



**Deloitte**



# **REPORTS OF THE AUDITOR GENERAL & THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**



**ANNUAL REPORT  
&  
FINANCIAL STATEMENT  
FOR THE YEAR ENDED  
31 DECEMBER 2016**

**31 DECEMBER 2016**



## **BANK OF SOUTH SUDAN**

# **REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

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## BANK OF SOUTH SUDAN

### GOVERNOR'S FOREWORD

The Annual Report is published in accordance with Section 74 read together with Section 75 of the Bank of South Sudan Act 2011. The Report provides a summary of the operations and audited financial statements of the Bank for the year ended December 31, 2016. The Report also covers the Bank's key functions and responsibilities and outlines the accountability framework for its performance.

These functions and responsibilities can be grouped into nine broad categories, namely:

- ❖ Conduct of monetary policy;
- ❖ Maintenance of financial stability;
- ❖ Implementation of the exchange rate policy;
- ❖ The design and issuance of currency;
- ❖ Foreign exchange reserves management;
- ❖ Regulation and supervision of banks; oversight of the payments systems;
- ❖ Provision of banking and settlement services to Government, commercial banks and selected public institutions;
- ❖ Economic research;
- ❖ Policy advice to Government; and production and publication of balance of payments, financial and monetary statistics.

The Annual Report contains a review of recent economic developments in the South Sudan economy and the 'Bank Governance and Functions in Pursuit of Price and Financial Stability'.

This narrative explains the role of Banks of South Sudan in the economy, with regard to their institutional structure, mandates and objectives. Banks of South Sudan contributes to the maintenance of macroeconomic stability and attainment of sustainable economic growth, through the price and financial stability role commonly assigned to them. The performance of Banks of South Sudan hinges on good governance and the extent to which their roles are aligned with the nation's long-term economic policy goals.

The Bank of South Sudan's functions have evolved, as well as its policy performance. The strategic plan concludes with a forward-looking tone by exploring the likely impact of digital transformation, distributed ledger technologies, financial technologies and similar innovations on the future of Bank of South Sudan, including mandate, functions and tools.

The Bank successfully implemented the 2016 work programme and, in general, achieved its policy objectives for the year, notwithstanding challenges in the domestic and external environment, dominated by uncertainty and downside risks to economic growth. Global economic activity was modest in 2016, notwithstanding expansionary monetary and fiscal policies of particular concern is the relatively high levels of unemployment, which, according to the labour force survey results reports the growth prospects and outlook faced further near-term downside risks emanating from the 2016 war crises. Domestic inflation was up the Bank's medium-term objective range for most of 2016.

It was lowest in sometimes back, reflecting base effects associated with the increase in administered prices, in particular, fuel prices, public transport fares and water and food commodities in 2015 devaluation has given increases in 2016 price quotes.

These developments provided scope statutory report on the operations and Financial Statements of the Bank, 2016.

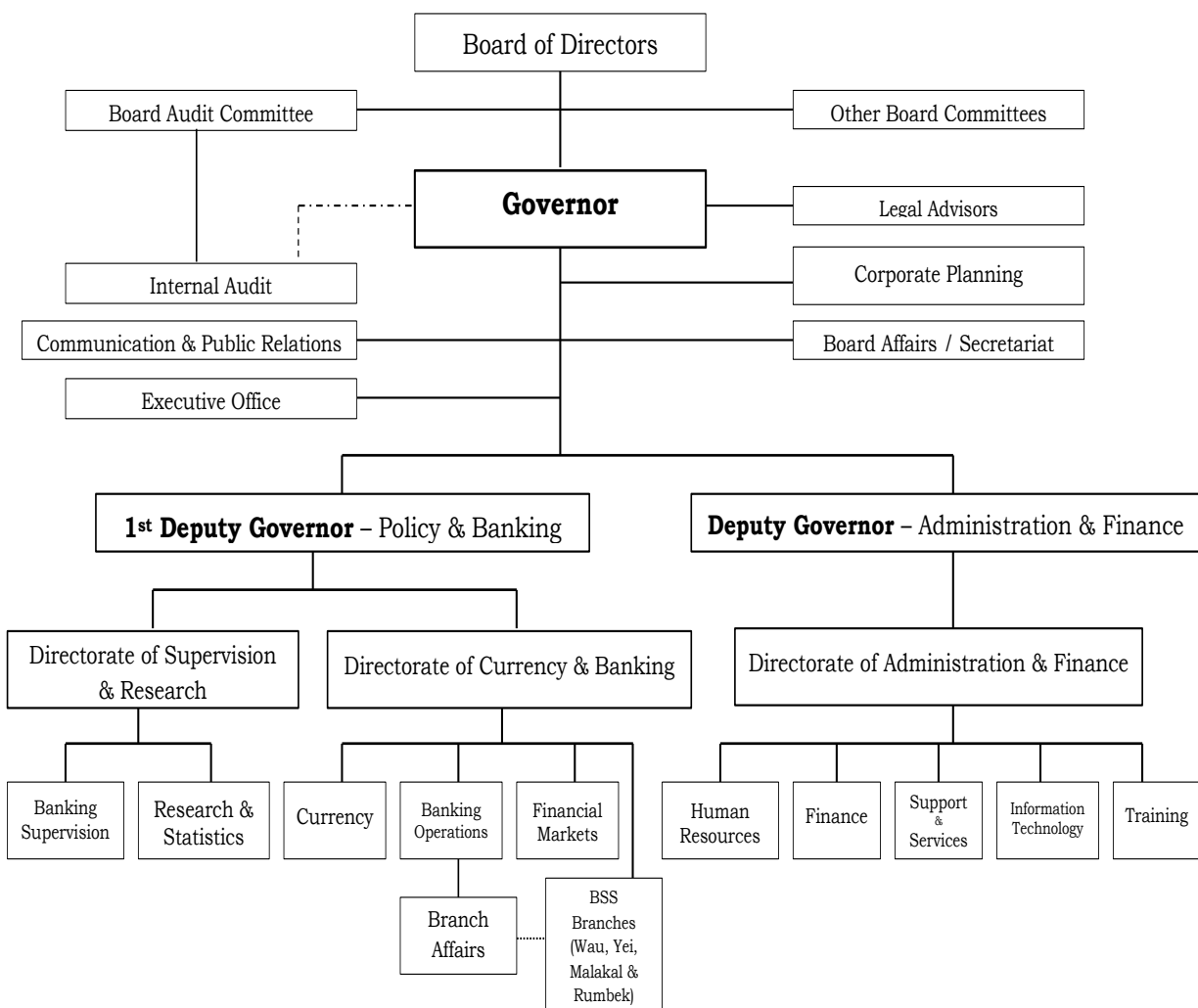
Hon. Dier Tong Ngor  
Governor  
Bank of South Sudan





## BANK OF SOUTH SUDAN

### ORGANIZATIONAL STRUCTURE OF BANK OF SOUTH SUDAN





## BANK OF SOUTH SUDAN

### BOARD OF DIRECTORS



Seated (L-R) : **HON. JOHNNY OHISA DAMIAN** (1<sup>st</sup> Deputy Governor & Deputy Chairman)  
**HON. DIER TONG NGOR**, (Governor and Chairman),  
**HON. DANIEL KECH PUOC & HON. JOHN MACIEK ACUOTH**

Standing (L-R) : **HON. DR. TABITHA ELIABA KENYI**  
**HON. WEITUY LUONG BABOUTH**,  
**HON. PROF. NYIEL GORDON KUOL**  
**HON. WANI BUYU DYORI**  
**HON. DR. ADIL ATANASIO**



## BANK OF SOUTH SUDAN

### BOARD OF DIRECTORS



Hon. Dier Tong Ngor  
Governor, Chairman



Hon. Johnny Ohisa Damian  
1<sup>st</sup> Deputy Governor



Hon. Daniel Kech Puoc  
2<sup>nd</sup> Deputy Governor



Hon. Dr. Adil Atanasio Surur  
Member of the Board



Hon. John Maciek Acuoth  
Member of the Board



Hon. Prof. Nyiel Gordon Kuol  
Member of the Board



Hon. Dr. Tabitha Eliaba Kenyi  
Member of the Board



Hon. Wani Buyu Dyori  
Member of the Board



Hon. Weituy Luony Babouth  
Member of the Board



Mr. Chol Atem Diing  
Secretary



## BANK OF SOUTH SUDAN

### TOP & SENIOR MANAGEMENT



Hon. Dier Tong Ngor  
Governor



Hon. Johnny Ohisa Damian  
1<sup>st</sup> Deputy Governor-Policy & Banking



Hon. Daniel Kech Puoc  
2<sup>nd</sup> Deputy Governor-Administration &  
Finance



Moses Makur Deng  
Director General for Supervision &  
Research



Yeni Samuel Costa  
Director General for Currency &  
Banking Operation



Samuel Yanga Mikaya  
Director General for Administration & Finance



Abugo Charles Joseph Abate  
Director of Supervision & Statistics



Bedpiny Tipo Kur  
Director of Currency Department



Awad Balingo Donglia  
Director of Finance





## BANK OF SOUTH SUDAN

### TOP & SENIOR MANAGEMENT (CONTINUE)



Daniel Gwagwe Lomuja  
Director for Training Centre



David Manyoun Nak  
Director of Human Resource



Deng Aru Bol  
Director of Banking Operations



Dr. Majok Kuol Mading  
Director of Corporate Planning



Gan Samuel Bwogo  
Director of Support & Services



James Luba Samuel  
Director of Information Technology



John Bullen Andrago  
Director for Yei Branch



Majok Nikodemo Arou  
Director of Communication & Public  
Relationship



Marial Mabeny Bawuor  
Director of Financial Markets



Ronan Dak Amum  
Director Malakal Branch



Deng NgorThuom  
Director for Rumbek Currency Centre



Tong Akec Deng  
Director Wau Branch



Dongolia Balingo Dongolia  
Acting Director of Banking Supervision



## **BANK OF SOUTH SUDAN**

### **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



## **BANK OF SOUTH SUDAN**

### **BANK OF SOUTH SUDAN ANNUAL REPORT**

In light of developments domestically and globally, and their potential to significantly affect the functions and mandates of central banks, the Bank established a Monitoring Strategy in 2016. The Bank recognizes the need to create awareness around developments and to assess their impact on the operations of the Bank, with a view to inform the response of the Bank in terms of realignment of functions and mandates, resource requirements and relationships within and outside the Bank. Thus, the Bank also participated in relevant regional and international forums, among others, convened by the African Development Bank (ADB), Committee of Central Bank Governors meetings in EAC, International Monetary Fund, World Bank, Financial Stability Board Regional Consultative Group and the Macroeconomic and Financial Management East Africa Community (EAC), Monetary Affairs Committee Meetings (MAC).

In general, the Bank of South Sudan was successful in discharging its mandate. In that regard, the management and staff of the Bank owe a debt of gratitude to the Board for the guidance and support in implementing the 2016 work programme.

The Governor implements Board decisions and submits the Annual Report on the operations and financial performance, including the audited financial statements of the Bank, to the Minister of Finance and Economic Planning within three months (not later than end April) following the end of the financial year, as stipulated in the Bank of South Sudan Act 2011.

In turn, the Minister presents the Annual Report to Parliament within 30 days, following receipt of the Report. Furthermore, the Governor submits the Banking Supervision Annual Report to the Minister by the end of December each year.

The Governor is the Chairperson of the Board of Directors. The Governor represents the Bank at relevant local, regional and international fora, and is Bank of South Sudan's representative on the non-executive Board of Governors of the International Monetary Fund (IMF). The Governor chairs the Board meeting, Bank's Investment, Budget and Finance, Training, Monetary Policy, Currency Design, Regulatory Policy Committees as well as the Planning Forum.

#### **Executive Committee**

The Executive Committee comprises of the Governor, Deputy Governors, Four Director Generals, and Legal Advisors. The Committee has the collective responsibility for advising the Governor on day-to-day administration,

including policy formulation, risk and financial management, as well as overall governance of the Bank. It meets twice in a month to monitor, coordinate and review the implementation of the Bank's work programme, as well as other developments in the Bank.

#### **Directorates and Departments**

The Bank has three directorates and ten departments, five of which fulfil the Bank's core mandates, while the other five departments provide auxiliary support and corporate services. The Research and Financial Stability Department undertakes macroeconomic forecasting and policy review in support of the Bank's conduct of monetary policy and implementation of the exchange rate policy. The department also conducts macro prudential assessments and facilitates coordination with other relevant external entities to ensure financial stability and, in general, macroeconomic stability.

In this regard, the department undertakes data collection, research and macroeconomic analysis, monitors the financial sector and evaluates emerging risks and other developments emanating from the macroeconomic environment. In addition, the Department is responsible for the content of the Bank's publications, namely, the Annual Report; monthly South Sudan Financial Statistics; Research Bulletin; Monetary Policy Statement (MPS); Monetary Policy Reports (MPR) and the Business Expectations Survey (BES).

The Banking Supervision Department licenses, regulates and supervises commercial banks and other financial institutions that fall under the Bank's regulatory and supervisory ambit; it also publishes the Banking Supervision Annual Report. The Department is also responsible for prudential supervision, including investigating unauthorized and illegal deposit-taking activities, improper use of banking names, as well as inappropriate market conduct of financial institutions under its purview, with a view to ensuring fair treatment of customers.

The Financial Markets Department manages foreign exchange reserves, carries out foreign exchange dealing and implements monetary policy through the conduct of open market operations. The Department also conducts other money and capital market activities which is not yet in full action as required by the Department, which include issuance of government bonds and treasury bills.



## BANK OF SOUTH SUDAN

### Directorates and Departments (continued)

The management of currency (SSP banknotes and coin) and provision of banking services to the Government, commercial banks and selected institutions is carried out by the Banking Operations and Currency Department, while oversight and regulation of payments and settlement transactions is carried out by the Banking Operations and Treasury Department.

The Finance Department is responsible for accounting and reporting on the Bank's financial activities, including production of monthly and annual financial statements of the Bank, as stipulated in the Bank of South Sudan Act 2011 in accordance with International Financial Reporting Standards (IFRS). The department also coordinates the daily routine payments for the clients and the staff.

