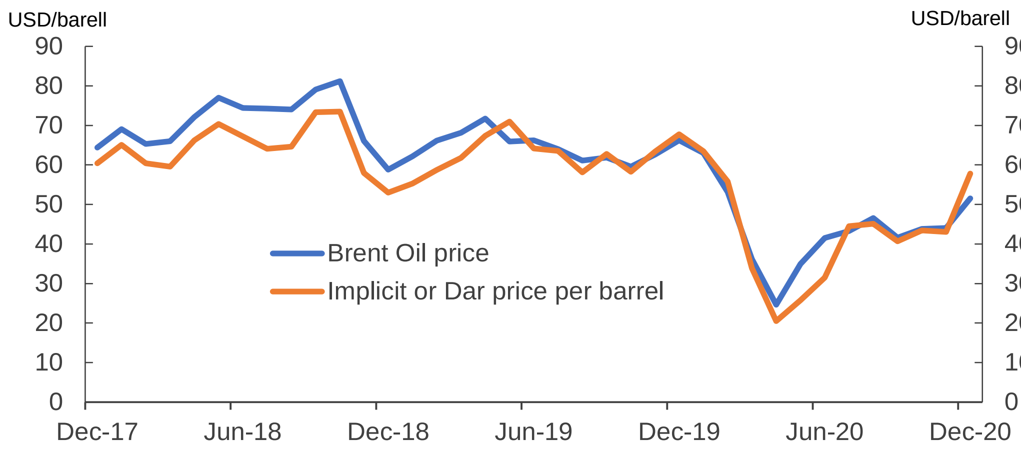
Source: RSS, Ministry of Petroleum and Bank of South Sudan Calculations

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

2.1.3. Crude Oil Prices

The prices of crude oil has started to increase slowly at the international market at the end of the fourth quarter of 2020 as lockdown measures starts to be lifted and activities starts to pick up. The Brent oil price increased to an average of USD 51.5 per barrel at the end of the fourth quarter of 2020 from an average of USD 40 per barrel at the end of the third quarter 2020. (See table 2 and figure 7 below for more developments in crude oil prices in the international market).

Figure 7: Crude Oil Prices (USD)



Source: Ministry of Petroleum and the Bank of South Sudan

2.2. Monetary Sector

Overview

Growth in money supply has slowed at the end of the fourth quarter 2020 due to government's commitment to maintain zero borrowing from the Bank of South Sudan, Net Foreign Assets have started to show signs of improvements and private sector credit has remained strong at the end of the fourth quarter of 2020, while, interest rates has remained stable at the end of the fourth quarter 2020.

The increase in private sector credit is due to the strong demand for building and constructions materials, domestic trade, hotels and restaurant sectors at the end of the fourth quarter of 2020.

2.2.1. Money Supply

The phase of growth of Money supply (M2) has slowed at the end of the fourth quarter 2020. It increased by just 3.7 per cent at the end of the fourth quarter 2020 from SSP 201.04 billion at the end of the third quarter of 2020 to about SSP 208.49 billion in the fourth quarter of 2020. This slight increase was mainly driven by growth in currency outside Depository Corporation and other deposits.

Currency outside Depository Corporations increased from about SSP 75.24 billion at the end of the third quarter 2020 to about SSP 87.73 billion at the end of the fourth quarter 2020, transferable deposits decreased from SSP 116.04 billion at the end of third quarter of 2020 to SSP 110.66 billion at the end of the fourth quarter 2020. Other deposits increased by about 3.52 per cent at the end of the fourth quarter 2020. (See table 9 below on developments in money supply and its components).

Table 9: Money Supply and its Components

SSP billion	2019	2020			
	Q4	Q1	Q2	Q3	Q4
Money Supply	**133.21**	**137.71**	**159.65**	**201.04**	**208.49**
Currency outside depository corporations	49.22	50.58	59.47	75.24	87.73
Transferable deposits	74.67	78.86	91.35	116.04	110.66
Other deposits	9.33	8.27	8.83	9.76	10.10
Money Supply	***3.37***	***3.38***	***15.99***	***25.92***	***3.70***
Currency outside depository corporations	*17.33*	*2.77*	*16.83*	*26.51*	*16.60*
Transferable deposits	*-6.29*	*5.62*	*16.23*	*27.03*	*-4.64*
Other deposits	*28.89*	*-11.41*	*-12.78*	*10.49*	*3.52*

Source: Bank of South Sudan

2.2.1. Net Foreign Asset

Reclassification of items under Net foreign Asset took place during the fourth quarter of 2020. As a result, the Net Foreign Assets (NFA) of the country has decreased to an average of SSP -70.16 billion at the end of the fourth quarter of 2020, down from an average of SSP 56.29 billion at the end of the third quarter 2020. Table 10 below shows Net Foreign Assets quarterly movements and other components over the last few quarters.

Table 10: NFA Components

billions SSP	2019	2020			
	Q4	Q1	Q2	Q3	Q4
Net foreign assets	-70.16	-51.55	-65.43	-59.26	-70.16
Claims on nonresidents	84.98	107.04	89.33	104.51	84.98
Less: Liabilities to nonresidents	155.14	158.58	154.76	163.78	155.14
In percentage (quarterly change)					
Net foreign assets	*-10.53*	*-26.53*	*26.93*	*-9.42*	*18.38*
Claims on nonresidents	*20.13*	*25.95*	*-16.54*	*16.99*	*-18.69*
Less: Liabilities to nonresidents	*4.01*	*2.22*	*-2.41*	*5.82*	*-5.27*

Source: Bank of South Sudan

2.2.2. Monetary Base

The pace of growth in the monetary base has also slowed at the end of the fourth quarter 2020. This is partly due to the government's commitment to maintain zero borrowing from the central bank. It increased by just 2.01 per cent at the end of the fourth quarter 2020 from growth rate of about 25.85 per cent at the end of the third quarter of 2020.

The slight increase is due to growth in currency in circulation from about SSP 82.93 billion at the end of the third quarter of 2020 to about SSP 100.99 billion at the end of the fourth quarter of 2020. Liabilities to ODCs have decreased by 10.38 per cent from growth rate of 23.35 per cent at the end of the third quarter of 2020, liabilities to other sectors have declined by more than 50 per cent from about from about SSP 8.6 billion at the end of the third quarter of 2020 to about SSP 4.24 billion at the end of the fourth quarter of 2020 (See table 11).

Table 11: Monetary Base and its Components

billions SPP	2019	2020			
	Q4	Q1	Q2	Q3	Q4
Monetary base	**131.87**	**133.23**	**148.26**	**187.21**	**190.97**
Currency in circulation	57.94	60.28	67.25	82.93	100.99
Liabilities to ODCs	69.89	65.52	77.03	95.67	85.74
Liabilities to other sectors	4.05	7.42	3.98	8.6	4.24
In Percentage (quarterly change)					
Monetary base	***18.32***	***1.02***	***11.29***	***25.82***	***2.01***
Currency in circulation	*19.42*	*4.05*	*11.56*	*23.31*	*21.78*
Liabilities to ODCs	*16.05*	*-6.25*	*17.57*	*23.35*	*-10.38*
Liabilities to other sectors	*48.77*	*83.23*	*-46.35*	*116.03*	*-50.74*

Source: Bank of South Sudan

2.2.3. Lending and Deposit Interest Rates

Lending rates in the country has remained low at the end of the fourth quarter of 2020 mainly due to the challenges brought by the COVID 19 pandemic. Large 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 0.07 per cent in the fourth quarter of 2020, up from 0.06 per cent at the second quarter of 2020.

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 at an average of 15.16 per cent at the end of the fourth quarters of 2020, up from 13.3 per cent at the end of the third quarter 2020. The financial sector of South Sudan is therefore encouraged to intermediate with themselves to smooth out challenges of liquidity problems in the country (See table 12 above).

Due to the increase in lending rate, the spread between lending and deposits rates also increased considerably from 13.24 per cent in the third quarter of 2020 to 15.09 per cent at the end of the fourth quarter of 2020. This was mainly due to the muted growth on interest rate on deposits which has caused the spread to increase over the quarter as shown in table 12 below.