The Human Resources Department is responsible for staff recruitment, training, remuneration and welfare, while the Information and Communications Technology Department ensures that the Bank's information technology systems and infrastructure are robust and effective in meeting the needs of the Bank.

The Chief Policy Coordinator (CPC), who reports directly to the Governor, is responsible for Strategic Planning.

The Support Services Department has responsibility for ensuring the safety and security of Bank staff, information and property, including the safety, health and environmental function and ensuring all services in the Bank are carried out smoothly.

The Internal Audit Department ensures that the Bank's operations are sound and comply with established financial and operational controls as well as governance structures in line with the Bank of South Sudan Act, Audit Committee Charter and international best practice. Its activities are enshrined in the Internal Audit Charter.

The Corporate, Communication, Public Relations and Legal Affairs Sections that provide support and contribute towards the achievement of the Bank's mandates and roles with respect to legal, communication, library, public education or awareness and external relations. The Legal Affairs Section is responsible for all matters of a legal nature, including legislation review, interpretation of laws, litigation, contracts and compliance-related matters. The Secretariat Division serves the Board and provides mail registry, minutes of Board meetings and protocol services. The Communications and Information Services Division coordinates communications activities

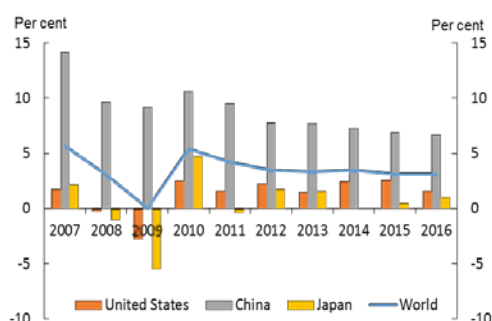
in relation to media and effective transmission of information relating to the Bank's mandate, policies and practices to stakeholders.

The Division also coordinates the Bank's Public Education or Civic Awareness Programme and related policies to promote financial and economic literacy and improve the public's understanding of the Bank's role in the economic development of the country. This ensures an overall positive image of the Bank. The Division is, furthermore, responsible for the Library and records management. Other support services are undertaken through the specialized activities of the Procurement and Property Management Division, which undertakes facilities management, physical developments, and procurement (including coordination of the tendering process).

### Global Economic Outlook

The macroeconomic developments in the world have been shaped by the outcome of the Brexit referendum and the change of administration (election) in the United States, which implied a substantial challenge in economic, political and institutional uncertainty especially in the West. But prospects differ across countries and regions, with emerging Asia in general and India in particular showing robust growth while sub-Saharan Africa experiencing sharp slowdown as oil exporting countries are going through structural adjustment. As a result, the world GDP growth rate declined to average of 3.1 percent, which was a drop of 0.3 percent from 2015 World Economic Outlook (WEO, April 2017). However, the world GDP growth rate is projected to pick up at an average 3.5 percent for 2017. The Figure 1 below indicated the selected three advanced economies compared to an average trend of global GDP growth rate over the ten years.

Figure 1: Global GDP Growth Rate



Source: IMF World Economic Outlook database (WEO 2017)





## BANK OF SOUTH SUDAN

### Global Outlook (continued)

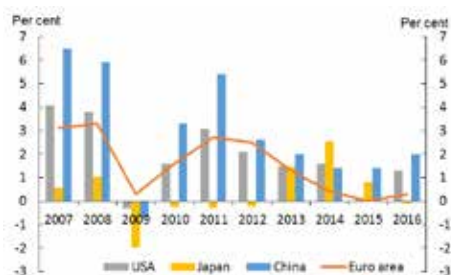
The U.S. economy lost momentum over the past few quarters, and the expectation of a pickup in the second quarter of 2016 has not been realized, as a result the IMF has revised GDP growth downward to average 1.6 in the fourth quarter of 2016, representing a downward revision of about 0.8 per cent (WEO update, January 2017).

The Chinese economy is going through rebalancing (shifting of investments to productive portfolios) and it's also affected by the spillover of weak performance in other countries especially USA, the Euro area and the structural adjustment in oil exporting countries. In spite of that, the China's annual GDP growth rate slightly declined from 6.9 percent to 6.7 per cent in fourth quarter of 2016 (Figure 1).

Euro Area, there are substantial challenges in economic, political and institutional uncertainty with negative macroeconomic consequences following the outcome of the Brexit. In addition, international low oil prices in the oil producing countries has contributed to decline in GDP growth rate by 0.3 percent to an average of 1.7 percent in fourth quarter of 2016 down from 2.0 per cent in the previous year (WEO, April 2017).

Inflation, the advance and emerging economies such as USA, Euro Area, and China have experienced slight inflation increase of 1.3 percent, 0.2 percent, and 2.0 percent respectively; with exception of Japan among the advance economies facing a deflation (-0.1 percent) in the fourth quarter of 2016 (WEO, April 2017). The figure 2 illustrates annual inflation in some selected countries and the Euro Area.

Figure 2: Annual Inflation Rate for Euro Area and Some Selected Countries



Source: IMF World Economic Outlook database (WEO report, April 2017)

Inflation is also picking up in the Euro area, but more slowly and from a lower level, to 0.2 per cent in the fourth quarter of 2016 compared to about zero percent in 2015. The inflation increases is to remain gradual going forward, with inflation remaining below the European Central Bank's target through 2021 according to the IMF.

### Risks to the Global Outlook

The political changes in the U.S. and the U.K. vote to leave the European Union (Brexit) have brought to the fore issues related to labor mobility and migration, global trade integration, cross-border regulation and looming questions regarding possible follow-up referenda in other EU economies, restructuring in oil producing countries, weak demand-weak investments in other oil producing countries and the realignment in China with its possible spillover.

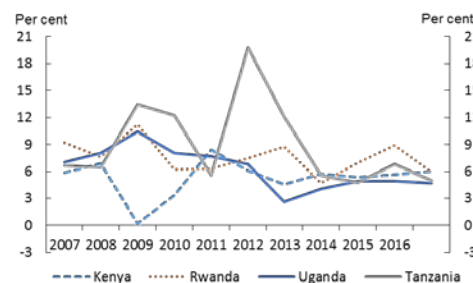
A range of additional factors continue to influence the global outlook in various regions—for example, the drought in east and Southern Africa; civil war and domestic conflict in parts of the Middle East and Africa; the unfolding migrant situation in Jordan, Lebanon, Turkey, Uganda, Kenya and Europe; multiple acts of terror worldwide; and the spread of the Zika virus in Latin America and the Caribbean, the Southern United States, and Southeast Asia. Each of these factors inflicts both immeasurable humanitarian and direct economic costs.

Recurrent civil conflicts that spread to other regions and a worsening public health crisis could collectively take a large toll on market sentiments, with negative repercussions for demand and economic activity.

### East African Community (EAC)

The GDP growth rates of some major trading partners of South Sudan such as Uganda and Kenya are quite stable. Uganda, Rwanda and Tanzania have decreased in their respective GDP growth rate as showing in Figure 3.

Figure 3: GDP Growth Rate for Selected EAC Member Countries



Source: IMF World Economic Outlook database (WEO report, April 2017)

South Sudan depends on imports especially from its neighbors in the East African Community. A change in prices level in any of the EAC trading partners' affects prices in South Sudan as the impact is transmitted through the import of goods and services. Price levels in Rwanda, Tanzania, Uganda and Kenya have been relatively stable towards the



## BANK OF SOUTH SUDAN

end of the fourth quarter 2016. However, some neighboring countries like Sudan, experienced price volatility mainly due to the floating of the exchange rate in early November 2016. The Ugandan shilling is also likely to depreciate due to the continued demand for US dollars for infrastructure development, strife in South Sudan and the volatile global financial markets. Stability is also observed in the exchange rates of most of the East African member countries.

### Risks to the Global Outlook (continued)

Table 1: Quarterly Inflation Rate for Selected EAC Members Countries

	2015			2016	
	Q4	Q1	Q2	Q3	Q4
Rwanda	4.50	4.60	5.50	5.80	6.40
Tanzania	6.80	5.40	5.50	4.50	5.20
Uganda	8.73	6.23	5.90	4.20	5.50
Kenya	6.58	6.88	6.46	6.50	6.47
South Sudan	109.86	245.22	195.7	503.20	479.73

Source: National Bank of Rwanda Bank of Tanzania Bank of Uganda Central Bank of Kenya, Bank of South Sudan  
Note: Figures are annual end of period for each quarter.

### Risks to the Outlook of the East African Countries

The perceived risks to member countries of the East African Community mainly emanate from the external economic environment which remains volatile. The recent Brexit has created uncertainty in the global economy, which could heighten volatility in the global financial markets. This coupled with the fragility of South Sudan could exert upward pressure on the exchange rates of some member countries. The current account deficit is likely to widen further in the face of continued weakness in commodity prices, higher import content of government expenditures and the expected decline in exports to some member countries especially South Sudan.

### Outlook for Oil

#### World Oil Price

Global oil prices have risen slightly but the actual annualized average stood at USD 39.86 lower than the expected average of around USD 55 at the end of the year 2016. Prices were lifted by declining US oil inventory levels and discussions to bring forward market rebalancing. The Dar Blend price which is the vital benchmark for South Sudan has increased to about USD 30 per barrel in the fourth quarter 2016 from around USD 18 per barrel in the first quarter of 2016 (Table 2)

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

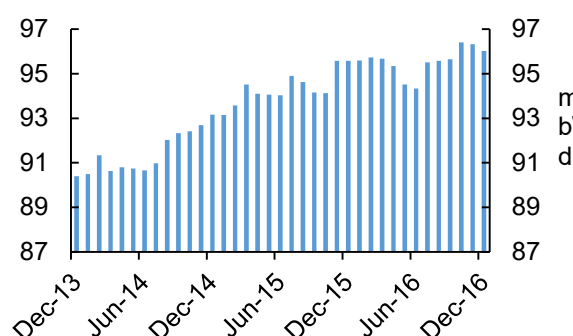
	Q3	Q4	Change Q4/Q3	Annual Av.	
				2015	2016
Brent Price	40.3	39.86	-3.3	52.69	39.86
Dar Blend	29.86	29.86	0.0	44.42	29.11

Discount	10.44	10.0	-0.44	8.26	10.75
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Source: Bank of South Sudan, WEO report, April 2017 and OPEC January 2017 month-on-month database

The global oil supply has decreased to an average of 95.6 mb/d at the end of the year 2016 according to OPEC's refer to figure 4. The main reasons for the decline was due to the recent agreement between OPEC and non-OPEC member countries to cut down production by about 2 mb/d to stabilize market. Other reasons include reduced investment in the US and bad weather in China that led to reduced production.

Figure 4: Global Crude Oil Production



Source: International Energy Agency (IEA) and OPEC Quarterly Bulletin January 2017

Note: Data based on secondary source

### United States of America

Total US oil production in 2016 was on average 13.6 mb/d, representing an upward revision as compared to the third quarter 2016. Despite the OPEC and non-OPEC deal to cut production, domestic oil production is now expected to fall more slowly than previously anticipated due to the recent increase in rig counts and well completions (Figure 5).

### Russia

Russian oil output increased at the end of the year 2016 to average 11.22 mb/d. Official data showed crude oil output increased by 90 tb/d in October 2016, to average 10.59 mb/d, while NGL production was steady at 0.795 mb/d. As a result, Russia's oil production is about three times the growth seen between October 2014 and October 2015. Oil production in Russia is increasing through the addition of new production coming from the Vostochno-Messoyakhskeye (East Messoyakh) field, Russia's northernmost onshore field, harboring recoverable crude oil and gas condensate reserves of 2.49 billion barrels.

The Rosneft had launch the Suzunskoye field in October 2016 as part of the Vankor cluster of fields and the Lukoil also started up its 30 tb/d Pyakyakhinskoye field on 25 October all



## BANK OF SOUTH SUDAN

contributing to the increase of Russia's oil output (Figure 5).

### Saudi Arabia

Saudi Arabia is still the world's largest holder of proved crude oil reserves and was the largest exporter of total petroleum liquids in 2013. Saudi Arabia was the world's second-largest petroleum liquids producer behind the United States and was the world's second-largest crude oil producer behind Russia in 2013.

The IEA reported that Saudi Arabia's crude oil production may decline to average 10.32 mb/d in December 2016 (Figure 5). Industry surveys project that crude oil production in Saudi Arabia could decline further in the first quarter of 2017 following the recent deal to stabilize global market for crude oil.

### China

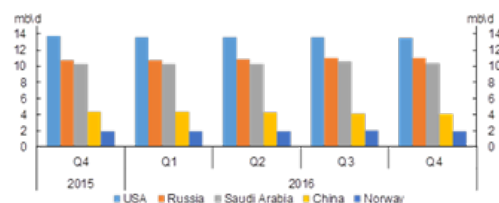
China's oil supply in 2016 has contracted by 0.31 mb/d from the previous year to average 4.08 mb/d. Chinese crude oil output increased in December 2016 by 40 tb/d to average 4.05 mb/d following month-on-month increase of 130tb/d in November 2016. China National Offshore Operating Corporation (CNOOC) started production from the Enping 18-1 oilfield in the South China Sea. Currently, three wells are online producing around 2tb/d. However, despite that China's oil output is declining mainly attributed to hefty spending cuts in 2016 by major Chinese oil companies CNPC, Sinopec and CNOOC (Figure 5).

### Norway

Norway's oil supply has increased at an average of 2.0 mb/d at the end of the year 2016. Oil

production in September 2016 was about 11 per cent below the year-ago level and 4 per cent below the forecast issued by the Norwegian Petroleum Directorate (NPD). The main reason for this huge drop is that several fields were closed for maintenance, although production from Goliat started again on 27 September 2016. The NPD has granted consent for production startup on the Ivar Aasen field in the North Sea. The operator, AkerBP, has scheduled the startup for December 2016. Despite this development, Norwegian oil supply is likely to contract by 10 tb/d in 2017 according to OPEC.

Figure 5: Crude Oil Production, USA, Russia, Saudi Arabia, China and Norway.