Table 12: Average Lending and Deposit Interest Rates

In percentage points	**2019**	**2020**			
	Q4	**Q1**	**Q2**	**Q3**	**Q4**
Interest rate on deposit	0.06	0.08	0.06	0.06	0.07
Interest rate on loans	12.70	17.17	16.34	13.30	15.16
Interest rate spread	12.64	17.05	16.28	13.24	15.09

Source: Bank of South Sudan

2.2.4. Developments in Credit to Private Sector

Private sector credit has continued to expand in nominal terms due to the depreciation of the SSP which has caused foreign currency related loans to increase at the end of the fourth quarter of 2020. It increased by about 70 per cent on annual basis at the end of the fourth quarter of 2020, up from 43.3 per cent in the third quarter of 2020.

The increase is mainly driven by an increase in demand for building and constructions materials, real estate, domestic trade, hotels and restaurant sectors. The demand for credit by the agricultural sector has remained low due to in security in most parts of the country and flooding hindering citizens from practising farming. However, activities are expected to pick up as countries speed up vaccination of population to provide immunity against COVID 19. (See table 13 below on the loans to the private sector by economic activity).

2.2.4. Developments in Credit to Private Sector (continued)

Table 13: Private Sector Credit by Economic Activities

	2019	2020			
Sector (million SSP)	Q4	Q1	Q2	Q3	Q4
Agriculture	0.13	0.10	0.09	0.1	0.1
Manufacturing	5.84	4.77	4.47	4.0	3.8
Building and Construction	9.54	16.95	20.90	16.8	17.7
Real Estate	11.83	12.53	10.49	10.2	9.9
Energy and Water	0.66	0.00	0.87	0.0	0.0
Mining and quarrying	0.00	0.00	0.00	0.0	0.0
Domestic Trade, Restaurants & Hotel	49.94	45.71	42.08	48.9	53.4
Foreign Trade	8.26	5.99	7.70	6.4	3.6
Transport and Communication	8.23	4.09	5.04	3.9	3.0
Financial Services	0.02	0.32	0.09	0.1	0.1
Household Services	5.55	9.56	8.26	9.8	8.5
Total	100.00	100.00	100.00	100.0	100.0

Source: Bank of South Sudan

2.3. Real Sector

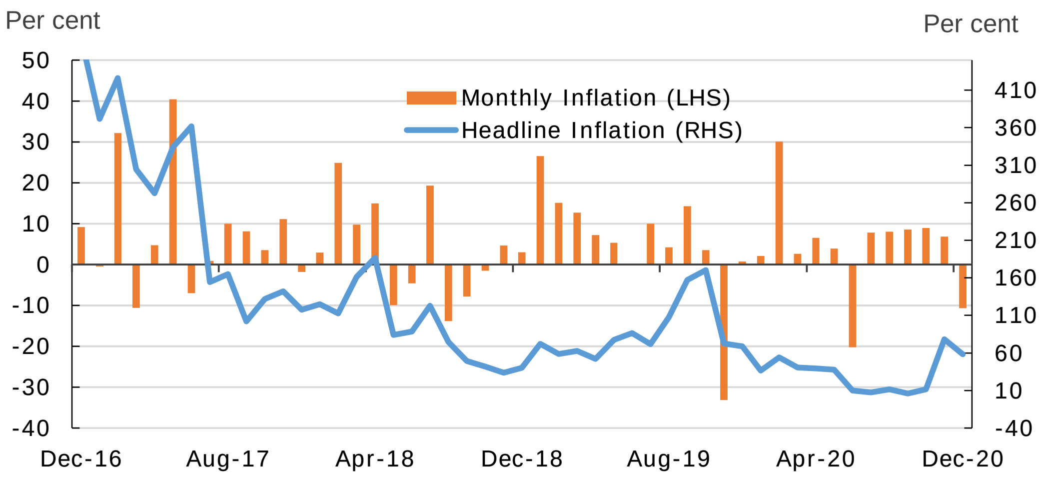
Overview

South Sudan economic activities contracted amidst falling prices of crude oil as the coronavirus pandemic continue to shake the global economy. Flooding that have contributed to displaced thousands of people is weighing negatively on output growth.
However, the government's commitment to implement reform agenda to help stabilize the economy and promote growth is likely to help the economy to rebound quickly. As a result, the real GDP is projected to average about 3.6 per cent at the end of the year 2020.

2.4.1. Inflation Developments

South Sudan inflation has increased at the end of the fourth quarter mainly due to seasonal factors. It increased to an average of 58 per cent in December 2020 from an average of 6 per cent at the end of the third quarter of 2020. Prices of food and non-alcoholic beverages, alcoholic beverages and tobacco, health, restaurants and hotels services all increased during the festive season. (See figure 8 on monthly and annual inflation changes in South Sudan).

Figure 8: Monthly and through-the-year Inflation



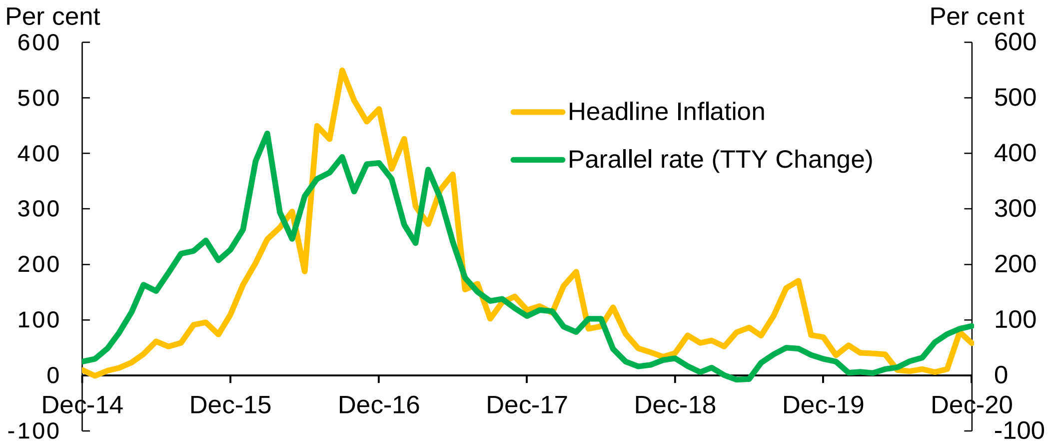
Source: South Sudan National Bureau of Statistics and Bank of South Sudan calculation

Note: June 2011 =100

Food accounts for about 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 still continue to reflect 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 the country.

In addition, restrictions in travels due the COVID 19 have also push up price at the end of the fourth quarter of 2020. (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 prices in the neighboring countries of Uganda, Kenya and Tanzania, apart from Rwanda have remained stable during the COVID 19 pandemic. The Bank of South Sudan needs to continue its occasional intervention in the foreign exchange market to help stabilize prices in the market amidst this situation of limited domestic production (see recent developments in inflation in South Sudan in table 14).

Table 14: South Sudan Quarterly Inflation

	2019	2020			
Consumer Price Index(CPI)	Q4	Q1	Q2	Q3	Q4
Headline	**10,656.52**	**14,524.30**	**12,821.97**	**16210.044**	**16,840.60**
Core	11,226.81	18,831.76	15,199.95	14722.684	20,711.64
Food	10,625.92	12,645.22	11,170.61	17143.146	15,130.02
Inflation (%, eop)					
Headline	***68.99***	***40.42***	***9.75***	***6.00***	***58.03***
Core	*39.84*	*44.32*	*9.10*	*-22.85*	84.48
Food	*105.43*	*23.86*	*-4.36*	*22.66*	42.39
Monthly inflation (headline)	*0.75*	*2.62*	*-20.24*	*8.56*	-10.72

Source: Bank of South Sudan

Headline, core and food inflation all increased at the end of the fourth quarter of 2020, while the monthly inflation has slightly declined at the end of the fourth quarter of 2020 (See table 14).

2.4.2. GDP Performance

South Sudan real GDP for 2019 increased by 11.4 per cent, and a significant contributor is the 12.0 per cent increase in general government activity (contributing 6.0 percentage points to real GDP growth) over this period. Other contributors are household final consumption expenditure (4.9 per cent increase, contributing 3.0 percentage points to real GDP growth) and exports of goods and services (10.0 percent increase, contributing 2.6 percentage points to real GDP growth) according to the National Bureau of Statistics 2020. Table 15 below shows the annual percentage changes of National Accounts Aggregates at the 2009 constant prices.

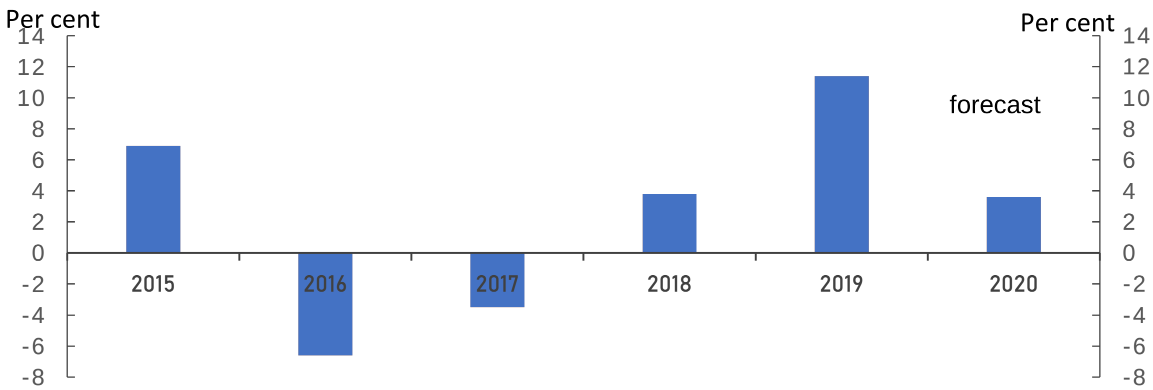
Table 15: Summary of Some Key National Accounts Aggregates

National Accounts Aggregates 2009 constant prices	2015	2016	2017	2018	2019	forecast 2020
Gross Domestic Product	**6.9**	**-6.6**	**-3.5**	**3.8**	**11.4**	**3.6**
Oil sector	-0.4	-4.5	-2.1	1.3	2.3	1.3
Non-oil GDP	7.3	-2.1	-1.4	2.6	9.1	2.3
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 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 narrowed by a deficit of 7.05 per cent in the fourth quarter of 2020. This is brought about by a significant 3.92 per cent drop in the volume of oil; though prices rose by about 6.8 per cent in the same period. Another factor was a decreased by 1.01 per cent in the imports receipts attributed to the second wave of Covid_19 Pandemics.

2.5.1. Current Account Developments

Preliminary data (Prel.) shows that South Sudan's current account balance deficit has widened in the fourth quarter of 2020. This reflects the significant drop in exports bills related to drop in oil volume which is the leading exports commodity with over 90 per cent of total exports of South Sudan's economy (See table 16 and table 17 below for South Sudan import composition).

Table 16: South Sudan Trade Statistics, 2019-2020 (USD millions)

	2019		2020			Prel.
	Q3	Q4	Q1	Q2	Q3	Q4
Total Exports	774.25	740.10	653.04	274.89	352.92	388.12
Total Import	653.64	1,026.41	901.82	803.76	997.77	987.51
Trade Balance	94.15	-302.31	-248.78	-548.87	-644.85	599.39
% change	-84.38	-23.35	-17.74	-120.62	-17.48	7.05

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

	2019		2020			Prel.
	Q3	Q4	Q1	Q2	Q3	Q4
CAB	**-487.62**	**-501.53**	**-304.81**	**-637.53**	**-332.13**	**-282.76**
Trade in goods	93.21	27.94	303.85	-7.33	-185.02	-146.24
Trade in Services	-391.26	-327.40	-306.14	-309.29	-459.83	-453.15
Primary Income	-96.18	-87.75	-98.19	-40.42	-27.13	-38.8
Secondary Income	-93.39	-111.35	-204.32	-199.5	339.86	355.42

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, services, and primary income balances all continued to be in deficit in the fourth quarter of 2020. However, the secondary income balance was in surplus due to estimated grants and donations related to COVID-19 Pandemic.

2.5.2. Exchange Rate Development

The South Sudanese Pound has depreciated significantly at the end of the fourth quarter of 2020 in the parallel market. The depreciation was as high as 20.00 per cent from the third quarter, to the fourth quarter of 2020. This signalled the impact of the COVID_19 Pandemic; another contributing factor could be the inadequate amount of US dollars to supply the market, in addition to speculations.

The South Sudanese Pound has also slightly depreciated in the official market by 5.59 per cent against the USD; from 167.89SSP/1USD at the end of the third quarter to177.28 SSP/1USD at the end of the fourth quarter in 2020. The spread between the parallel and the indicative rate has significantly widened by about 27.16 per cent over the two quarters, that is quarter 3 & quarter 4, 2020 (table 18 below).

Table 18: Exchange Rate Dynamics

Exchange rate	2019					2020
(USD/SSP)	Q3	Q4	Q1	Q2	Q3	Q4
Indicative rate	159.87	160.42	161.84	163.78	167.89	177.28
Parallel rate	317.17	321.50	293.83	334.00	505.83	607.00
Spread	157.30	161.08	131.99	170.22	337.94	429.72
Percentage (Quarterly change)						
Indicative rate	*0.91*	*0.34*	*0.88*	*1.19*	*2.51*	*5.56*
Parallel rate	*9.05*	*1.37*	*-9.42*	*13.67*	*51.45*	*20.00*
Spread	*18.79*	*2.41*	*-22.21*	*28.96*	*98.53*	*27.18*

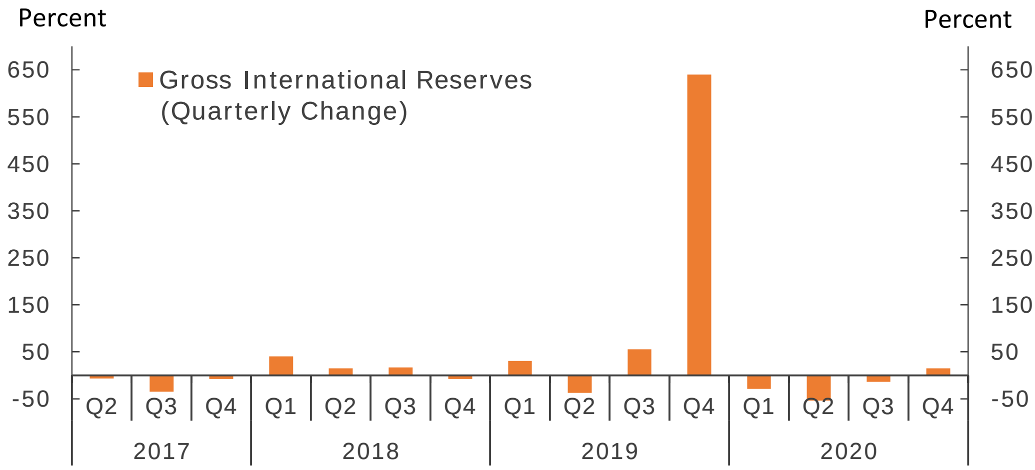
Source: Bank of South Sudan

2.5.3. Gross International Reserve Position

The gross international reserve position of South Sudan comprises of its foreign currency reserves. This includes special 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 South Sudan's foreign reserves position has increased by 15.32 per cent on average in the fourth quarter of 2020; and this has resulted to an increase in the import cover by 18.18 per cent. This represents an increase of 4 days of import cover i.e. from 22 to 26 days of import cover, which is still far below the required three months standard (90 days) of import cover for the stability of the domestic currency.

The table and the figure below show the percentage change in South Sudan's Gross International Reserve Position and the equivalent days of import cover.