Source: International Energy Agency (IEA) and OPEC Monthly Bulletin January 2017



## BANK OF SOUTH SUDAN

### Domestic Outlook

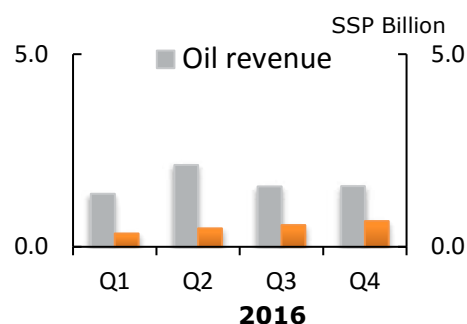
#### Overview

The ongoing conflict and climatic changes (drought, floods) have adversely affected economic activities causing a serious decline in national output. As a result, famine is being experienced in some parts of the country. The national dialogue initiative recently declared by the president is expected to bring calm in the country and restoration of the vital subsistence farming.

#### Fiscal Outlook

##### Revenue

The Republic of South Sudan generates over 80 per cent of its revenues from oil. The exported 4.87 million barrels of crude oil in quarter four government collected SSP 17.17 billion in total revenue (SSP 1.7 billion in non-oil and SSP 15.31 billion in oil revenue) in the fourth quarter 2016. This represents a modest increase in total revenue from the third quarter 2016.



Source: MoFP and Bank of South Sudan estimates

This represents a modest increase in total revenue from the third quarter of 2016.

The government also supplied 2.3 million barrels of crude oil to Sudan in lieu of oil processing fee, Transportation fee, transit fee and TFA in this quarter.

#### Expenditure

The government expenditures composed of mainly salaries, operations, transfers to the states, capital and others as shown in Figure 6 below.

**Figure 6: Quarterly Expenditure**



**Figure 6: Quarterly Revenue Performance**

Source: MoFP and Bank of South Sudan estimates





## BANK OF SOUTH SUDAN

### Monetary Sector

#### Overview

Despite the significant reduction in monetization of the economy, the accumulated unpaid arrears and widening of the fiscal deficit has led to an increase in money supply and rising inflation in the country. The annual net credit to the Central Government has increased by more than 20 per cent from SSP 13.58 billion in the fourth quarter 2015 to around SSP 16.38 billion in the fourth quarter 2016.

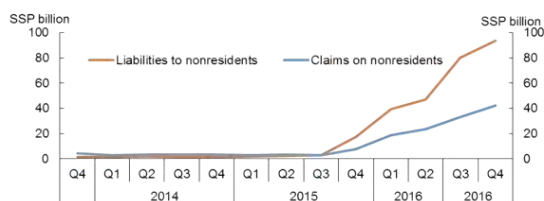
#### Money Supply

The money supply (M2) has increased from SSP 34.22 billion in the third quarter 2016 to SSP 41.42 billion in the fourth quarter 2016 (representing around 21.05 per cent increase). This increase largely reflects the continued growth in domestic credit to the Central Government.

#### Net Foreign Assets

Net Foreign Assets (NFA) at the end of the third quarter was negative SSP 47.31 billion while the fourth quarter 2016 was negative SSP 51.70 billion. The liabilities to non-residents have exceeded the assets claim on non-residents, which resulted in the fall of NFA. The Liabilities to non-residents had increased by more than 16.92 per cent (from SSP 80.18 billion in the third quarter 2016 to SSP 93.75 billion in the fourth quarter 2016). Therefore, the Net Foreign Assets (Figure 7) shows the four years quarterly movement of NFA components; claims on non-residents and liabilities to non-residents from second quarter 2013 to fourth quarter 2016.

Figure 7: NFA Components



Source: Bank of South Sudan

#### National Debt

The national debt consists of domestic and foreign borrowings by the Central Government, but figures for foreign debts are not available. Over the fourth quarter 2016, the domestic component of national debt (net claims on Central Government) has increased by 0.35 per cent from SSP 16.32 billion in the third quarter 2016 to SSP 16.38 billion in the fourth quarter 2016. Figure 8 illustrates the trend of net credit to government over the seven years.

Figure 8: Net Credit to the Government



Source: Bank of South Sudan

#### Monetary Base

The monetary base (high powered money) consists of currency in circulation (currency held by the public and cash in the vaults), commercial bank's reserves and the deposits of other sectors with the Bank of South Sudan. The monetary base has increased by 18.36 percent in the fourth quarter of 2016. The growth in the monetary base comprised of 31.42 per cent growth in currency in circulation and 15.01 percent increase in liabilities, meanwhile the liabilities to other sectors has increased by 17.79 percent.

#### Lending and Deposit Interest Rate

There is a very big gap between the interest rate charged by South Sudan's depository corporations on the loans provided to the private sector, and the interest rate paid on deposits. The average interest rate on deposits has decreased from 1.46 per cent in the third quarter 2016 to 1.08 per cent in the fourth quarter 2016. And the average interest rate on the banks loans to its clients has decreased from 11.85 per cent in the third quarter 2016 to 9.98 per cent in the fourth quarter 2016. The average interest rate spread between lending and deposits interest rates has also decreased from 10.40 per cent in the third quarter 2016 to 8.90 per cent in the fourth quarter 2016. The overall change of interest rates from third quarter 2016 to fourth quarter 2016 was due to weak economic activities that decreased both deposit and lending interest rates as shown in the next page in table 3.

Table 3: Average Lending and Deposit Interest Rates

In percentage points	2016		
	Q3	Q4	Change Q4-Q3
Interest rate on deposit	1.46	1.08	-0.38
Interest rate on loans	11.85	9.98	-1.87
Interest rate spread	10.40	8.90	-1.5

Source: Bank of South Sudan

#### Credit to the Private Sector

South Sudan's private sector obtains some loans from the financial sector; but the total value of loans was very small compared to the total deposits in banking system. The private sector loans from the banking sector has slightly shrunk from SSP 3.72 billion in the third quarter 2016 to SSP 3.37 billion in the



## BANK OF SOUTH SUDAN

fourth quarter 2016, which was about 8.67 per cent of the deposits in other depository corporations.

Figure 9 shows the recipients of loans to the private sector by sectors of economic activity.

Figure 9: ODCs Loans to the Private Sector per Economic Activities 2016



Source: Bank of South Sudan

### Prices and Output

#### Overview

South Sudan GDP is forecasted to have gradually increased by around 11 per cent in 2016 after a limited recovery of around 2 per cent in 2015. Meanwhile, inflation is now among the highest in the world, and is the highest in the short history of South Sudan.

#### Inflation Developments

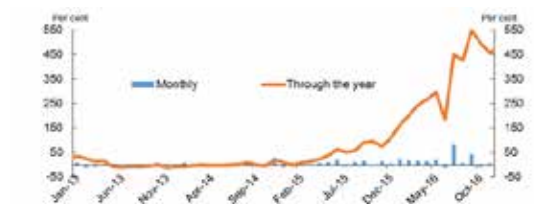
The South Sudan National Bureau of Statistics collects data on the prices of goods and services across the country through the Consumer Price Index (CPI) focusing on the three regional capitals of Juba, Malakal and Wau. Data from Malakal have not been collected since November 2013 because of the conflict.

The Bank of South Sudan relies on the National Bureau of Statistics releases of month-on-month and through-the-year official inflation releases for its macroeconomic analysis. The Bank of South Sudan also forecasts inflation one month ahead, using the parallel exchange rate and food price data from neighboring countries.

Inflation in South Sudan has been accelerating since the beginning of 2015. This reflects the strong growth in the money supply and the depreciation of the South Sudanese Pound on the parallel exchange market which made imports very expensive.

Inflation accelerated sharply from 425.65 per cent in the third quarter 2016 to over 479.73 per cent in the fourth quarter of 2016. Figure 10 represents the month-on-month and the annual inflation changes in South Sudan.

Figure 10: Monthly and through-the-year Inflation



Source: South Sudan National Bureau of Statistics and Bank of South Sudan calculation  
Note: June 2011 = 100

Food inflation plays a major role in determining the overall inflation outlook in South Sudan because food accounts for about 70 per cent of the overall Consumer Price Index. Most of the food items consumed in South Sudan are imported from East African countries, so food inflation reflects the combination of the depreciation of the exchange rate. Uganda is the South Sudan's largest trading partner. Any increase in food prices in Uganda usually impacts on South Sudanese food prices with a short lag. Figure 11 below illustrates the effect of the exchange rate on inflation in South Sudan.

Figure 11: Annual Inflation and the Parallel Exchange Rate



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

Food price growth in neighboring countries has been moderate, so the increase in inflation in South Sudan can be attributed partly to monetization of the ever-growing fiscal deficit and the consequent increase in the money supply and the undeveloped domestic production capacity. As the value of the currency fell against the Ugandan Shilling on the parallel market, the price of food in South Sudan increases. This completes the link between the monetization of the deficit and increasing prices in South Sudan. If the Government continues to fund the deficit by expanding the money supply, prices will continue to get higher.

#### GDP Performance

South Sudan computes its GDP on an annual basis. The mandate to prepare and produce annual GDP growth rates lies with the South Sudan's National Bureau of Statistics.

GDP measures the value of all final goods and services produced in a country over a given period. Nominal GDP is measured at current prices and Real GDP is deflated at constant 2009 prices. The nominal GDP of South Sudan



## BANK OF SOUTH SUDAN

in 2016 was 168,388 million South Sudanese Pounds.

The Bank of South Sudan also projects GDP growth though there is a data limitation. Real GDP is forecast to remain above the zero bound at 11 in the year end 2016. Table 4 in next page shows the National Accounts Aggregates at the 2009 constant prices.

Table 4: Main National Accounts Aggregates - Constant 2009 prices

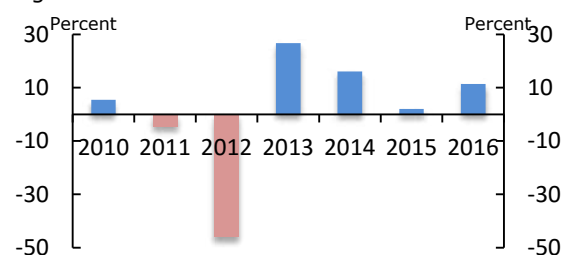
	2010	2011	2012	2013	2014	2015	2016
GDP (SSP million)	29,804	28,421	15,324	19,419	22,550	23,007	25,629
Annual changes, per cent	5.5	-4.6	-46.1	26.7	16.1	2	11
GDP Per capita (SSP)	2,703	3,464	2,821	2,961	3,203	4,316	11,969
Population (millions)	9.4	9.9	10.4	10.9	11.4	12.0	12.0

Source: National Bureau of Statistics and Bank of South Sudan

The petroleum sector still remains the major sector in terms of its contribution to GDP. Crude oil production has been declining over the last 12 months due to the continue conflicts in the country.

The agriculture sector and animal husbandry are the dominant sectors that employ majority of labor force in the country according to South Sudan National Bureau of Statistics; however, these sectors are performing poorly due to lack of order in some parts of the country. It is likely that the availability of both domestic agricultural output and imported inputs to agriculture will keep declining if appropriate policies are not put into place to address this challenge. Figure 12 below illustrates the real GDP growth.

Figure 10: Real GDP Growth Rate



Source: National Bureau of Statistics and Bank of South Sudan

### External Sector

#### Overview

The Bank of South Sudan has recently begun to prepare Balance of Payments (BOP) Statistics, starting with the statement for 2014. The BOP statement presents highlights on current account, capital and financial account plus international reserve position. The pace of

reserve accumulation has slowed in the country causing the South Sudanese pound to depreciate by about 19 per cent in the official rate in the fourth quarter 2016 from the third quarter of 2015. Below is a preliminary summary of the recent statistics, with an assessment of the likely direction they have taken in 2016.

Table 5: Quarterly Current Account Balances (CAB) 2016(Million Dollars)

Item	Q1	Q2	Q3	Q4
Current Account Balance	-768.3	-630.2	-710.9	-773.5

Source: Bank of South Sudan

The current account balance is in deficit in all the four quarters of 2016. Although there was a decrease in the first quarter from deficit \$768.3m to \$630.2m in the second quarter, third and fourth quarter showed increment from \$710.9m to \$773.5m.

Table 6: Quarterly Trade in Goods and Services Balances for 2016 (USD Million)

Items	Q 1	Q 2	Q 3	Q 4
1. Trade in Goods Balance	-1,016.3	-781.8	-702.8	-796.6
2. Trade in Services Balance	-20.1	-46.9	-57.2	-61.1
3. Primary income	-8.2	-11.3	-14.9	-18.2
4. Secondary income	276.4	209.8	64.0	102.4

Source: Bank of South Sudan

Table 6 above shows balances in trade in goods and services. Item number one indicates that trade in goods balance was negative in all the four quarters. Thus, from deficit \$1,016.3m in the first quarter to deficit \$796.6m in fourth quarter 2016. The same trend for trade in services is also decreasing from deficit \$20.1m in first quarter to deficit \$61.1m in fourth quarter 2016.

The primary income is in deficit throughout the four quarters of 2016. This deficit showed a continuous increment from the first to the last quarter of 2016, that is, from deficit \$8.2m in the first quarter 2016 to a deficit \$18.2 m in the fourth quarter 2016. However, the secondary income is in surplus throughout the four quarters of 2016, that is, from surplus of \$276.4m in first quarter 2016 to surplus of \$102.4 m in fourth quarter 2016.

The primary income was in deficit throughout the year of 2016. The deficit increased by \$3.1 m, from a deficit of \$8.2m in the first quarter to a deficit of \$18.2 m in the fourth quarter of 2016. This could be attributed partly to decrease in direct investment and portfolio investment payments.