Figure 11: 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

	2017	2018	2019	2020
Depository Corporations Survey (all eop)				
Net foreign assets	(72,813.95)	(80,567.14)	(51,982.56)	(70,369.39)
Net domestic assets	142,230.12	185,609.12	185,197.16	212,719.95
Domestic claims	29,882.49	144,446.33	171,647.46	196,037.07
Net claims on government	21,516.65	131,352.81	150,866.65	175,844.62
Central Bank	21,613.60	32,157.29	39,807.73	58,455.69
Commercial banks	(96.95)	99,195.53	111,058.92	117,388.93
Net claims on other sectors	8,365.84	13,093.51	20,780.81	20,192.45
Other items (net)	112,347.63	41,162.79	13,549.69	16,682.88
M1	61,918.74	98,313.44	123,880.58	134,417.60
M2 Broad money	69,416.17	105,041.97	133,214.60	142,350.55
Currency outside Banks (COB)	20,965.61	36,406.03	49,215.53	54,066.95
Deposits (DEP)	48,450.56	68,635.95	83,999.07	88,283.60
COB / DEP (yr avg)	0.43	0.53	0.59	0.61
Reserve requirement	4.20	0.20	0.20	0.20
Excess reserves (experimental)	(110,786.84)	44,399.24	57,710.16	49,320.56
Excess reserves / M2	(1.60)	0.42	0.43	0.35
Central bank (all eop)				
Net foreign assets	(14,260.58)	(15,745.94)	22,283.57	(986.06)
Net domestic assets	(43,991.08)	(39,832.05)	(11,584.96)	4,829.20
Domestic claims	25,106.33	38,531.67	49,003.12	69,020.94
Claims on ODCs	24.10	65.14	539.39	539.47
Net claims on government	21,613.60	32,157.29	39,807.73	58,455.69
Claims on government	28,277.42	38,634.04	46,031.54	60,539.64
Net claims on other sectors	3,468.63	6,309.24	8,655.99	10,025.78
Other items (net)	(69,097.41)	(78,363.71)	(60,588.07)	(64,191.74)
Shares and other equity	(55,854.23)	(63,076.68)	(63,244.44)	(59,324.47)
Monetary Base (BM)	79,943.16	101,149.44	131,874.76	132,226.63
Currency in circulation (CIC)	23,743.38	41,516.67	57,937.58	61,421.66
Liabilities to ODCs (LODC)	53,113.86	56,772.80	69,885.48	63,948.26
Liabilities to Other (LO)	3,085.92	2,859.98	4,051.71	6,856.71
M1 Money Multiplier	0.77	0.97	0.94	1.02
M2 Money Multiplier (M2 / BM) (yr. avg)	0.87	1.04	1.01	1.08
CIC / DEP (yr. avg)	0.49	0.60	0.69	0.70
LODC / DEP (yr. avg)	1.10	0.83	0.83	0.72
LO / DEP (yr. avg)	0.06	0.04	0.05	0.08
Commercial banks (all eop)				
Net foreign assets	(58,553.38)	(64,821.21)	(74,266.13)	(69,383.33)
Net domestic assets	132,401.50	164,611.27	190,926.94	187,313.70
Domestic claims	60,959.39	167,946.93	204,634.93	199,386.40
Claims on central bank	56,159.14	61,967.14	81,451.19	71,830.81
Net claims on government	(96.95)	99,195.53	111,058.92	117,388.93
Claims on government	33.24	100,653.81	114,072.72	118,508.30
Claims on other sectors	4,897.21	6,784.27	12,124.82	10,166.66
Other items (net)	71,442.11	(3,335.66)	(13,708.00)	(12,072.70)
Liabilities	73,848.12	99,790.06	116,660.81	117,930.37
Central bank	1,019.32	1,688.28	1,853.07	1,499.72
Other sectors	72,828.80	98,101.78	11,4807.74	11,6430.65

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 2020

1. INTRODUCTION

The Directors present this annual report together with the audited financial statements for the financial year ended 31 December 2020, 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.

4. CORPORATE GOVERNANCE (CONTINUED)

The Directors at the date of this report and who served since 1 January 2020, 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 2015, except where otherwise stated, are:

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

KEY:
[1]Retired in November 2019
[2]In-office

5. MEETINGS

The Board held 4 meetings during the year ended 31 December 2020, 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 2020 to 31 December 2020:-

		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 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 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 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 Capital Project Committee (ProcurementCommittee) of Board served during the year ended 31 December 2019.

No.	Name	Position	Discipline	Nationality
1	Hon. Johnny Ohisa Domian	Member	Development Finance	South Sudanese
2	Hon. Dr. Tabitha Eliaba Kenyi	Member	PhD in Business Management	South Sudanese
3	Hon. Wani Buyu Dyori	Member	Master's in accounting	South Sudanese

REPORT OF THE DIRECTORS (CONTINUED)

The members of the Risk & Compliance Committee 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

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						
	Number of meetings	**Board**	**BSC**	**HRC**	**FINC**	**CPC**	**AC**	**MPC**
No	**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	
		Nil					Nil	

Key:
Board: Board of Directors
BSC: Banking Supervision Committee
HRC: Human Resource Committee
FINC: Finance Committee
CPC: Capital Project Committee
AC: Audit Committee
MPC: Monetary Policy Committee

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.

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. RESULTS AND DIVIDENDS

During the year, the Bank operations registered a net profit/(loss) of SSP 3,750 million (2019: (SSP 9,117) million). The Bank did not pay any dividends to the Government during the year (2019: Nil).

11. FINANCIAL PERFORMANCE FOR THE YEAR

11.1 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 profit/(loss) of SSP 1,438 million (2019: (SSP 8,936) million). The reported loss is attributable to the loss arising from dealings in foreign currency.

11.2 Financial position

The financial position of the Bank is as set out in the statement of financial position shown on page 42. During the year, total assets of the Bank increased by SSP 72,473 million. The increase in assets is attributed to the increase in advances to government amounting to SSP 92,249 million and net increase of assets held at International Monetary Fund amounting to SSP 923 million. At the same time there was a decrease in cash and cash equivalents by SSP 21,853 million.

On the other hand total liabilities increased by SSP 71,034 million. Major areas of increase include currency in circulation amounting to SSP 41,963 million and deposits from government and financial institutions amounting to SSP 27,391 million. Moreover during the period, there was an increase with respect to liabilities due to International Monetary Fund amounting to SSP 923 million respectively.

12. 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.

13. 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.

13. STRENGTHENING CORPORATE GOVERNANCE(CONTINUED)

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.

14. 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 wiOkay ll 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:

- Continue implementing Short Medium Term and long Expenditure Framework as a multi-year budgeting instrument;
- Continue implementing Balanced Score Card ("BSC") methodology as an instrument for corporate strategy and performance management;
- Continue with the construction of BOSS new office buildings for Headquarters as part of improvement of work environment;
- Continue with the construction of the training institute centre,
- Construct staff club at Juba;
- Construct new staff hostel in Rumbek, Wau and Malakal Branches
- Continue with process improvements initiatives that include MEMO automation, budget processing,
- business analytic tool; Bank of South Sudan Interbank Settlement System (modernization; and
- Acquire and continue maintaining its other existing assets to support its operations.

15. 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:

- The effectiveness and efficiency of operations;
- The safeguarding of the Bank's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- 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 26 of the financial statements:

1. 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:

2. 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.

REPORT OF THE DIRECTORS (CONTINUED)

3. 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.

1. 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.

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.

2. 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.

3. Strategic risk

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 December 2020.

16. 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 2016, these services were provided by BSS Empoyees 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.

(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 2020 the Bank had the following distribution of employees by gender.

Gender	2020	%	2019	%
Male	380	71%	358	70%
Female	155	29%	150	30%
Total	**535**	**100%**	**508**	**100%**

17. 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.

REPORT OF THE DIRECTORS (CONTINUED)

18. SERIOUS PREJUDICIAL MATTERS

During the year ended 31 December 2020, there was no serious prejudicial matters to report (2019: Nil).

19. 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

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 2020

Qualification of Opinion

I audited the accompanying inflation adjusted financial statements of the Bank of South Sudan (the “Bank”) set out on pages 41 to 92 which comprise the inflation adjusted statement of financial position as at 31 December 2020, 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 our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as/or and in the manner required by the Bank of South Sudan Act, 2011.

Basis for Qualified Opinion

A total of SSP 104,456 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 titled 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other Information (continued)

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 intends 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 scepticism 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.
- 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

- 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 2020 the balance of mutilated currency amounted to SSP 902 million (2019: SSP 670 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 2020, the credit accommodations amounting to SSP 129,505 million to the Government and related entities exceeded five percent of the extrapolated gross recurrent revenue of SSP 186,400 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 47,153 million last year to SSP 129,505 million this year ended 31 December 2020.

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 2020

		Inflation Adjusted		Historical Cost	
	Notes	**2020**	**2019**	**2020**	**2019**
		SSP million	**SSP million**	**SSP million**	**SSP million**
Interest income	5	1,246,011	240,669	9,138	2,475
Commission income	6	128,331	123,979	1,096	1,324
Commission expense	7	(58,623)	(28,084)	(484)	(362)
Impairment losses	16(b)	-	(518)	-	(518)
Net interest and commission income		1,315,719	336,046	9,750	2,919
Losses arising from dealings in foreign currencies		(751,646)	(234,750)	(5,203)	(630)
Other operating income		6,586	6,737	49	72
Net operating loss		570,659	108,033	4,596	2,361
Operating expenses					
Personnel expenses	8	(210,997)	(91,764)	(1,651)	(976)
General and administrative expenses	9	(248,558)	(912,489)	(1,262)	(9,930)
Depreciation	19	(672)	(402)	(245)	(175)
Total operating expenses		(460,227)	1,004,655	(3,158)	(11,297)
Monetary (loss)/gain		(102,706)	892,305	-	-
Net loss before tax		7,726	(4,317)	1,438	(8,936)
Income tax expense	24	-	-	-	-
Loss for the year		7,726	(4,317)	1,438	(8,936)
Revaluation gain on property, plant, and equipment	19	-	-	-	-
Total comprehensive income / (loss) for the year		7,726	(4,317)	1,438	(8,936)

BANK OF SOUTH SUDAN

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

		Inflation Adjusted		Historical Cost	
	Notes	2020 SSP million	2019 SSP million	2020 SSP million	2019 SSP million
Assets					
Cash and cash equivalents	11	5,836	27,689	5,836	27,689
Holding of Special Drawing Rights (SDR's)	12	2	74	2	74
Quota of International Monetary Fund (IMF)	12	54,577	53,654	54,577	53,654
Government securities	13	1,917	1,917	1,917	1,917
Advances to the government	14	142,542	50,062	142,542	50,062
Advances to commercial banks	15	-	-	-	-
Other loans and receivables	16	108	840	108	840
Deferred currency cost	17	1,372	1,532	719	793
Property and equipment	19	16,699	8,746	6,984	5,183
Total assets		223,052	144,514	212,685	140,212
Liabilities					
Currency in circulation	20	104,456	62,493	104,456	62,493
Deposits from the government and its agencies	21	25,263	12,768	25,263	12,768
Deposits from banks and financial institutions	22	88,492	73,596	88,492	73,596
Other liabilities	23	469	106	469	106
IMF related liabilities	12	54,577	53,654	54,577	53,654
Allocation of Special Drawing Rights (SDR's)	12	23,387	22,990	23,385	22,990
Total liabilities		296,644	225,607	296,642	225,607
Equity					
Capital account	25	2,526	448	15	15
Revaluation reserve		2,263	2,429	2,277	2,429
General reserve		(76,078)	(83,970)	(86,249)	(87,839)
Total equity and reserves		(73,592)	(81,093)	(83,957)	(85,395)
Total equity and liabilities		223,052	144,514	212,685	140,212

The financial statements on page 41 to 92 were approved and authorised for issue by the Board of Directors on ....28. Dec..........2021 and signed on its behalf by:

GOVERNOR BANK OF SOUTH SUDAN BSS BANK OF SOUTH SUDAN

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

Hon. Daniel Kech Puoc
Deputy Governor for Administration and Finance

STATEMENT OF CHANGES IN EQUITY AND RESERVES
FOR THE YEAR ENDED 31 DECEMBER 2020

Inflation Adjusted

Details	**Capital account SSP million**	**General reserve SSP million**	**Revaluation reserve SSP million**	**Total SSP million**
At 1 January 2019	946	(79,819)	2,595	(76,278)
IAS 29 adjustment (note 26)	(498)	-	-	(498)
Net loss 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)
At 1 January 2020	448	(83,970)	2,429	(81,093)
IAS 29 adjustment (note 26)	260	-	-	260
Net loss for the year	-	7,726	-	7,726
Revaluation gain on property and equipment	-	-	-	-
Transfer of excess depreciation on property and equipment	-	166	(166)	-
	708	(76,078)	2,263	73,107

Historical Cost	**Capital account SSP million**	**General reserve SSP million**	**Revaluation reserve SSP million**	**Total SSP million**
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)
At 1 January 2020	15	(87,839)	2,429	(85,395)
Net profit for the year	-	1,438	-	1,438
Transfer of excess depreciation on property and equipment	-	152	(152)	-
At 31 December 2020	15	(86,249)	2,277	(83,957)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

		Inflation Adjusted		Historical Cost	
	Notes	**2020 SSP million**	**2019 SSP million**	**2020 SSP million**	**2019 SSP million**
Cash flows from operating activities					
Net loss before tax		7,726	(4,317)	1,438	(8,936)
Adjustment for:					
Depreciation	19	672	402	245	175
IFRS 9 Transition adjustment	2	-	-	-	-
Monetary losses	26	(5127)	(3,266)	-	-
Operating profit before working capital		(3,271)	(7,181)	1,683	(8,761)
Changes in working capital					
Increase in advances to the government		(92,480)	(13,969)	(92,480)	(13,969)
(Increase)/Decrease in advances to commercial banks		-	-	-	-
Increase(decrease) in other loans and receivables		733	(52)	733	(52)
Increase in deposits from banks and financial institutions		14,896	14,888	14,896	14,888
Increase/(decrease) in deposits from the government and its agencies		12,495	9,275	12,495	9,275
Decrease/(Increase) in deferred currency costs		159	(916)	(3,165)	(359)
Increase/(Decrease) in other liabilities		362	(616)	362	(616)
Net changes in working capital		(63,835)	8,610	(67,159)	9,167
Cash generated / (utilised) in operations		(61,049)	1,428	(62,237)	406
Cash flows from investing activities					
Purchase of property and equipment	19	(3,235)	(2,507)	(2,047)	(1,485)
Increase in quota of International Monetary Fund (IMF)	12	(923)	(5,459)	(923)	(5,459)
Increase in holding of SDR's	12	72	64	72	64
Cash utilised in investing activities		(4,086)	(7,902)	(2,898)	(6,880)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

		Inflation Adjusted		Historical Cost	
	Notes	**2020**	**2019**	**2020**	**2019**
		SSP million	**SSP million**	**SSP million**	**SSP million**
Cash flows from financing activities					
Currency in circulation	19	41,963	20,804	41,963	20,804
Increase in IMF related liabilities	12	923	5,458	923	5,458
Increase in allocation of SDR's	12	396	2,339	396	2,339
Cash generated from financing activities		43,282	28,601	43,382	28,601
Net increase in cash and cash equivalent		(21,853)	22,127	(21,853)	22,343
Cash and cash equivalents:					
At the beginning of the year		27,689	5,562	27,689	5,562
At the end of the year		5,836	27,689	5,836	27,689

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020*

The following standards have been adopted by the Bank for the first time for the financial year beginning in 1 January 2020:

Standard or amendment	Key requirement
Amendments to IAS 1 and IAS 8	The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information. In particular, the amendments clarify: ▪ that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and ▪ the meaning of 'primary users of general-purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need. ▪ the threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. ▪ The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency The amendment had no impact on the financial statements of the Bank.