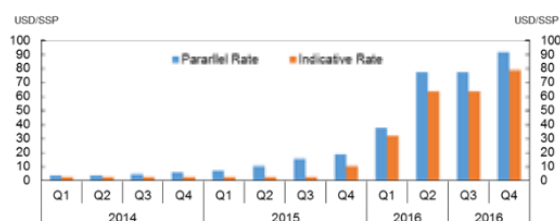
#### Exchange Rate Development



## BANK OF SOUTH SUDAN

The exchange rate has fluctuated throughout the quarters of 2016 as indicated in figure 15 below. The official rate had increased from 54.65SSP/USD in the third quarter 2016 to 73.83SSP/USD in the fourth quarter 2016, an increment of 35 per cent. On the other hand, the parallel market price has seen a similar trend; it increased from 68.36SSP/USD in the third quarter to 83.57SSP/USD in the fourth quarter 2016, an increment of 22 per cent. This fluctuation in the exchange rates reflects the impact of the adapted floating exchange rate policy late December 2015 and the inadequate hard currency due to drop in oil prices.

Figure 11: Quarterly Exchange Rates



Source: Bank of South Sudan

### Quarterly International Reserves Position 2016

The Gross reserve position of the bank of South Sudan has witnessed a continuous drop throughout the four quarters of 2016. The Gross Reserve has dropped from USD 88.23m in the third quarter 2016 to USD 50.67m in the fourth quarter 2016 representing a drop of 43 per cent. This is vital from meeting the 3months minimum import cover required by the International Standard. Main reasons are low oil production and the drop in the international oil price.

Figure 12: Quarterly Gross Reserves



Source: Bank of South Sudan





## **BANK OF SOUTH SUDAN**

### **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  
3<sup>rd</sup> Floor, Aris House  
Plot 152, Haile Selassie Road, Oysterbay  
P.O. Box 1559  
Dar es Salaam, Tanzania



## **BANK OF SOUTH SUDAN**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2016**

#### **1. INTRODUCTION**

The Directors present this annual report together with the audited financial statements for the financial year ended 31 December 2016, 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;



## **BANK OF SOUTH SUDAN**

### **REPORT OF THE DIRECTORS (CONTINUED)**

#### **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 1<sup>st</sup> Deputy and 2<sup>nd</sup> 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.



## BANK OF SOUTH SUDAN

### REPORT OF THE DIRECTORS (CONTINUED)

#### 5. CORPORATE GOVERNANCE (CONTINUED)

The Directors at the date of this report and who served since 1 January 2016, except where otherwise stated, are:

No.	Name	Position	Date of appointment
1	Hon. Kornelio Koriom Mayik	Governor	Relieved in January 2017
2	Hon. Dier Tong Ngor	Governor	Appointed in November 2020
3	Hon. Othom Rago Ajak	Governor	Relieved in May 2018
4	Hon. Dier Tong Ngor	Governor	Relieved in May 2020
5	Hon. Gamal Abdallah Wani	Governor	Relieved in November 2020
6	Hon. Johnny Ohisa Domiano	First Deputy Governor	Appointed in May 2021
7	Hon. Maror Cyer Rehan	First Deputy Governor	Relieved in May 2021
8	Hon. Albino Dak Othow	First Deputy Governor	Relieved in May 2020
9	Hon. Dier Tong Ngor	First Deputy Governor	Relieved in May 2018
10	Hon. Daniel Kech Puoc	Second Deputy Governor	Appointed in March 2020
11	Hon. Odera Innocent Ochan	Second Deputy Governor	Relieved in August 2019
12	Hon. Joseph Ajuong Mayuol	Non-Executive Member	Relieved in March 2018
13	Hon. Dr. Abraham Matoc Dhal	Non-Executive Member	Relieved in August 2019
14	Hon. Charles Abdu Ngamunde	Non-Executive Member	Relieved in March 2018
15	Hon. Rogato Ohide Kusang	Non-Executive Member	Relieved in August 2019
16	Hon. Prof. Yithaya Ayuel Deng	Non-Executive Member	Relieved in March 2018
17	Hon. Agoyom Akomjo Musellam	Non-Executive Member	Relieved in May 2021
18	Hon. Hellen Pita Taban	Non-Executive Member	Relieved in May 2021
19	Hon. Prof. Samson Samuel	Non-Executive Member	Relieved in May 2021
20	Hon. Prof. Nyiel Gordon Kuol	Non-Executive Member	Appointed in November 2018
21	Hon. Dr. Adil Atanasio Surur	Non-Executive Member	Appointed in November 2018
22	Hon. John Maciek Acuothe	Non-Executive Member	Appointed in November 2018
23	Hon. Wani Buyu Dyori	Non-Executive Member	Appointed in May 2021
24	Hon. Weituy Louny Baboth	Non-Executive Member	Appointed in May 2021
25	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.





## BANK OF SOUTH SUDAN

### REPORT OF THE DIRECTORS (CONTINUED)

#### 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 2016, except where otherwise stated, are:

No.	Name	Position	Discipline	Nationality
1	Hon. John Maciek Acuoth	Chairman	Accountant	South Sudanese <sup>1</sup>
2	Hon. Hellen Pita Taban	Member	Sociologist	South Sudanese <sup>2</sup>
3	Hon. Prof. Nyiel Gordon Kuol	Member	Economist	South Sudanese <sup>1</sup>
4	Hon. Agoyom Akomjo Musellam	Member	Lawyer	South Sudanese <sup>1</sup>
5	Hon. Joseph Ajuong Mayuol	Chairman	Accountant	South Sudanese <sup>2</sup>
6	Hon. Dr. Abraham Matoc Dhal	Member	Economist	South Sudanese <sup>2</sup>
7	Hon. Charles Abdu Ngamunde	Member	Accountant	South Sudanese <sup>2</sup>

**KEY:**

<sup>1</sup>In-office

<sup>2</sup>Relieved



## BANK OF SOUTH SUDAN

### REPORT OF THE DIRECTORS (CONTINUED)

#### 5. MEETINGS

The Board held 4 meetings during the year ended 31 December 2016, 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.

Below is a summary indicating the number of meetings attended by members of the Board from 1 January 2016 to 31 December 2016.

		Number of meetings		<b>KEY</b> <b>Board:</b> Board of Directors  <b>AC:</b> Audit Committee
		Board	AC	
No	Number of meetings Names			
1	Hon. Kornelio Korium Mayik	4	Nil	
2	Hon. John Dor Majak	4	Nil	
3	Hon. Odera Innocent Ochan	4	Nil	
4	Hon. Joseph Ajoung Mayuol	4	4	
5	Hon. Charles Abdu Ngamunde	4	Nil	
6	Hon. Dr. Abraham Matoc Dhal	4	4	
7	Hon. Rogato Ohide Kusang	4	Nil	
8	Hon. Prof. Yithaya Ayuel Deng	4	4	
9	Hon. Agoyom Akomjo Musellam	4	4	

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.



## **BANK OF SOUTH SUDAN**

### **REPORT OF THE DIRECTORS (CONTINUED)**

#### **8. RELATIONSHIP WITH STAKEHOLDERS (CONTINUED)**

- (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 loss of SSP 31,072 million (2015: SSP 6,363 million). The Bank did not pay any dividends to the Government during the year (2015: 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 loss of SSP 28,729 million on inflation adjusted basis (2015: SSP 6,363 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 30. During the year, total assets of the Bank increased by SSP 15,516 million. The increase in assets is attributed to the increase in advances to government amounting to SSP 4,090 million and net increase of assets held at International Monetary Fund amounting to SSP 8,031 million. At the same time there was also an increase in cash and cash equivalents by SSP 1,073 million. Moreover due to the revaluation of property and equipment, fixed assets carrying value has increased by SSP 2,276 million.

On the other hand total liabilities increased by SSP 43,950 million. Major areas of increase include deposits from Commercial Banks and Financial Institutions whose increase amounted to SSP 26,806 million; currency in circulation whose increase amounted to SSP 7,291 million. Moreover during the period, there was an increase with respect to liabilities due to the International Monetary Fund amounting to SSP 10,198 million respectively.



## BANK OF SOUTH SUDAN

### REPORT OF THE DIRECTORS (CONTINUED)

#### 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. 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 Employees 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 2016 and 2015 the Bank had the following distribution of employees by gender.

<b>Gender</b>	<b>2016</b>	<b>%</b>	<b>2015</b>	<b>%</b>
Male	351	70%	395	71%
Female	153	30%	159	29%
<b>Total</b>	<b>504</b>	<b>100%</b>	<b>554</b>	<b>100%</b>



## BANK OF SOUTH SUDAN

### REPORT OF THE DIRECTORS (CONTINUED)

#### 14. RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed in Note 32 to these financial statements. The directors' emoluments and key management personnel have been disclosed in Note 32 to the financial statements.

#### 15. SERIOUS PREJUDICIAL MATTERS

During the year ended 31 December 2016, there was no serious prejudicial matters to report (2015: Nil).

#### 16. 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 *30th June* 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**







## 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 30<sup>th</sup> June 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**





**BANK OF SOUTH SUDAN**



**REPUBLIC OF SOUTH SUDAN**  
**NATIONAL AUDIT CHAMBER**  
**OFFICE OF THE AUDITOR GENERAL**



Head Office Juba

**REPORT OF THE AUDITOR GENERAL ON THE INFLATION ADJUSTED FINANCIAL STATEMENTS  
OF BANK OF SOUTH SUDAN FOR THE YEAR ENDED 31 DECEMBER 2016**

**Report of the Auditor General to**  
**The President of South Sudan**  
**The Transitional National Legislative Assembly**  
**The Board of Directors, Bank of South Sudan**  
P. O. Box 136, Central Equatoria State, Juba. South Sudan

**Disclaimer of Opinion**

I audited the accompanying inflation adjusted financial statements of the Bank of South Sudan (the "Bank") set out on pages 31 to 83 which comprise the inflation adjusted statement of financial position as at 31 December 2016, 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.

I do not express an opinion on the accompanying inflation adjusted financial statements of the Bank. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these inflation adjusted financial statements.

**Basis for Disclaimer of Opinion**

*(i) Cash and cash equivalents*

Corresponding bank with a total balance amounting to SSP 4,687 million included in the cash and cash equivalents balance were not accurately reconciled against the Swift statements as at the year-end and I was unable to confirm the validity of the reconciling items included in the reconciliations. I also noted bank reconciliations contained invalid reconciling items. Furthermore, 2 out of 7 foreign banks that hold the Bank's NOSTRO accounts, did not independently confirm the balances with me as of year-end. Because of the significance of the above issues, I was unable to satisfy myself about the existence of corresponding foreign bank balances amounting to SSP 4,687 million included in the inflation adjusted statement of financial position of the Bank. Consequently, I was unable to determine if any adjustment would have been required to the balances.

*(ii) Loans and advances to staff and other receivables*

I was not provided with the schedule showing the breakdown of loans and advances given to staff and other receivables amounting to SSP 57 million and SSP 12 million respectively which agreed to the general ledger. As at 31 December 2016, Directors were unable to provide evidence to support existence and recoverability of these recorded balances. Consequently, I am unable to confirm or verify by alternative means the existence and recoverability of the other loans and receivables amounting to SSP 68 million and determine if any adjustments would have been required to the balance.

*(iii) Deposits from the Government and its agencies*

Included in the inflation adjusted statement financial position are deposits amounting to SSP 3,318 million. A sample of items amounting to SSP 3,306 million was selected for testing. Of the sampled items, I was not availed with appropriate sufficient evidence to support existence, rights and obligations of sample items amounting to SSP 1,731 million. Since the procedure was performed on a sample, I was unable to determine extent of unsupported deposits in the remaining population. Consequently, I am unable to determine if adjustment would have been necessary to the deposits from the Government and its agencies for the year.

*(iv) Deposits from banks and financial institutions*

Included in the inflation adjusted statement financial position are deposits amounting to SSP 41,150 million. A sample of items amounting to SSP 33,149 million was selected for testing. Of the sampled items, I was not availed with appropriate sufficient evidence to support existence, rights and obligations of sample items amounting to SSP 11,675 million. Since the procedure was performed on a sample, I was unable to determine extent of unsupported deposits in the remaining population. Consequently, I



am unable to determine if adjustment would have been necessary to the deposits from commercial banks and financial institutions for the year.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **Basis for Disclaimer of Opinion (continued)**

#### *(v) Currency in circulation*

A total of SSP 12,076 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.

#### *(vi) Other liabilities*

I was unable to obtain sufficient appropriate audit evidence to support sundry payables amounting to SSP 3 million reported under other liabilities. I was not able to alternatively satisfy myself on the existence and rights and obligation relating to the balance, consequently I was unable to determine whether any adjustments were necessary in respect of other liabilities reported.

#### *(vii) Commission income and expenses*

In its inflated statement of profit or loss and other comprehensive income the Bank report commission income and commission expenses amounting to SSP 179 million and SSP 138 million respectively that Directors were unable to provide sufficient and appropriate evidence to support their accuracy and occurrence. Because of the significant deficiencies, in general information technology controls and controls around the business process I was unable to satisfy myself by any alternative procedures on the accuracy and occurrence of the reported income.

#### *(viii) Losses arising from dealings in foreign currencies*

The Bank reported foreign exchange losses amounting SSP 31,207 million for which Directors were unable to provide origination documentations that determine the computation of transactions making up the balance. Due to the significant deficiencies noted in general information technology controls and business process controls I was unable to satisfy myself on the occurrence, accuracy, and completeness of the reported loss by substantive procedures alone.

#### *(ix) Contingent liabilities*

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 letters of credit and documentary credit facilities. As of year-end the balance of these credit facilities payable to Qatar National Bank S.A.Q were in tune of USD 563 million (SSP 47,251 million) as at the end of this year. However due to absence of supporting documentations from the Bank that determine the extent and degree of the guarantees provided by the Bank and inherent weaknesses in Bank's control on tracking off-balance sheet items, I was not able to conclude on completeness and accuracy of contingent liabilities and other commitments, consequently I am not able to determine if any adjustment or additional disclosure would have been required for this balance.

### **Legal Basis**

The audit was conducted pursuant to and in accordance with Section 186(7) of the Transitional Constitution of the Republic of South Sudan, the National Audit Chamber Act, 2011 and the Bank of South of Sudan Act, 2011.

### **Directors' responsibility for the inflation adjusted financial statements**

The Directors are responsible for the preparation of the inflation adjusted financial statements that give true and fair view in accordance with International Financial Reporting Standards, the requirements of the Bank of South Sudan Act, 2011 and the Public Finance Management and Accountability Act, 2011. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of inflation adjusted financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.





## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### Responsibility of the Auditor General

My responsibility is to express an opinion on these inflation adjusted financial statements based on conducting the audit in accordance with International Standards on Auditing and such other audit procedures I considered necessary in the circumstances. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

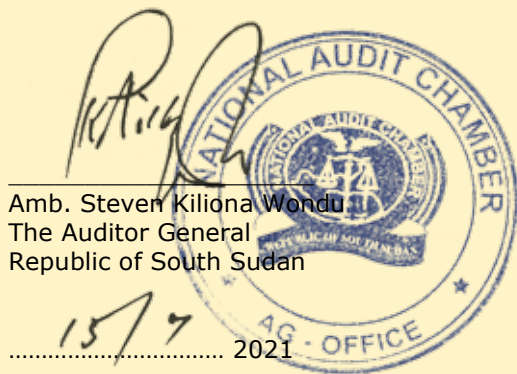
### Report on Other Legal Requirements

#### *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, I noted the following instances of non-compliance with the requirements of the Act:

1. 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 2016, the credit accommodations amounting to SSP 17,938 million to the Government and related entities exceeded five percent of the gross recurrent revenue of SSP 7,672 million from the approved government budget;
2. 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
3. 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.

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







# BANK OF SOUTH SUDAN

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Inflation Adjusted		Historical Cost	
		31 December 2016 SSP million	31 December 2015 SSP million	31 December 2016 SSP million	31 December 2015 SSP million
Interest income	5	5,738	3,329	602	349
Commission income	6	1,526	326	179	38
Commission expense	7	(1,214)	(77)	(138)	(9)
Net interest and commission income		6,050	3,578	643	378
Losses arising from dealings in foreign currencies		(532,439)	(112,214)	(31,207)	(6,549)
Other operating income		26,675	24	1,566	1
Income from donations and grants	23	135	59	8	3
<b>Net operating loss</b>		<b>(499,579)</b>	<b>(108,553)</b>	<b>(28,990)</b>	<b>(6,167)</b>
<b>Operating expenses</b>					
Personnel expenses	8	(2,109)	(946)	(247)	(111)
General and administrative expenses	9	(17,742)	(910)	(1,442)	(74)
Depreciation	18	(74)	(7)	(74)	(7)
Amortisation	17	(24)	(4)	(24)	(4)
Total operating expenses		(19,949)	(1,867)	(1,787)	(196)
Monetary gain		488,456	104,057	-	-
<b>Net loss before tax</b>		<b>(31,072)</b>	<b>(6,363)</b>	<b>(30,777)</b>	<b>(6,363)</b>
Income tax expense	24	-	-	-	-
<b>Loss for the year</b>		<b>(31,072)</b>	<b>(6,363)</b>	<b>(30,777)</b>	<b>(6,363)</b>
Revaluation gain on property, plant, and equipment	18	2,343	-	2,343	-
<b>Total comprehensive loss for the year</b>		<b>(28,729)</b>	<b>(6,363)</b>	<b>(28,434)</b>	<b>(6,363)</b>



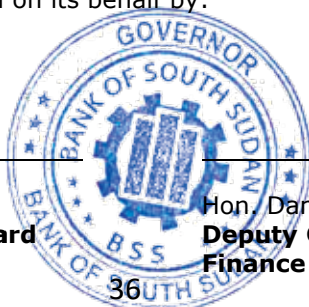
# BANK OF SOUTH SUDAN

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

		Inflation Adjusted		Historical Cost	
		31 December 2016 SSP million	31 December 2015 SSP million	31 December 2016 SSP million	31 December 2015 SSP million
Notes					
<b>Assets</b>					
Cash and cash equivalents	11	4,687	3,614	4,687	3,614
Holding of Special Drawing Rights (SDR's)	12	91	49	91	49
Quota of International Monetary Fund (IMF)	12	10,822	2,833	10,822	2,833
Government securities	13	1,917	1,917	1,917	1,917
Advances to the Government	14	17,938	13,848	17,938	13,848
Advances to commercial banks	15	20	28	20	28
Other loans and receivables	16	69	56	69	56
Other assets	17	65	-	65	-
Intangible assets	18	-	24	-	24
Property and equipment	19	2,363	87	2,363	87
<b>Total assets</b>		<b>37,972</b>	<b>22,456</b>	<b>37,972</b>	<b>22,456</b>
<b>Liabilities</b>					
Currency in circulation	20	12,076	4,785	12,076	4,785
Deposits from the government and its agencies	21	3,318	3,760	3,318	3,760
Deposits from banks and financial institutions	22	41,150	14,344	41,150	14,344
Deferred grant	23	-	8	-	8
Other liabilities	24	397	287	397	287
Staff retirement benefit obligations		-	5	-	5
IMF related liabilities	12	10,822	2,833	10,822	2,833
Allocation of Special Drawing Rights (SDR's)	12	4,637	2,428	4,637	2,428
<b>Total liabilities</b>		<b>72,400</b>	<b>28,450</b>	<b>72,400</b>	<b>28,450</b>
<b>Equity</b>					
Capital account	26	310	15	15	15
Revaluation reserve		2,255	-	2,255	-
General reserve		(36,993)	(6,009)	(36,698)	(6,009)
<b>Total equity and reserves</b>		<b>(34,428)</b>	<b>(5,994)</b>	<b>(34,428)</b>	<b>(5,994)</b>
<b>Total equity and liabilities</b>		<b>37,972</b>	<b>22,456</b>	<b>37,972</b>	<b>22,456</b>

The financial statements on page 31 to 83 were approved and authorised for issue by the Board of Directors on 30 June 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





# BANK OF SOUTH SUDAN

## STATEMENT OF CHANGES IN EQUITY AND RESERVES FOR THE YEAR ENDED 31 DECEMBER 2016

### Inflation Adjusted

Details	Capital account SSP million	General reserve SSP million	Revaluation reserve SSP million	Total SSP million
<b>At 1 January 2015</b>	285	84	-	369
Total loss for the year	-	(6,363)	-	(6,363)
Allocation of profits for the year to capital	(270)	270	-	-
<b>At 31 December 2015</b>	15	(6,009)	-	(5,994)
<b>At 1 January 2016</b>	15	(6,009)	-	(5,994)
IAS 29 adjustment (Note 26)	295	-	-	295
Total loss for the year	-	(31,072)	-	(31,072)
Revaluation gain on property, plant and equipment	-	-	2,343	2,343
Transfer of excess depreciation on property, plant, and equipment	-	88	(88)	-
<b>At 31 December 2016</b>	310	(36,993)	2,255	(34,428)

### Historical Cost

Details	Capital account SSP million	General reserve SSP million	Revaluation reserve SSP million	Total SSP million
<b>At 1 January 2015</b>	285	84	-	369
Total loss for the year	-	(6,363)	-	(6,363)
Allocation of profits for the year to capital	(270)	270	-	-
<b>At 31 December 2015</b>	15	(6,009)	-	(5,994)
<b>At 1 January 2016</b>	15	(6,009)	-	(5,994)
Total loss for the year	-	(30,777)	-	(30,777)
Revaluation gain on property, plant and equipment	-	-	2,343	2,343
Transfer of excess depreciation on property, plant and equipment	-	88	(88)	-
<b>At 31 December 2016</b>	15	(36,698)	2,255	(34,428)



# BANK OF SOUTH SUDAN

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

		<b>Inflation Adjusted</b>	<b>Historical Cost</b>	
	<b>Notes</b>	<b>31 December 2016 SSP million</b>	<b>31 December 2016 SSP million</b>	<b>31 December 2015 SSP million</b>
<b>Cash flows from operating activities</b>				
Net loss before tax		(31,072)	(30,777)	(6,363)
<b>Adjustment for:</b>				
Depreciation	19	74	74	7
Amortisation	18	24	24	4
Loss on disposal of fixed assets		-	-	1
Movement in deferred grant from disposed assets	22	-	-	(1)
Income from donations and grants	22	(135)	(8)	(3)
Monetary loss		422	-	-
<b>Operating profit before working capital</b>		<b>(30,687)</b>	<b>(30,687)</b>	<b>(6,355)</b>
<b>Changes in working capital</b>				
Increase in advances to the Government		(4,090)	(4,090)	(7,639)
Decrease in advances to commercial banks		8	8	1
Increase/(decrease) in other loans and receivables		(13)	(13)	8
Decrease in other assets		-	-	21
Increase in deposits from banks and financial institutions		26,806	26,806	9,696
(Decrease)/increase in deposits from the Government and its agencies		(442)	(442)	2,701
Increase in deferred currency costs		(65)	(65)	-
Decrease in staff retirement benefit obligations		(5)	(5)	-
Decrease in other liabilities		110	110	277
<b>Net changes in working capital</b>		<b>22,309</b>	<b>22,309</b>	<b>5,065</b>
<b>Cash generated/(utilised) in operations</b>		<b>(8,378)</b>	<b>(8,378)</b>	<b>(1,290)</b>
<b>Cash flows from investing activities</b>				
Additions to intangible assets	18	-	-	(5)
Purchase of property and equipment	19	(7)	(7)	(21)
(Increase)/Decrease in quota of International Monetary Fund (IMF)	12	(7,989)	(7,989)	280
(Increase)/Decrease in holding of SDR's	12	(42)	(42)	(2,307)
<b>Cash utilised in investing activities</b>		<b>(8,038)</b>	<b>(8,038)</b>	<b>(2,053)</b>



# BANK OF SOUTH SUDAN

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

		<b>Inflation Adjusted</b>	<b>Historical Cost</b>	
		<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
<b>Notes</b>		<b>2016</b>	<b>2016</b>	<b>2015</b>
<b>Cash flows from financing activities</b>				
Currency in circulation	19	7,291	7,291	1,963
Increase in IMF related liabilities	12	7,989	7,989	2,433
Increase in allocation of SDR's	12	2,209	2,209	1,977
<b>Cash generated from financing activities</b>		<b>17,489</b>	<b>17,489</b>	<b>6,373</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,073</b>	<b>1,073</b>	<b>3,030</b>
<b>Cash and cash equivalents:</b>				
At the beginning of the year		3,614	3,614	584
At the end of the year		4,687	4,687	3,614



## BANK OF SOUTH SUDAN

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

#### 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 (IFRSs)

##### ***(a) New standards and amendments to published standards effective for the year ended 31 December 2016***

The following new and revised IFRSs were effective in the current year and had no material impact on the amounts reported in these financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendment clarifies that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. Consequential amendments have also been made to IAS 28 to clarify that the exemption from applying the equity method is also applicable to an investor in an associate or joint venture if that investor is a subsidiary of an investment entity that measures all its subsidiary at fair value.

Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11

The amendments to IFRS 11 clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business.

This includes:

- measuring identifiable assets and liabilities at fair value;
- expensing acquisition-related costs;
- recognising deferred tax; and
- recognising the residual as goodwill, and testing this for impairment annually.

Existing interests in the joint operation are not remeasured on acquisition of an additional interest, provided joint control is maintained.

The amendments also apply when a joint operation is formed and an existing business is contributed.



## BANK OF SOUTH SUDAN

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

##### ***a) New standards and amendments to published standards effective for the year ended 31 December 2016 (Continued)***

IFRS 14 Regulatory Deferral Accounts	IFRS 14 is an interim standard which provides relief for first-time adopters of IFRS in relation to the accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts'). The standard permits these entities to continue to apply their previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral accounts.
Amendments to IAS 1 Disclosure Initiative	<p>The amendments were a response to comments that there were difficulties in applying the concept of materiality in practice as the wording of the requirements in IAS 1 had in some cases been to prevent the use of judgement. Certain key highlights of the amendment are as follows:</p> <ul style="list-style-type: none"> <li>• An entity should not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions;</li> <li>• An entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material;</li> <li>• In other comprehensive income section of a statement of profit or loss and other comprehensive income, the amendments require separate disclosures for the following items: <ul style="list-style-type: none"> <li>- the share of other comprehensive income of associates and joint ventures accounted for using the equity method that will not be reclassified subsequently to profit or loss; and</li> <li>- the shares of other comprehensive income of associates and joint ventures accounted for using the equity method that will be reclassified subsequent to profit or loss.</li> </ul> </li> </ul>
Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization	<p>The amendments to IAS 16 prohibits entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:</p> <ul style="list-style-type: none"> <li>• when the intangible asset is expressed as a measure of revenue;</li> <li>• When it can be demonstrated that revenue and the consumption of the economic benefit of the intangible asset are highly correlated.</li> </ul>
Amendments to IAS 27 Equity Method in Separate Financial Statements	<p>The amendments focus on separate financial statements and allow the use of the equity method in such statements. Specifically, the amendment allows an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements at cost, in accordance with IFRS 9 (or IAS 39 for entities that have not yet adopted IFRS 9), or using the equity method as described in IAS 28 Investment in Associates and Joint Ventures. The same accounting must be applied to each category of investment. The amendments also clarify that when a parent ceases to be an investment entity, or become an investment entity, it should account for the change from the date when the change in status occurs.</p>





## BANK OF SOUTH SUDAN

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

##### ***a) New standards and amendments to published standards effective for the year ended 31 December 2016 (continued)***

Annual improvements 2012 - 2014 cycle	<p>These annual improvements amend standards from the 2012 - 2014 reporting cycle, it includes changes to:</p> <ul style="list-style-type: none"> <li>• IFRS 5 - Introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held for distribution accounting is discounted.</li> <li>• IFRS 7 - The amendment (i) provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets; and (ii) clarify that the offsetting disclosures are not explicitly required for all interim periods. However, the disclosures may be needed to be included in the condensed interim financial statements to Bank with IAS 34 Interim Financial Reporting.</li> <li>• IAS 19 - Clarify the high quality corporate bond used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid.</li> <li>• IAS 34 - Clarify the requirements relating to information required by IAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements.</li> </ul>
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Standard or amendments	Key requirements	Effective Date
IFRS 9, Financial instruments	<p>The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&amp;L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit loss model that replaces the incurred loss impairment model used in IAS 39.</p>	1 January 2018



## BANK OF SOUTH SUDAN

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

##### *b) New and revised IFRSs in issue but not yet effective for year ended 31 December 2016*

Standard or amendments	Key requirements	Effective Date
IFRS 9, Financial instruments (continued)	For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.	1 January 2018
IFRS 15, Revenue from contracts with customers	The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations.	1 January 2018
IFRS 16 Leases	IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases.	1 January 2019
Classification and measurement of share-based payment transactions (Amendments to IFRS 2)	Amends IFRS 2 Share-based Payment to clarify the standard in relation to the accounting for cash-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.	1 January 2018



## BANK OF SOUTH SUDAN

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

##### **b) New and revised IFRSs in issue but not yet effective for year ended 31 December 2016 (continued)**

Standard or amendments	Key requirements	Effective Date
Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)	<p>Amends IAS 12 Income Taxes to clarify the following aspects:</p> <p>Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.</p> <p>The carrying amount of an asset does not limit the estimation of probable future taxable profits.</p> <p>Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.</p> <p>An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.</p>	1 January 2017
Disclosure Initiative (Amendments to IAS 7)	Statement of Cash Flows to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.	1 January 2017

The Bank is currently assessing the impact of the new standards and amendments on its financial reporting when they fall due.