EXIM BANK (TANZANIA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 2020 (continued)

Standard or amendment	**Key requirement**
Definition of a Business – Amendments to IFRS 3	The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The amendments will likely result in more acquisitions being accounted for as asset acquisitions. The amendment had no impact on the financial statements of the Bank.
Interest Rate Benchmark Reform – Amendments to IFRS 7, IFRS 9 and IAS 39	The amendments made to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement provide certain reliefs in relation to interest rate benchmark reforms. The reliefs relate to hedge accounting and have the effect that the reforms should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries. The Bank does not have hedging accounting therefore adoption of the amendments did not have an impact to their financial statements.
Revised Conceptual Framework for Financial Reporting	The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include: • increasing the prominence of stewardship in the objective of financial reporting • reinstating prudence as a component of neutrality • defining a reporting entity, which may be a legal entity, or a portion of an entity • revising the definitions of an asset and a liability • removing the probability threshold for recognition and adding guidance on derecognition • adding guidance on different measurement basis, and • stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements. No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework. The revision 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 2020 (Continued)

Standard or amendment	Key requirement	Effective Date
Covid-19-related Rent Concessions – Amendments to IFRS 16	As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted. Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions.	1 June 2020
IFRS 17 - Insurance Contracts	This is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 - Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The Group is still assessing the impact of amendments to IFRS 17.	1 January 2023
Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37	The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.	1 January 2022

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 2020 (Continued)

Standard or amendment	Key requirement	Effective Date
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	The narrow-scope amendments to IAS 1 *Presentation of Financial Statements* clarify that liabilities are classified as either current or non- current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors.*	1 January 2022 [possibly deferred to 1 January 2023]
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	The amendment to IAS 16 *Property, Plant and Equipment* (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.	1 January 2022
Reference to the Conceptual Framework – Amendments to IFRS 3	Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.	1 January 2022

There are no other standards that are not yet effective and that would be expected to have a material impact on the Bank in the current or future reporting periods and on foreseeable future transactions.

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 2020 (Continued)

Standard or amendment	Key requirement	Effective Date
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform — Phase 2	The amendments enable entities to reflect the effects of transitioning from benchmark interest rates, such as interbank offer rates (IBORs), to alternative benchmark interest rates without giving rise to accounting impacts that would not provide useful information to users of financial statements. The amendments affect many entities and in particular those with financial assets, financial liabilities or lease liabilities that are subject to interest rate benchmark reform and those that apply the hedge accounting requirements in IFRS 9 or IAS 39 to hedging relationships that are affected by the reform. The changes relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.	1 January 2021
Annual Improvements to IFRS Standards 2018-2020 Cycle	The following improvements were finalised in May 2020: • *IFRS 9 Financial* Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities. • *IFRS 16 Leases* – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives. • *IFRS 1 First-time Adoption of International Financial Reporting Standards* – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption. • *IAS 41 Agriculture* – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.	1 January 2022

(iii) Early adoption of standards

The Bank did not early-adopt any new or amended standards in the year ended 31 December 2020.

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 2020	10,881	90.13
February 2020	14,153	117.23
March 2020	14,524	120.30
April 2020	15,472	128.14
May 2020	16,075	133.15
June 2020	12,822	106.20
July 2020	13,821	114.48
August 2020	14,932	123.68
September 2020	16,210	134.26
October 2020	17,658	146.25
November 2020	18,863	156.24
December 2020	16,841	139.48

As a result of adopting the standard, the Bank has recorded a monetary (loss)/gain amounting to SSP (102,706) million and (2019 : SSP 892,305million) 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.

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.

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	
	2020	2019	2020	2019
	SSP million	SSP million	SSP million	SSP million
5. INTEREST AND SIMILAR INCOME				
Interest income	1,246,011	240,669	9,138	2,475
6. COMMISSION INCOME				
Commission from foreign transactions	128,331	123,979	1,096	1,324
7. COMMISSION EXPENSES				
Foreign bank charges	25,934	24,655	(484)	318
Other banking charges and commission expenses	32,689	3,429	-	44
	58,623	28,084	(484)	362
8. PERSONNEL EXPENSES				
Salaries	101,042	32,146	790	342
Allowances	97,021	36,210	759	385
Training	12,934	23,408	102	249
	210,997	91,764	1,651	976
9. GENERAL AND ADMINISTRATIVE EXPENSES				
Staff travelling	12,786	10,796	89	108
Power and electricity	29,309	18,958	205	189
Currency and related expenses (note 10)	149,710	105,323	1,047	1,052
Repair and maintenance	18,917	7,733	132	77
Communication	1,164	447	8	5
Director's remuneration	9,373	5,094	66	51
Printing and stationary	6,695	4,951	47	49
Entertainment	1,456	478	10	5
Donations	5,198	2,179	36	22
Library, books, and periodicals	751	555	5	6
Rent and fuel expenses	4,282	3,097	30	31
Posters and public awareness	1,178	987	8	10
Audit fees	3,764	9,444	26	23
Other expenses	3,975	845,275	(447)	8,302
	248,558	1,015,317	1,262	9,930
10. CURRENCY AND RELATED EXPENSES				
Cost of currency issued in circulation	146,564	104,858	1,025	1,047
Currency transportation and insurance	3,146	372	21	4
Other currency expenses		93	-	1
	149,710	105,323	1,046	1,052

11. CASH AND CASH EQUIVALENTS

	Inflation Adjusted		Historical Cost	
	2020 SSP million	2019 SSP million	2020 SSP million	2019 SSP million
Cash in hand	7,689	20,780	7,689	20,780
Balances with foreign banks	(1,927)	6,909	(1,927)	6,909
Investment deposits	74	-	74	-
	5,836	27,689	5,836	27,689

12. INTERNATIONAL MONETARY FUND (IMF) RELATED BALANCES

	2020		2019	
	SDR '000	Equivalent SSP million	SDR '000	Equivalent SSP million
Assets				
Holdings of SDR's	8	2	339	74
Quota in IMF	246,001	54,577	246,001	53,654
	246,009	54,579	246,340	53,728
Liabilities				
IMF Account No.1	6	1	6	1
IMF Account No.2	-	-	-	-
IMF Securities Account	4,821	1,051	4,821	1,051
CVA Account	241,174	52,602	241,174	52,602
IMF related liabilities	246,001	53,654	246,001	53,654
Allocation of SDR's	105,406	22,990	105,406	22,990

13. GOVERNMENT SECURITIES

	2020 SSP million	2019 SSP million	2020 SSP million	2019 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	
	2020 SSP million	**2019 SSP million**	**2020 SSP million**	**2019 SSP million**
Advances to the government	129,505	47,153	129,505	47,153
Interest receivable from advances to the government	13,044	2,916	13,044	2,916
Interest receivable from government securities	-	-	-	-
Less: ECL Provision	(7)	(7)	(7)	(7)
	142,542	50,062	142,542	50,062

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	
	2020 SSP million	**2019 SSP million**	**2020 SSP million**	**2019 SSP million**
Advances to domestic banks	-	533	-	533
Less: ECL Provision	-	(533)	-	(533)
	-	-	-	-

16. OTHER LOANS AND RECEIVABLES

	Inflation Adjusted		Historical Cost	
	2020 SSP million	**2019 SSP million**	**2020 SSP million**	**2019 SSP million**
Loans and advances to staff	53	44	53	44
Other receivables	55	840	55	840
Less: ECL Provision	(0)	(44)	(0)	(44)
	108	840	108	840

16(b) Movement in expected credit losses:

	Inflation Adjusted 2020	Inflation Adjusted 2019	Historical Cost 2020	Historical Cost 2019
As at 1 January	585	-	585	-
IFRS 9 transition adjustment (Note 2)	-	67	-	67
Change in expected credit losses during the year	-	518	-	518
Advances to government	-	-	-	-
Advances to commercial banks	-	474	-	474
Other loans and receivables	-	44	-	44
As at 31 December	585	585	585	585

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 2020, the movement on deferred currency cost balance was as follows:

	Inflation Adjusted		Historical Cost	
	2020 SSP million	2019 SSP million	2020 SSP million	2019 SSP million
Balance at the beginning of the year	1,308	615	793	434
Add: Cost of currency received during the year	2,083	2,723	973	1,411
Less: Cost of currency issued in circulation	(2,243)	(2,030)	(1,047)	(1,052)
	1,148	**1,308**	**719**	**793**