##### **c) Impact of new and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2016**

#### **IFRS 9 Financial Instruments (2014)**

IFRS 9 Financial Instruments (2014) is the finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- **Classification and measurement.** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- **Impairment.** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.
- **Hedge accounting.** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- **Derecognition.** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.



## BANK OF SOUTH SUDAN

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

##### *c) Impact of new and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2016 (continued)*

IFRS 9 is effective for accounting periods beginning on or after 1 January 2018.

The Bank has started the process of evaluating the potential effect of this standard but given the nature of the Bank's operations, this standard may have a pervasive impact on the Bank's financial statements when effective.

##### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

IFRS 15 is effective for accounting periods beginning on or after 1 January 2018 and is not expected to have significant impact on the financial statements.

##### **IFRS 16 Leases**

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

IFRS 16 is effective for accounting periods beginning on or after 1 January 2019 and is not expected to have significant impact on the financial statements

##### **Disclosure Initiative (Amendments to IAS 7)**

Statement of Cash Flows to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The amendments are effective for accounting periods beginning on or after 1 January 2017 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

##### **Classification and measurement of share-based payment transactions (Amendments to IFRS 2)**

Amends IFRS 2 Share-based Payment to clarify the standard in relation to the accounting for cash-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

The amendments are effective for accounting periods beginning on or after 1 January 2018 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.



## BANK OF SOUTH SUDAN

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

##### *c) Impact of new and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2016 (continued)*

###### **Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)**

Amends IAS 12 Income Taxes to clarify the following aspects:

Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use. The carrying amount of an asset does not limit the estimation of probable future taxable profits.

Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.

An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

The Bank is currently assessing the impact of the new standards and amendments on the disclosures in its financial statements.

###### ***(d) Early adoption of standards***

The Bank did not early-adopt any new or revised standards in 2016.



## BANK OF SOUTH SUDAN

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 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 2016	436	3.61
February 2016	517	4.28
March 2016	601	4.98
April 2016	683	5.66
May 2016	824	6.83
June 2016	720	5.96
July 2016	1,318	10.92
August 2016	1,392	11.53
September 2016	1,975	16.36
October 2016	1,780	14.74
November 2016	1,895	15.70
December 2016	2,068	17.13

As a result of adopting the standard, the Bank has recorded a monetary gain amounting to SSP 488,456 million in 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.





## **BANK OF SOUTH SUDAN**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **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.



## BANK OF SOUTH SUDAN

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 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.



## BANK OF SOUTH SUDAN

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 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.



## BANK OF SOUTH SUDAN

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 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.



## BANK OF SOUTH SUDAN

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 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.



## **BANK OF SOUTH SUDAN**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **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.





## **BANK OF SOUTH SUDAN**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **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.



## BANK OF SOUTH SUDAN

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### **Property and equipment**

##### **Recognition and measurement**

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

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

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

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

##### *Subsequent costs*

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

##### *Derecognition*

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

##### *Depreciation*

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

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

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

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

##### *Capital work in progress*

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

##### *Leased hold premises*

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



## BANK OF SOUTH SUDAN

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 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.



## BANK OF SOUTH SUDAN

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 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.



## **BANK OF SOUTH SUDAN**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **International Monetary Fund (IMF) related balances**

###### *Relationship*

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

###### *Currency of Transactions with the IMF*

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

###### *Quota in IMF, Interest and Charges*

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



## BANK OF SOUTH SUDAN

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 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



## **BANK OF SOUTH SUDAN**

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.

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **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.





# **BANK OF SOUTH SUDAN**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

	<b>Inflation Adjusted</b>		<b>Historical Cost</b>	
	<b>31 December 2016 SSP million</b>	<b>31 December 2015 SSP million</b>	<b>31 December 2016 SSP million</b>	<b>31 December 2015 SSP million</b>
<b>5. INTEREST AND SIMILAR INCOME</b>				
Interest income	<u>5,738</u>	<u>3,329</u>	<u>602</u>	<u>349</u>
<b>6. COMMISSION INCOME</b>				
Commission from foreign transactions	<u>1,526</u>	<u>326</u>	<u>179</u>	<u>38</u>
<b>7. COMMISSION EXPENSES</b>				
Foreign bank charges	461	66	52	7
Other banking charges and commission expenses	<u>753</u>	<u>11</u>	<u>86</u>	<u>2</u>
	<u>1,214</u>	<u>77</u>	<u>138</u>	<u>9</u>
<b>8. PERSONNEL EXPENSES</b>				
Salaries	650	331	76	39
Allowances	1,338	554	157	65
Training	<u>121</u>	<u>61</u>	<u>14</u>	<u>7</u>
	<u>2,109</u>	<u>946</u>	<u>247</u>	<u>111</u>
<b>9. GENERAL AND ADMINISTRATIVE EXPENSES</b>				
Staff travelling	248	34	20	3
Power and electricity	106	33	9	3
Currency and related expenses (Note 10)	15,459	494	1,256	40
Repair and maintenance	94	39	8	3
Communication	21	4	2	-
Director's remuneration	83	36	7	3
Printing and stationary	36	12	3	1
Entertainment	22	7	2	1
Donations	6	5	-	-
Library, books, and periodicals	4	1	-	-
Rent and fuel expenses	135	68	11	6
Posters and public awareness	2	-	-	-
Audit fees	12	25	7	2
Other expenses	<u>1,514</u>	<u>152</u>	<u>117</u>	<u>12</u>
	<u>17,742</u>	<u>910</u>	<u>1,442</u>	<u>74</u>



## BANK OF SOUTH SUDAN

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 10. CURRENCY AND RELATED EXPENSES

	Inflation Adjusted		Historical Cost	
	31 December 2016 SSP million	31 December 2015 SSP million	31 December 2016 SSP million	31 December 2015 SSP million
Cost of currency issued in circulation	15,278	467	1,242	38
Currency transportation and insurance	115	26	9	2
Other currency expenses	66	1	5	-
	<u>15,459</u>	<u>494</u>	<u>1,256</u>	<u>40</u>

#### 11. CASH AND CASH EQUIVALENTS

Cash in hand	516	219	516	219
Balances with foreign banks	<u>4,171</u>	<u>3,395</u>	<u>4,171</u>	<u>3,395</u>
	<u>4,687</u>	<u>3,614</u>	<u>4,687</u>	<u>3,614</u>

#### 12. INTERNATIONAL MONETARY FUND (IMF) RELATED BALANCES

	31 December 2016		31 December 2015	
	SDR '000	Equivalent SSP million	SDR '000	Equivalent SSP million
<b>Assets</b>				
Holdings of Special Drawing Rights (SDR's)	2,079	91	2,137	49
Quota of International Monetary Fund (IMF)	<u>246,001</u>	<u>10,822</u>	<u>123,000</u>	<u>2,833</u>
	<u>248,080</u>	<u>10,913</u>	<u>125,137</u>	<u>2,882</u>
<b>Liabilities</b>				
IMF Account No.1	31	1	307	7
IMF Account No.2	1	-	1	-
IMF Securities Account	23,905	1,052	122,692	2,826
CVA Account	<u>222,064</u>	<u>9,769</u>	<u>-</u>	<u>-</u>
IMF related liabilities	<u>246,001</u>	<u>10,822</u>	<u>123,000</u>	<u>2,833</u>
Allocation of SDR's	<u>105,406</u>	<u>4,637</u>	<u>105,406</u>	<u>2,428</u>

#### 13. GOVERNMENT SECURITIES

	31 December 2016 SSP million	31 December 2015 SSP million	31 December 2016 SSP million	31 December 2015 SSP million
Interest bearing bond	<u>1,917</u>	<u>1,917</u>	<u>1,917</u>	<u>1,917</u>



## BANK OF SOUTH SUDAN

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 13. GOVERNMENT SECURITIES (CONTINUED)

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.

#### 14. ADVANCES TO THE GOVERNMENT

	Inflation Adjusted		Historical Cost	
	31 December 2016 SSP million	31 December 2015 SSP million	31 December 2016 SSP million	31 December 2015 SSP million
Advances to the government	16,759	13,250	16,759	13,250
Interest receivable from advances to the government	897	376	897	376
Interest receivable from government securities	282	222	282	222
	<u>17,938</u>	<u>13,848</u>	<u>17,938</u>	<u>13,848</u>

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	
	31 December 2016 SSP million	31 December 2015 SSP million	31 December 2016 SSP million	31 December 2015 SSP million
Advances to domestic banks	<u>20</u>	<u>28</u>	<u>20</u>	<u>28</u>

This represent advance to Mountain Trade and Development Bank pursuant to section 71 of the Bank of South Sudan Act, 2011 of the Lender of last resort.

#### 16. OTHER LOANS AND RECEIVABLES

	Inflation Adjusted		Historical Cost	
	31 December 2016 SSP million	31 December 2015 SSP million	31 December 2016 SSP million	31 December 2015 SSP million
Loans and advances to staff	57	55	57	55
Other receivables	<u>12</u>	<u>1</u>	<u>12</u>	<u>1</u>
	<u>69</u>	<u>56</u>	<u>69</u>	<u>56</u>



## BANK OF SOUTH SUDAN

### 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 notes and minting coins that have not yet been released in circulation. During financial year 2016, the movement on deferred currency cost balance was as follows:

	<b>Inflation Adjusted</b>		<b>Historical Cost</b>	
	<b>31 December 2016 SSP million</b>	<b>31 December 2015 SSP million</b>	<b>31 December 2016 SSP million</b>	<b>31 December 2015 SSP million</b>
Balance at the beginning of the year	-	-	-	-
Add: Cost of currency received during the year	15,343	494	1,307	40
Less: Cost of currency issued in circulation	<u>(15,278)</u>	<u>(494)</u>	<u>(1,242)</u>	<u>(40)</u>
	<u>65</u>	<u>-</u>	<u>65</u>	<u>-</u>

#### 18. INTANGIBLE ASSETS

	<b>31 December 2016 SSP million</b>	<b>31 December 2015 SSP million</b>
<b>COST</b>		
As at 1 January	34	29
Addition during the year	<u>-</u>	<u>5</u>
As at 31 December	<u>34</u>	<u>34</u>
<b>AMORTISATION</b>		
As at 1 January	(10)	(5)
Charge for the year	<u>(24)</u>	<u>(5)</u>
As at 31 December	<u>(34)</u>	<u>(10)</u>
<b>NET BOOK VALUE</b>	<u>-</u>	<u>24</u>

Intangible assets of the Bank represent 'Core Banking System' and other computer software received through a grant from the "Capacity Building Trust Fund" (CBTF) as disclosed in the respective Note 23 below.



# BANK OF SOUTH SUDAN

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 19. PROPERTY AND EQUIPMENT

	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
<b>COST</b>							
At 01 January 2015	26	4	9	5	11	33	88
Additions	-	1	1	1	1	19	23
Disposals	-	-	(1)	(1)	-	-	(2)
At 31 December 2015	26	5	9	5	12	52	109
At 01 January 2016	26	5	9	5	12	52	109
Additions	-	4	2	-	1	-	7
Transfers	-	-	-	-	1	(1)	-
Revaluation gain	2,060	39	74	39	109	-	2,321
At 31 December 2016	2,086	48	85	44	123	51	2,437
<b>DEPRECIATION</b>							
At 01 January 2015	(2)	(2)	(3)	(2)	(7)	-	(16)
Charge for the year	(1)	(1)	(2)	(1)	(3)	-	(8)
Eliminated on disposals	-	-	1	1	-	-	2
At 31 December 2015	(3)	(3)	(4)	(2)	(10)	-	(22)
At 01 January 2016	(3)	(3)	(4)	(2)	(10)	-	(22)
Charge for the year	(14)	(9)	(17)	(9)	(25)	-	(74)
Eliminated on revaluation	3	3	4	2	10	-	22
At 31 December 2016	(14)	(9)	(17)	(9)	(25)	-	(74)
<b>NET BOOK VALUE</b>							
At 31 December 2016	2,072	39	68	35	98	51	2,363
At 31 December 2015	23	2	5	3	2	52	87



## BANK OF SOUTH SUDAN

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 19. PROPERTY AND EQUIPMENT (CONTINUED)

During the year the Bank conducted asset valuations by an external valuer, Auditax International; resulting to a revaluation gain amounting SSP 2,343 million; this gain has been recognized in the statement of other comprehensive income.