18. INTANGIBLE ASSETS

	2020 SSP million	2019 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 01 January 2019	2,476	83	240	73	209	930	4,011
Additions	1,708	57	166	51	144	642	2,768
Revaluation gain	833	23	25	157	409	1,060	2,507
At 31 December 2019	5,017	163	431	281	762	2,632	9,286
At 31 January 2020	5,017	163	431	281	762	2,632	9,286
Inflation adjustment	2,912	95	250	163	442	1,527	5,390
Additions	627	27	3	146	217	2,215	3,235
At 31 December 2020	8,556	285	684	590	1,421	6,374	17,911
DEPRECIATION							
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)
At 01 January 2020	(91)	(50)	(134)	(71)	(194)	-	(540)
Charge for the year	(75)	(56)	(137)	(118)	(284)	-	(402)
At 31 December 2020	(166)	(106)	(271)	(189)	(478)	-	(1,210)
NET BOOK VALUE							
At 31 December 2020	8,390	179	413	401	943	6,374	16,699
At 31 December 2019	4,926	113	297	210	568	2,632	8,746

19. PROPERTY AND EQUIPMENT-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 01 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
At 31 January 2020	2,969	97	255	166	451	1,558	5,496
Additions	397	17	2	93	137	1,402	2,047
At 31 December 2020	3,366	114	257	259	588	2,960	7,542
DEPRECIATION							
At 01 January 2019	(16)	(17)	(48)	(15)	(42)	-	(138)
Charge for the year	(18)	(18)	(51)	(21)	(68)	-	(175)
At 31 December 2019	(34)	(35)	(99)	(36)	(110)	-	(313)
At 01 January 2020	(34)	(35)	(99)	(36)	(110)	-	(313)
Charge for the year	(20)	(22)	(51)	(41)	(111)	-	(245)
At 31 December 2020	(54)	(57)	(150)	(77)	(221)	-	(558)
NET BOOK VALUE							
At 31 December 2020	3,312	57	107	182	367	2,959	6,985
At 31 December 2019	2,935	62	156	130	341	1,557	5,183

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. CURRENCY IN CIRCULATION

	Inflation Adjusted		Historical Cost	
	2020	2019	2020	2019
	SSP million	SSP million	SSP million	SSP million
Total printed currency	85,054	45,554	85,054	45,554
Currency printed during the year	104,410	39,500	104,410	39,500
Bank notes ex-mint (unissued)	(83,760)	(21,313)	(83,760)	(21,313)
	105,704	63,741	105,704	63,741
Bank notes and coins at the vault of the bank	(928)	(1,106)	(928)	(1,106)
Currency destroyed	(258)	(142)	(258)	(142)
Currency in circulation	104,518	62,493	104,518	62,493

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	
	2020	2019	2020	2019
	SSP million	SSP million	SSP million	SSP million
Ministry of Finance and Economic Planning	20,599	9,894	20,599	9,894
Other Government institutions	4,664	2,874	4,664	2,874
Total deposits from the Government and its agencies	25,263	12,768	25,263	12,768
Total advances to the Government (note 14)	(142,542)	(50,062)	(142,542)	(50,062)
Net advance to the Government	(117,279)	37,294	(117,279)	37,294

22. DEPOSITS FROM BANKS AND FINANCIAL INSTITUTIONS

	Inflation Adjusted		Historical Cost	
	2020	2019	2020	2019
	SSP million	SSP million	SSP million	SSP million
Current accounts	62,884	51,834	62,884	51,834
Cash statutory reserves	25,608	21,763	25,608	21,763
	88,492	73,597	88,492	73,597

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	
	2020 SSP million	2019 SSP million	2020 SSP million	2019 SSP million
Sundry payables	468	107	468	107
Deferred current cost accrual	-	-	-	-
	468	107	468	107

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	
	2020 SSP million	2019 SSP million	2020	2019
Authorised and paid up capital	448	946	15	15
Allocation from the general reserve account	-	-	-	-
IAS 29 adjustment	260	(498)	-	-
	708	448	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 652 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 2020 and 31 December 2019 are presented in the table below:

Credit exposures	2020 SSP million	%	2019 SSP million	%
Cash and cash equivalents (excluding cash in hand)	5,836	2.841%	6,968	6.1%
Holding of Special Drawing Rights (SDR's)	2	0.001%	74	0.1%
Quota of International Monetary Fund (IMF)	54,577	26.564 %	53,654	47.1%
Government securities	1,917	0.933%	1,917	1.7%
Advances to the Government	142,542	69.379 %	50,062	43.9%
Advances to commercial banks	474	0.231%	474	0.4%
Other loans and receivables	107	0.052%	840	0.7%
	205,455	100%	113,989	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.

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 2020	**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)	-	-	-	5,836	5,836
Holding of Special Drawing Rights (SDR's)	-	-	-	2	2
Quota of International Monetary Fund (IMF)	-	-	-	54,577	54,577
Government securities	1,917	-	-	-	1,917
Advances to the Government	142,549	-	-	-	142,549
Advances to commercial banks	-	-	533	-	533
Other loans and receivables	108	-	-	-	108
Gross carrying amount	144,574	-	533	60,415	205,522
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	144,567	-	474	60,415	205,456

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 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	-	-	-	-	-
Other loans and receivables	885	-	-	-	885
Gross carrying amount	52,871	-	-	60,696	113,567
Less: ECL allowance					
Government securities	-	-	-	-	-
Advance to government	(7)	-	-	-	(7)
Advances to commercial banks	-	-	(59)	-	(59)
Other loans and receivables	(45)	-	-	-	-
Total ECL provision	(52)		(59)	-	(66)
Net financial assets	52,819		(59)	(60,696)	(113,501)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. RISK MANAGEMENT (CONTINUED)

26.1 Financial risks (Continued)

(a) Credit risk (continued)

Credit quality per external credit rating agencies

Description	2020 Balance	2020 Share (%)	2019 Balance	2019 Share (%)
Cash and cash equivalents (excluding cash in hand)				
NR	5,836	2.841%	6,968	6%
Balances with IMF-NR				
Holding of Special Drawing Rights (SDR's)	2	0.001%	74	0.1%
Quota of International Monetary Fund (IMF)	54,577	26.564%	53,654	47%
Government securities				
NR	1,917	0.933%	1,917	2%
Loans and Advances to the Government				
NR	142,542	69.379%	50,062	44%
Advances to commercial banks				
NR	474	0.231%	474	0.4%
Other loans and receivables				
NR	107	0.052%	840	0.7%
Total	205,455	100%	113,989	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 2020	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)	-	-	-	(1,853)	-	-	(1,855)
Holding of Special Drawing Rights (SDR's)	-	2	-	-	-	-	2
Quota of International Monetary Fund (IMF)	-	54,577	-	-	-	-	54,632
Government securities	-	-	-	-	1,917	-	1,919
Advances to the Government	-	-	-	-	142,542	-	142,684
Advances to commercial banks	-	-	474	-	-	-	474
Other loans and receivables	-	-	-	-	-	107	107
Total	-	54,579	474	(1,853)	144,459	107	197,963

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 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)	-	-	-	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)

Geographical analysis of concentrations of assets and liabilities of the Bank as at 31 December 2020 is as follows:

31 December 2020	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)	34	5,547	18	1,369	-	6,975
Holding of Special Drawing Rights (SDR's)	-	2	-	-	-	2
Quota of International Monetary Fund (IMF)	-	54,577	-	-	-	54,632
Government securities	1,917	-	-	-	-	1,919
Advances to the Government	142,542	-	-	-	-	142,684
Advances to commercial banks	474	-	-	-	-	474
Other loans and receivables	107	-	-	-	-	107
Total	145,074	60,126	18	1,369	-	206,793

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 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)	6,968	5,547	18	1,369	-	13,902
Holding of Special Drawing Rights (SDR's)	74	74	-	-	-	148
Quota of International Monetary Fund (IMF)	53,654	53,654	-	-	-	107,308
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	113,989	59,275	18	1,369	-	174,651

(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 2020					
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	81,417	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	73,597	-	-	-	73,597
Other liabilities	107	-	-	-	107
IMF related liabilities	53,654	-	-	-	53,654
Allocation of Special Drawing Rights (SDR's)	22,990	-	-	-	22,990
Total liabilities	225,609	-	-	-	225,609
Net liquidity gap	(144,192)	51,376	-	1,917	(90,899)

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 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	81,417	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	73,597	-	-	-	73,597
Other liabilities	107	-	-	-	107
IMF related liabilities	53,654	-	-	-	53,654
Allocation of Special Drawing Rights (SDR's)	22,990	-	-	-	22,990
Total liabilities	225,609	-	-	-	225,607
Net liquidity gap	(144,192)	51,376	-	1,917	(90,898)

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	-	-	-	-	5,836	5,836
Holding of Special Drawing Rights (SDR's)	-	-	-	-	2	2
Quota of International Monetary Fund (IMF)	-	-	-	-	54,577	54,577
Government securities	-	-	-	1,917	-	1,917
Advances to the Government	-	142,542	-	-	-	142,684
Advances to commercial banks	-	474	-	-	-	474
Other loans and receivables	-	108	-	-	-	108
Total	-	143,124	-	-	60,415	205,599
Financial liabilities						
Currency in circulation	-	-	-	-	104,456	104,456
Deposits from the Government and its agencies	-	-	-	-	25,263	25,263
Deposits from banks and financial institutions	-	-	-	-	468	468
Other liabilities	-	-	-	-	54,577	54,577
IMF related liabilities	-	-	-	-	23,385	23,385
Allocation of Special Drawing Rights (SDR's)	-	-	-	-		
Total liabilities	-	-	-	-	208,150	208,150

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 2019						
Financial assets						
Cash and bank balances						
Holding of Special Drawing Rights (SDR's)	-	-	-	-	27,689	27,689
Quota of International Monetary Fund (IMF)	-	-	-	-	74	74
Government securities	-	-	-	-	53,654	53,654
Advances to the Government	-	-	-	1,917	-	1,917
Advances to commercial banks	-	50,062	-	-	-	50,062
Other loans and receivables	-	474	-	-	-	474
	-	840	-	-	-	840
Total	-	51,376	-	1,917	81,417	134,710
Financial liabilities						
Currency in circulation						
Due to the Government and its agencies	-	-	-	-	-	-
Due to banks and financial institutions	-	-	-	-	62,493	62,493
Other liabilities	-	-	-	-	12,768	12,768
IMF related liabilities	-	-	-	-	107	107
Allocation of Special Drawing Rights (SDR's)	-	-	-	-	53,654	53,654
	-	-	-	-	22,990	22,990
Total	-	-	-	-	152,012	152,012

BANK OF SOUTH SUDAN

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 2020 and 31 December 2019 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: -

	SSP SSP million	USD SSP million	GBP SSP million	EURO SSP million	UGX SSP million	SDR SSP million	Total SSP million
31 December 2020							
Financial assets							
Cash and bank balances	5,408	3,836	1,099	3,138	30	-	13,511
Holding of Special Drawing Rights (SDR's)	-	-	-	-	-	2	2
Quota of International Monetary Fund (IMF)	-	-	-	-	-	54,577	54,577
Government securities	1,917	-	-	-	-	-	1,917
Advances to the Government	142,542	-	-	-	-	-	142,542
Loans and advances to banks	474	-	-	-	-	-	474
Other loans and receivables	108	-	-	-	-	-	108
Total	150,448	3,836	1,099	3,138	30	54,579	213,131
Financial liabilities							
Currency in circulation	104,456	-	-	-	-	-	104,456
Deposits from Government and its agencies	7,844	12,334	-	42	-	-	20,220
Deposits from banks and financial institutions	51,319	197	-	-	-	-	51,516
Other liabilities	468	-	-	-	-		468
IMF related liabilities		-	-	-	-	54,577	54,577
Allocation of Special Drawing Rights (SDR's)						23,385	23,385
Total	164,087	12,531	1,009	42	-	77,963	254,622
Net exposure	13,638	8,695	-	3,096	-	23,383	(41,491)

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	3,226	3	344	-	-	66,066
Deposits from Government and its agencies	2,874	45,008	418	1,167	-	-	49,467
Deposits from banks and financial institutions	26,914	-	-	-	-	-	26,914
Other liabilities	108	-	-	-	-	-	53,762
IMF related liabilities	-	-	-	-	-	53,654	22,990
Allocation of Special Drawing Rights (SDR's)	-	-	-	-	-	22,990	219,199
Total	92,389	48,234	421	1,511	-	76,644	219,199
Net exposure	(33,688)	(27,414)	(219)	(269)	18	(22,916)	(84,488)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 2020 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 2020				
Assets				
Cash and cash equivalents	-	5,836	-	5,836
Holding of Special Drawing Rights (SDR's)	-	2	-	2
Quota of International Monetary Fund (IMF)	-	54,577	-	54,577
Government securities	-	1,917	-	1,917
Advances to the Government	-	142,542	-	142,542
Advances to commercial banks		474	-	474
Other loans and receivables	-	108	-	108
	-	205,456	-	205,456
Liabilities				
Currency in circulation	-	104,456	-	104,456
Deposits from Government and its agencies	-	25,263	-	25,263
Deposits from banks and financial institutions	-	88,492	-	88,492
Other liabilities	-	468	-	468
IMF related liabilities	-	54,577	-	54,577
Allocation of Special Drawing Rights (SDR's)	-	23,385	-	23,385
Total liabilities	-	296,641	-	296,641

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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	-	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	-	788	-	788
Total assets	-	92,693	-	92,693
Liabilities	-	41,689	-	41,689
Currency in circulation	-	3,493	-	3,493
Deposits from Government and its agencies	-	58,708	-	58,708
Deposits from banks and financial institutions	-	722	-	722
Other liabilities	-	48,196	-	48,196
IMF related liabilities	-	20,651	-	20,651
Allocation of Special Drawing Rights (SDR's)	-	173,459	-	173,459
Total liabilities	-	296,642	-	296,642

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.

30. OUTSTANDING COMMITMENTS

CAPITAL COMMITMENTS

As at 31 December 2020, the Bank's capital commitments in respect of, Property and Equipment, Intangible Assets and major capital projects aggregated to SSP 198,184 million (2019: SSP 68,235 million). The major capital expenditure commitments item is as reflected herewith below:

	31 December 2020 SSP million	31 December 2019 SSP million
Data Centre and Fence Project in HQ- Juba	198,184	68,235

30. OUTSTANDING COMMITMENTS (CONTINUED)

CAPITAL COMMITMENTS (CONTINUED)

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 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 2020 amounted to SSP 627. million (2019: SSP 549 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.

		2020	2019
		SSP million	**SSP million**
i	**Loans to Senior Management (i.e. Governor, Deputy Governors and Directors)**		
	At start of the year	549	22
	Loans granted during the year	791	540
	Loans repaid during the year	(713)	(13)
	Balance end of the year	627	549
ii	**Emoluments to Senior Management Personnel (Governor, Deputy Governors and Directors)**		
	Salaries, allowances, and benefits	28	26

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 2020, the number of key management personnel was 7 (2019:7).

(b) Directors' remunerations

During the year ended 31 December 2020, emoluments paid to the members of the Board amounted to SSP 28 million (2019: SSP 26 million). These emoluments include benefits of Non - Executive Directors. Non-Executive Directors are not entitled to loans and advances.

(c) Government of the Republic of South Sudan

Transactions entered into with the Government include:

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31. RELATED PARTY DISCLOSURES (CONTINUED)

(c) Government of the Republic of South Sudan (continued)

Balances due from the government of Republic of South Sudan

	2020 SSP million	2019 SSP million
Government securities (note 12)	1,917	1,917
Advances to the Government (note 13)	142,542	47,153
	142,542	49,070

Balances due to the government of Republic of South Sudan

	2020 SSP million	2019 SSP million
Deposits from Ministry of Finance and Economic Planning (note 20)	20,599	9,894
Deposits from other Government institutions	4,664	2,874
	25,263	12,768

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.