#### 20. CURRENCY IN CIRCULATION

	Inflation Adjusted		Historical Cost	
	31 December 2016 SSP million	31 December 2015 SSP million	31 December 2016 SSP million	31 December 2015 SSP million
Total printed currency	6,774	5,257	6,774	5,257
Currency printed during the year	5,981	1,517	5,981	1,517
Bank notes ex-mint (unissued)	(385)	(1,736)	(385)	(1,736)
	<u>12,370</u>	<u>5,038</u>	<u>12,370</u>	<u>5,038</u>
Bank notes and coins at the vault of the bank	<u>(294)</u>	<u>(253)</u>	<u>(294)</u>	<u>(253)</u>
Currency in circulation	<u>12,076</u>	<u>4,785</u>	<u>12,076</u>	<u>4,785</u>

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	
	31 December 2016 SSP million	31 December 2015 SSP million	31 December 2016 SSP million	31 December 2015 SSP million
Ministry of Finance and Economic Planning	2,561	919	2,561	919
Other Government institutions	<u>757</u>	<u>2,841</u>	<u>757</u>	<u>2,841</u>
	<u>3,318</u>	<u>3,760</u>	<u>3,318</u>	<u>3,760</u>
Total deposits from the Government and its agencies	3,318	3,760	3,318	3,760
Total advances to the Government (Note 14)	<u>(17,938)</u>	<u>(13,848)</u>	<u>(17,938)</u>	<u>(13,848)</u>
Net advance to the Government	<u>14,620</u>	<u>10,088</u>	<u>14,620</u>	<u>10,088</u>

As at 31 December 2016 the position of the Government of South Sudan accounts were overdrawn by SSP 14,620 million (2015: 10,088 million). Pursuant to provision of Section 65 of the Bank of South Sudan Act of 2011, a total of SSP 601 million (2015: 349 million) was charged during the year end 31 December 2016 as interest on advances to the Government. Government deposit balances are non-interest bearing.



## BANK OF SOUTH SUDAN

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 22. DEPOSITS FROM BANKS AND FINANCIAL INSTITUTIONS

	Inflation Adjusted		Historical Cost	
	31 December 2016 SSP million	31 December 2015 SSP million	31 December 2016 SSP million	31 December 2015 SSP million
Current accounts	28,833	12,053	28,833	12,053
Cash statutory reserves	12,317	2,291	12,317	2,291
	<u>41,150</u>	<u>14,344</u>	<u>41,150</u>	<u>14,344</u>

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.

#### 23. DEFERRED GRANT

Deferred grant represents the amount of grants received from the Capacity Building Trust Fund (CBTF), a pooled funding mechanism for supporting capacity building and public service reform in the Government of the Republic of South Sudan (RSS), financed by Governments of Canada, Denmark, Netherlands (acting as 'lead donor'), Norway, Sweden, Spain, and the United Kingdom. The fund is managed by the Technical Secretariat to the Joint Donor Office (JDO) in Juba, and the procurement and contract management role is delegated to the Financial Management Agent.

The grant consists of IT and power equipment and accounting software. The Bank recognised assets at the time of receipt (excluding the fair value of professional assistance provided by the USAID through Deloitte LLP (USA)).

The grant is recognised at fair value as on that date which is its invoice value. The software was put to use in mid-November 2011 and amortised over a period of five years on a straight-line basis starting January 2012.

	31 December 2016 SSP million	31 December 2015 SSP million
As at 1 January	8	12
Amortisation during the period	(8)	(3)
Disposals during the period	-	(1)
<b>As at 31 December</b>	<u>-</u>	<u>8</u>

#### 24. OTHER LIABILITIES

	Inflation Adjusted		Historical Cost	
	31 December 2016 SSP million	31 December 2015 SSP million	31 December 2016 SSP million	31 December 2015 SSP million
Sundry payables	3	30	3	30
Deferred current cost accrual	394	-	394	-
Suspense accounts	-	257	-	257
	<u>397</u>	<u>287</u>	<u>397</u>	<u>287</u>





## BANK OF SOUTH SUDAN

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 25. 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.

#### 26. CAPITAL ACCOUNT

	31 December 2016 SSP million	31 December 2015 SSP million
Authorised and paid up capital	15	15
IAS 29 adjustment	<u>310</u>	<u>-</u>
	<u>325</u>	<u>15</u>

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.

During the 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 the Bank has recorded a monetary loss amounting to SSP 310 million.

#### 27. RISK MANAGEMENT

##### 27.1 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 2016 and 31 December 2015 are presented in the table below:

	31 December 2016 SSP million	%	31 December 2015 SSP million	%
<b>Credit exposures</b>				
Cash and cash equivalents (excluding cash in hand)	4,171	12%	3,395	16%
Holding of Special Drawing Rights (SDR's)	233	1%	2,833	12%
Quota of International Monetary Fund (IMF)	10,822	30%	49	1%
Government securities	1,917	5%	1,917	8%
Advances to the Government	17,938	50%	13,848	61%
Advances to commercial banks	20	1%	28	1%
Other loans and receivables	<u>69</u>	<u>1%</u>	<u>56</u>	<u>1%</u>
	<u>35,170</u>	<u>100%</u>	<u>22,126</u>	<u>100%</u>

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.



## BANK OF SOUTH SUDAN

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 27. RISK MANAGEMENT (CONTINUED)

##### 27.1 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:-

##### **Inflation Adjusted**

	Total SSP million	Fully performing SSP million	Past due but not impaired SSP million	Past due and impaired SSP million
<b>31 December 2016</b>				
Cash and cash equivalents (excluding cash in hand)	4,171	4,171	-	-
Holding of Special Drawing Rights (SDR's)	233	233	-	-
Quota of International Monetary Fund (IMF)	10,822	10,822	-	-
Government securities	1,917	1,917	-	-
Advances to the Government	17,938	-	17,938	-
Advances to commercial banks	20	-	20	-
Other loans and receivables	69	69	-	-
	<u>35,170</u>	<u>17,212</u>	<u>17,958</u>	<u>-</u>

##### **Historical Cost**

##### **31 December 2016**

Cash and cash equivalents (excluding cash in hand)	4,171	4,171	-	-
Holding of Special Drawing Rights (SDR's)	233	233	-	-
Quota of International Monetary Fund (IMF)	10,822	10,822	-	-
Government securities	1,917	1,917	-	-
Advances to the Government	17,938	-	17,938	-
Advances to commercial banks	20	-	20	-
Other loans and receivables	69	69	-	-
	<u>35,170</u>	<u>17,212</u>	<u>17,958</u>	<u>-</u>



## BANK OF SOUTH SUDAN

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 27. RISK MANAGEMENT (CONTINUED)

##### 27.1 Financial risks (Continued)

##### (a) Credit risk (continued)

##### Inflation Adjusted

	Total SSP million	Fully performing SSP million	Past due but not impaired SSP million	Past due and impaired SSP million
<b>31 December 2015</b>				
Cash and cash equivalents (excluding cash in hand)	3,395	3,395	-	-
Holding of Special Drawing Rights (SDR's)	2,833	2,833	-	-
Quota of International Monetary Fund (IMF)	49	49	-	-
Government securities	1,917	1,917	-	-
Advances to the Government	13,848	-	13,848	-
Advances to commercial banks	28	28	-	-
Other loans and receivables	56	56	-	-
<b>Total</b>	<b>22,126</b>	<b>8,278</b>	<b>13,848</b>	<b>-</b>

##### Historical Cost

	Total SSP million	Fully performing SSP million	Past due but not impaired SSP million	Past due and impaired SSP million
<b>31 December 2015</b>				
Cash and cash equivalents (excluding cash in hand)	3,395	3,395	-	-
Holding of Special Drawing Rights (SDR's)	2,833	2,833	-	-
Quota of International Monetary Fund (IMF)	49	49	-	-
Government securities	1,917	1,917	-	-
Advances to the Government	13,848	-	13,848	-
Advances to commercial banks	28	28	-	-
Other loans and receivables	56	56	-	-
<b>Total</b>	<b>22,126</b>	<b>8,278</b>	<b>13,848</b>	<b>-</b>

The Bank does not hold collateral for financial liabilities pledged as security.



## BANK OF SOUTH SUDAN

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 27. RISK MANAGEMENT (CONTINUED)

##### 27.1 Financial risks (Continued)

##### (b) Credit risk (continued)

*Credit quality per external credit rating agencies*

Description	31 December 2016		31 December 2015	
	Balance	Share (%)	Balance	Share (%)
Cash and cash equivalents (excluding cash in hand)				
NR	4,171	12%	3,395	16%
Balances with IMF-NR				
Holding of Special Drawing Rights (SDR's)	91	1%	2,832	12%
Quota of International Monetary Fund (IMF)	10,822	30%	49	1%
Government securities				
NR	1,917	5%	1,917	8%
Loans and Advances to the Government				
NR	17,938	50%	13,848	61%
Advances to commercial banks				
NR	20	1%	28	1%
Other loans and receivables				
NR	69	1%	56	1%
Total	<u>35,028</u>	<u>100%</u>	<u>22,125</u>	<u>100%</u>



# **BANK OF SOUTH SUDAN**

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### **27. RISK MANAGEMENT (CONTINUED)**

#### **27.1 Financial risks (continued)**

##### **(a) Credit risk (continued)**

The sectoral classification of the Bank's credit exposure as at 31 December 2016 is as follows:

<b>31 December 2016</b>	<b>Foreign Country Treasury SSP million</b>	<b>Supranational Institutions SSP million</b>	<b>Domestic Financial Institutions SSP million</b>	<b>Foreign Financial Institutions SSP million</b>	<b>Government of South Sudan SSP million</b>	<b>Others SSP million</b>	<b>Total SSP million</b>
Cash and cash equivalents (excluding cash in hand)	-	-	-	4,171	-	-	4,171
Holding of Special Drawing Rights (SDR's)	-	91	-	-	-	-	91
Quota of International Monetary Fund (IMF)	-	10,822	-	-	-	-	10,822
Government securities	-	-	-	-	1,917	-	1,917
Advances to the government	-	-	-	-	17,938	-	17,938
Advances to commercial banks	-	-	20	-	-	-	20
Other loans and receivables	-	-	-	-	-	69	69
<b>Total</b>	<b>-</b>	<b>10,913</b>	<b>20</b>	<b>4,171</b>	<b>19,855</b>	<b>69</b>	<b>35,028</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 27. RISK MANAGEMENT (CONTINUED)

#### 27.1 Financial risks (Continued)

##### (a) Credit risk (continued)

The sectoral classification of the Bank's credit exposure as at 31 December 2015 is as follows:

	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
<b>31 December 2015</b>							
Cash and cash equivalents (excluding cash in hand)	-	-	-	3,395	-	-	3,395
Holding of Special Drawing Rights (SDR's)	-	2,833	-	-	-	-	2,833
Quota of International Monetary Fund (IMF)	-	49	-	-	-	-	49
Government securities	-	-	-	-	1,917	-	1,917
Advances to the government	-	-	-	-	13,848	-	13,848
Advances to commercial banks	-	-	28	-	-	-	28
Other loans and receivables	-	-	-	-	-	56	56
<b>Total</b>	<b>-</b>	<b>2,882</b>	<b>28</b>	<b>3,395</b>	<b>15,765</b>	<b>56</b>	<b>22,126</b>

31 December 2015

Cash and cash equivalents (excluding cash in hand)  
Holding of Special Drawing Rights (SDR's)  
Quota of International Monetary Fund (IMF)  
Government securities  
Advances to the government  
Advances to commercial banks  
Other loans and receivables





## BANK OF SOUTH SUDAN

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 27. RISK MANAGEMENT (CONTINUED)

##### 27.1 Financial risks (continued)

##### (a) Credit risk (continued)

Geographical analysis of concentrations of assets and liabilities of the Bank as at 31 December 2016 is as follows:

31 December 2016	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)	-	532	1,156	2,196	287	4,171
Holding of Special Drawing Rights (SDR's)	-	91	-	-	-	91
Quota of International Monetary Fund (IMF)	-	10,822	-	-	-	10,822
Government securities	1,917	-	-	-	-	1,917
Advances to the Government	17,938	-	-	-	-	17,938
Advances to commercial banks	20	-	-	-	-	20
Other loans and receivables	69	-	-	-	-	69
<b>Total</b>	<b>19,944</b>	<b>11,445</b>	<b>1,156</b>	<b>2,196</b>	<b>287</b>	<b>35,028</b>



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**27. RISK MANAGEMENT (CONTINUED)**

**27.1 Financial risks (continued)**

**(a) Credit risk (continued)**

Geographical analysis of concentrations of assets and liabilities of the Bank as at 31 December 2015 is as follows:

<b>31 December 2015</b>	<b>South Sudan SSP million</b>	<b>USA SSP million</b>	<b>Other East African countries SSP million</b>	<b>European Countries SSP million</b>	<b>Other Countries SSP million</b>	<b>Total SSP million</b>
Cash and cash equivalents (excluding cash in hand)	-	4	530	1,962	899	3,395
Holding of Special Drawing Rights (SDR's)	-	2,833	-	-	-	2,833
Quota of International Monetary Fund (IMF)	-	49	-	-	-	49
Government securities	1,917	-	-	-	-	1,917
Advances to the Government	13,848	-	-	-	-	13,848
Advances to commercial banks	28	-	-	-	-	28
Other loans and receivables	56	-	-	-	-	56
<b>Total</b>	<b>15,849</b>	<b>2,886</b>	<b>530</b>	<b>1,962</b>	<b>899</b>	<b>22,126</b>

**(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.



**BANK OF SOUTH SUDAN**



# BANK OF SOUTH SUDAN

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 27. RISK MANAGEMENT (CONTINUED)

#### 27.1 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
<b>31 December 2016</b>					
<b>Financial assets</b>					
Cash and cash equivalents	4,687	-	-	-	4,687
Holding of Special Drawing Rights (SDR's)	91	-	-	-	91
Quota of International Monetary Fund (IMF)	10,822	-	-	-	10,822
Government securities	-	-	-	1,917	1,917
Advances to the Government	-	17,938	-	-	17,938
Advances to commercial banks	-	20	-	-	20
Other loans and receivables	-	69	-	-	69
<b>Total</b>	<b>15,600</b>	<b>18,027</b>	<b>-</b>	<b>1,917</b>	<b>35,544</b>
<b>Financial liabilities</b>					
Currency in circulation	12,076	-	-	-	12,076
Deposits from Government and its agencies	3,318	-	-	-	3,318
Deposits from banks and financial institutions	41,150	-	-	-	41,150
Other liabilities	397	-	-	-	397
IMF related liabilities	10,822	-	-	-	10,822
Allocation of Special Drawing Rights (SDR's)	4,637	-	-	-	4,637
<b>Total liabilities</b>	<b>72,400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72,400</b>
<b>Net liquidity gap</b>	<b>(56,800)</b>	<b>18,027</b>	<b>-</b>	<b>1,917</b>	<b>(36,856)</b>



# BANK OF SOUTH SUDAN

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 27. RISK MANAGEMENT (CONTINUED)

#### 27.1 Financial risks (continued)

##### (b) Liquidity risk (continued)

By contractual maturity analysis of financial instruments:

#### 31 December 2015

	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
<b>Financial assets</b>					
Cash and cash equivalents	3,614	-	-	-	3,614
Holding of Special Drawing Rights (SDR's)	2,833	-	-	-	2,833
Quota of International Monetary Fund (IMF)	49	-	-	-	49
Government securities	-	-	-	1,917	1,917
Advances to the Government	13,848	-	-	-	13,848
Advances to commercial banks	28	-	-	-	28
Other loans and receivables	21	-	35	-	56
<b>Total</b>	<b>20,393</b>	<b>-</b>	<b>35</b>	<b>1,917</b>	<b>22,345</b>
<b>Financial liabilities</b>					
Currency in circulation	4,785	-	-	-	4,785
Deposits from the Government and its agencies	3,760	-	-	-	3,760
Deposits from banks and financial institutions	14,344	-	-	-	14,344
Other liabilities	287	-	-	-	287
IMF related liabilities	2,833	-	-	-	2,833
Allocation of Special Drawing Rights (SDR's)	2,428	-	-	-	2,428
<b>Total liabilities</b>	<b>28,437</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,437</b>
<b>Net liquidity gap</b>	<b>(8,044)</b>	<b>-</b>	<b>35</b>	<b>1,917</b>	<b>(6,092)</b>



# BANK OF SOUTH SUDAN

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 27. RISK MANAGEMENT (CONTINUED)

#### 27.1 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
<b>31 December 2016</b>						
<b>Financial assets</b>						
Cash and cash equivalents	-	-	-	-	4,687	4,687
Holding of Special Drawing Rights (SDR's)	-	-	-	-	91	91
Quota of International Monetary Fund (IMF)	-	-	-	-	10,822	10,822
Government securities	-	-	-	1,917	-	1,917
Advances to the Government	-	17,938	-	-	-	17,938
Advances to commercial banks	-	20	-	-	-	20
Other loans and receivables	-	69	-	-	-	69
<b>Total</b>	-	18,027	-	1,917	15,600	35,544
<b>Financial liabilities</b>						
Currency in circulation	-	-	-	-	12,076	12,076
Deposits from the Government and its agencies	-	-	-	-	3,318	3,318
Deposits from banks and financial institutions	-	-	-	-	41,150	41,150
Other liabilities	-	-	-	-	397	397
IMF related liabilities	-	-	-	-	10,822	10,822
Allocation of Special Drawing Rights (SDR's)	-	-	-	-	4,637	4,637
<b>Total liabilities</b>	-	-	-	-	72,400	72,400



# **BANK OF SOUTH SUDAN**

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### **27. RISK MANAGEMENT (CONTINUED)**

#### **27.1 Financial risks (Continued)**

#### **(c) Market risk (continued)**

#### **i. Interest rate risk (continued)**

<b>Details</b>	<b>Up to 1 month SSP million</b>	<b>From 1 to 12 months SSP million</b>	<b>From 1 to 5 years SSP million</b>	<b>Over 5 years SSP million</b>	<b>Non-interest bearing SSP million</b>	<b>Total SSP million</b>
<b>31 December 2015</b>						
<b>Financial assets</b>						
Cash and bank balances	-	-	-	-	3,614	3,614
Holding of Special Drawing Rights (SDR's)	-	-	-	-	2,833	2,833
Quota of International Monetary Fund (IMF)	-	-	-	-	49	49
Government securities	-	-	-	1,917	-	1,917
Advances to the Government	-	13,848	-	-	-	13,848
Advances to commercial banks	-	28	-	-	-	28
Other loans and receivables	-	-	-	-	56	56
<b>Total</b>	<b>-</b>	<b>13,876</b>	<b>-</b>	<b>1,917</b>	<b>6,552</b>	<b>22,345</b>
<b>Financial liabilities</b>						
Currency in circulation	-	-	-	-	4,785	4,785
Due to the Government and its agencies	-	-	-	-	3,760	3,760
Due to banks and financial institutions	-	-	-	-	14,344	14,344
Other liabilities	-	-	-	-	287	287
IMF related liabilities	-	-	-	-	2,833	2,833
Allocation of Special Drawing Rights (SDR's)	-	-	-	-	2,428	2,428
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,437</b>	<b>28,437</b>



## **BANK OF SOUTH SUDAN**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **27. RISK MANAGEMENT (CONTINUED)**

##### **27.1 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 2016 and 31 December 2015 that provides the Bank's assets, liabilities and equity at carrying amounts, categorized by currency is summarized below.



# BANK OF SOUTH SUDAN

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 27. RISK MANAGEMENT (CONTINUED)

#### 27.1 Financial risks (continued)

##### (c) Market risk (continued)

##### ii. Foreign exchange risk (continued)

The Bank's currency position:-

#### 31 December 2016

##### Financial assets

Cash and bank balances	-	3,191	99	873	8	-	4,171
Holding of Special Drawing Rights (SDR's)	-	-	-	-	-	91	91
Quota of International Monetary Fund (IMF)	-	-	-	-	-	10,822	10,822
Government securities	1,917	-	-	-	-	-	1,917
Advances to the Government	17,938	-	-	-	-	-	17,938
Loans and advances to banks	20	-	-	-	-	-	20
Other loans and receivables	69	-	-	-	-	-	69
<b>Total</b>	<b>19,944</b>	<b>3,191</b>	<b>99</b>	<b>873</b>	<b>8</b>	<b>10,913</b>	<b>35,028</b>

##### Financial liabilities

Currency in circulation	12,076	-	-	-	-	-	12,076
Deposits from Government and its agencies	640	2,508	1	168	-	-	3,318
Deposits from banks and financial institutions	7,076	32,931	541	603	-	-	41,150
Other liabilities	397	-	-	-	-	-	397
IMF related liabilities	-	-	-	-	-	10,822	10,822
Allocation of Special Drawing Rights (SDR's)	-	-	-	-	-	4,637	4,637
<b>Total</b>	<b>20,189</b>	<b>35,439</b>	<b>542</b>	<b>771</b>	<b>-</b>	<b>15,459</b>	<b>72,400</b>
Net exposure	<b>(245)</b>	<b>(32,248)</b>	<b>(443)</b>	<b>(102)</b>	<b>8</b>	<b>(4,546)</b>	<b>(37,372)</b>





# BANK OF SOUTH SUDAN

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 27. RISK MANAGEMENT (CONTINUED)

#### 27.1 Financial risks (continued)

#### (c) Market risk (continued)

#### ii. Foreign exchange risk (continued)

The Bank's currency position: -

#### 31 December 2015

#### Financial assets

Cash and cash equivalents	-	3,321	25	248	20	-	-	3,614
Holding of Special Drawing Rights (SDR's)	-	-	-	-	-	-	2,833	2,833
Quota of International Monetary Fund (IMF)	-	-	-	-	-	-	49	49
Government securities	1,917	-	-	-	-	-	-	1,917
Advances to Government	13,848	-	-	-	-	-	-	13,848
Advances to commercial banks	28	-	-	-	-	-	-	28
Other loans and receivables	56	-	-	-	-	-	-	56
<b>Total</b>	<b>15,849</b>	<b>3,321</b>	<b>25</b>	<b>248</b>	<b>20</b>	<b>2,882</b>	<b>22,345</b>	

#### Financial liabilities

Currency in circulation	4,785	-	-	-	-	-	-	4,785
Deposits from Government and its agencies	1,162	2,563	1	34	-	-	-	3,760
Deposits from banks and financial institutions	9,653	4,437	129	125	-	-	-	14,344
Other liabilities	287	-	-	-	-	-	-	287
IMF related liabilities	-	-	-	-	-	-	2,833	2,833
Allocation of Special Drawing Rights (SDR's)	-	-	-	-	-	-	2,428	2,428
<b>Total</b>	<b>15,887</b>	<b>7,000</b>	<b>130</b>	<b>159</b>	<b>-</b>	<b>5,261</b>	<b>28,437</b>	
Net exposure	<b>(38)</b>	<b>(3,679)</b>	<b>(105)</b>	<b>88</b>	<b>20</b>	<b>(2,378)</b>	<b>(6,092)</b>	



## BANK OF SOUTH SUDAN

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### **28. 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 2016 all the financial assets and liabilities were carried at amortized cost.

#### **29. 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.



# **BANK OF SOUTH SUDAN**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **29. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

<b>Details</b>	<b>Level 1 SSP '000</b>	<b>Level 2 SSP '000</b>	<b>Level 3 SSP '000</b>	<b>Total carrying amount SSP '000</b>
<b>31 December 2016</b>				
<b>Assets</b>				
Cash and cash equivalents	-	4,687	-	4,687
Holding of Special Drawing Rights (SDR's)	-	91	-	91
Quota of International Monetary Fund (IMF)	-	10,822	-	10,822
Government securities	-	1,917	-	1,917
Advances to the Government	-	17,938	-	17,938
Advances to commercial banks	-	203	-	203
Other loans and receivables	-	69	-	69
<b>Total assets</b>	<b>-</b>	<b>35,727</b>	<b>-</b>	<b>35,727</b>
<b>Liabilities</b>				
Currency in circulation	-	12,076	-	12,076
Deposits from Government and its agencies	-	3,318	-	3,318
Deposits from banks and financial institutions	-	41,150	-	41,150
Other liabilities	-	397	-	397
IMF related liabilities	-	10,822	-	10,822
Allocation of Special Drawing Rights (SDR's)	-	4,637	-	4,637
<b>Total liabilities</b>	<b>-</b>	<b>72,400</b>	<b>-</b>	<b>72,400</b>



## BANK OF SOUTH SUDAN

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 29. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Details	Level 1 SSP '000	Level 2 SSP '000	Level 3 SSP '000	Total carrying amount SSP '000
<b>2015 Assets</b>				
Cash and cash equivalents	-	3,614	-	3,614
Holding of Special Drawing Rights (SDR's)	-	2,833	-	2,833
Quota of International Monetary Fund (IMF)	-	49	-	49
Government securities	-	1,917	-	1,917
Advances to Government	-	13,848	-	13,848
Advances to commercial banks	-	28	-	28
Other loans and receivables	-	56	-	56
Total liabilities	-	22,345	-	22,345
<b>Liabilities</b>				
Currency in circulation	-	4,785	-	4,785
Deposits – Government and its Agencies	-	3,760	-	3,760
Deposits – Banks and financial institutions	-	14,344	-	14,344
Other liabilities	-	287	-	287
IMF related liabilities	-	397	-	397
Allocation of Special Drawing Rights (SDR's)	-	2,833	-	2,833
	-	2,428	-	2,428
Total liabilities	-	28,834	-	28,834

#### 30. 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 were in tune of USD 563 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.



## BANK OF SOUTH SUDAN

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 31. OUTSTANDING COMMITMENTS

##### CAPITAL COMMITMENTS

As at 31 December 2016, the Bank's capital commitments in respect of, Property and Equipment, Intangible Assets and major capital projects aggregated to SSP 1,035 million (2015: SSP 55 million). The major capital expenditure commitments item is as reflected herewith below:

	31 December 2016 SSP million	31 December 2015 SSP million
Rumbek Currency Centre Project	<u>48,415</u>	<u>1,035</u>

The above commitments have been included and approved for payment in accordance with the 2015/2016 Budget Estimates.

#### 32. RELATED PARTY DISCLOSURES

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

##### (a) Loans and emoluments to key management personnel

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

The Bank extends loans facilities to the Governor, the Deputy Governors, and its members of staff. Loans and receivables (Note 14) included advances to employees that as at 31 December 2016 amounted to SSP 69 million (2015: SSP 56 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.

	2016 SSP million	2015 SSP million
<b>i Loans to Senior Management (i.e. Governor, Deputy Governors and Directors)</b>		
At start of the year	8	7
Loans granted during the year	7	2
Loans repaid during the year	<u>(1)</u>	<u>(1)</u>
<b>Balance end of the year</b>	<u>14</u>	<u>8</u>
<b>ii Emoluments to Senior Management Personnel (Governor, Deputy Governors and Directors)</b>		
Salaries, allowances, and benefits	<u>6</u>	<u>4</u>

In accordance with Section 18 of the Bank of South Sudan Act, 2011, remuneration of the Governor and Deputy Governors is determined by the Minister of Finance and Planning and Council of ministers of the Republic of South Sudan; plus an additional amount determined by a resolution of the non-executive Board members. As at 31 December 2016, the number of key management personnel was 6 (2015: 6).



## BANK OF SOUTH SUDAN

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 32. RELATED PARTY DISCLOSURES (CONTINUED)

##### (b) Directors' remunerations

During the year ended 31 December 2016, emoluments paid to the members of the Board amounted to SSP 5.6 million (2015: SSP 4 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 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.

As at the close of business on 31 December 2016, the following balances, which are included in the statement of financial position in various categories, were, outstanding:

##### Balances due from the government of Republic of South Sudan

	2016 SSP million	2015 SSP million
Government securities (note 13)	1,917	1,917
Advances to the Government (note 14)	17,953	13,848
	<u>19,870</u>	<u>15,765</u>

##### Balances due to the government of Republic of South Sudan

	2016 SSP million	2015 SSP million
Deposits from Ministry of Finance and Economic Planning (note 21)	2,561	919
Deposits from other Government institutions	757	2,841
	<u>3,318</u>	<u>3,760</u>

Deposits from Ministry of Finance and Economic planning and other Government institutions are funds held by the Bank as Government's bank.

#### 33. COMPARATIVE FIGURES

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

#### 34. 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.



**BANK OF SOUTH SUDAN**