



**BANK OF SIERRA LEONE**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2016**



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## GENERAL INFORMATION

### BOARD OF DIRECTORS

- |   |  |
|---|--|
| <p>: Dr. Patrick S. Conteh<br/>Dr Ibrahim Stevens<br/>Professor Richard T. M'bayo<br/>Mr. Winstanley B. Johnson<br/>P. C. Mohamed D. Benya v<br/>Mrs Rosaline Y. Fadika<br/>Mr Sorie N. Dumbuya</p> | <ul style="list-style-type: none"> <li>- Governor (appointed 18 July 2017)</li> <li>- Deputy Governor (appointed 24 July 2014)</li> <li>- Appointed 13 June 2014</li> <li>- Appointed 19 April 2016</li> <li>- Appointed 6 June 2014</li> <li>- Appointed 6 June 2014</li> <li>- Re-appointed 6 June 2014</li> </ul> |
|---|--|

### SENIOR MANAGEMENT

- |   |   |
|---|---|
| <p>: Dr. Patrick S. Conteh<br/>Dr Ibrahim Stevens<br/>Mr Ibrahim K. Lamin<br/>Mr Tapsiru Dainkeh<br/>Mr Abubakarr Jalloh<br/>Mr Ralph Ansumana<br/>Mrs Hanifa Addai<br/>Mr Abdul Aziz Sowe<br/>Ms Jenneh Jabati<br/>Mrs Mary M. Kargbo<br/>Mr Richard J D Sowa<br/>Mr Morlai Bangura<br/>Mr Abdul Bundu<br/>Mr Jibao Flee<br/>Ms Hawa Kallon<br/>Ms Fatima Mansaray</p> | <ul style="list-style-type: none"> <li>- Governor</li> <li>- Deputy Governor</li> <li>- Senior Director, Special Assignment, REP, Governor's Office</li> <li>- Senior Director, Special Assignment, FSS, Governor's Office</li> <li>- Director, Special Assignment, WAMA &amp; ALL, Governor's Office</li> <li>- Director, Banking Department</li> <li>- Director, Banking Supervision Department</li> <li>- Director, Finance Department</li> <li>- Director, General Services Department</li> <li>- Director, Special Assignment, M &amp; TP, Governor's Office</li> <li>- Director, Secretary's Department</li> <li>- Acting Director, Research Department</li> <li>- Acting Director, Internal Audit Department</li> <li>- Acting Director, Financial Markets Department</li> <li>- Acting Director, Human Resource Department</li> <li>- Acting Director, Management Information Systems Department</li> </ul> |
|---|---|

### REGISTERED OFFICE

: 30 Siaka Stevens Street  
Freetown

### SOLICITORS

: Yada Williams and Associates  
Barristers & Solicitors  
7 Walpole Street  
Freetown

### SECRETARY TO THE BOARD

: Mr. Richard J. D. Sowa

### AUDITORS

: BDO  
Regent House  
12 Wilberforce Street  
Freetown

## **REPORT OF THE DIRECTORS**

The Directors have pleasure in submitting their report to the Government of Sierra Leone together with the audited financial statements for the year ended 31 December 2016.

### **Principal Activity**

The principal activity of the Bank is to:

- (a) formulate and implement monetary policies, financial regulations and prudential standards;
- (b) act as banker, adviser and fiscal agent of the Government;
- (c) formulate and implement the foreign exchange policy of Sierra Leone;
- (d) conduct foreign exchange operations;
- (e) own, hold and maintain the official international reserves including the reserves of gold;
- (f) issue and manage the currency of Sierra Leone;
- (g) establish, promote, license and oversee sound and efficient payment and securities settlement systems;
- (h) license, register, regulate and supervise financial institutions as specified in the Bank of Sierra Leone Act or any other enactment; and
- (i) act as a depository for funds from international organisations.

### **Directors' Responsibility Statement**

The Bank's Directors are responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position as at 31 December 2016 and the statements of comprehensive income, changes in equity and cashflows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards, and in the manner required by the Bank of Sierra Leone Act 2011 and for such internal controls as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The operability of the Bank on an on-going basis is guaranteed by the Government. Hence there are no going concern issues.

### **Capital**

Details of the Bank's capital are given in note 30 to the financial statements.

### **Results for the period**

Loss for the period was Le18 billion (2015: profit of Le68 billion).



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

### **Audit Committee**

The Audit Committee comprising Non-Executive Directors and one Technical Expert is responsible for the oversight function over the audit mechanism, internal controls system and the financial system of the Bank. The Audit Committee meets quarterly to review and monitor the status of the audit function including the implementation of recommendations in the internal audit reports, external auditors' management letters and other oversight reports including the IMF Safeguards Assessment Reports.

### **Monetary Policy Committee**

The Monetary Policy Committee is the highest policy making body in the Bank on monetary policy matters. Chaired by the Governor of the Bank, this Committee meets monthly to review developments in the economy and the implications for monetary policy management. It takes decisions on the level of the key policy rate of the Bank, the Monetary Policy Rate (MPR) to signal to the market the stance and direction of the Bank's Monetary Policy in seeking to achieve the primary objective of price stability.

### **Banking Supervision Technical Committee**

This committee is responsible to direct and deliberate on the operations of all financial institutions in order to ensure financial stability in the economy.

### **Foreign Assets Committee**

The Foreign Assets Committee meets quarterly and has responsibility to deliberate on issues relating to the foreign assets of the Bank, exchange control regulations relating to capital account transactions; it monitors and maintains the external reserves to safeguard the internal value of the legal currency and formulates policies that support monetary and exchange rate management.

### **Project Monitoring Committee**

The Project Monitoring Committee is responsible to monitor on-going projects implemented by the Bank and make appropriate recommendations to Management and the Board of Directors.

### **Property, plant and equipment**

Details of the Bank's property, plant and equipment are shown in note 21 to the financial statements.

### **Employment of disabled people**

The Bank does not discriminate against a qualified individual with disability with regards to recruitment, advancement, training, compensation, discharge or other terms, conditions or privileges of employment.

### **Health, safety and welfare at work**

The Bank has retained the services of a medical doctor for all employees of the Bank and a conducive office environment is maintained for staff and visitors, with adequate lighting and ventilation.

## REPORT OF THE DIRECTORS (Contd)

### Employee involvement and training

There are various forums where the staff meet and discuss issues that relate to them and their progress at the work place, these include unit meetings, and regular general meetings.

There is an approved training schedule for the Bank and staff are trained both locally and internationally in various areas to improve their skills and knowledge. The Bank also has a staff appraisal process through which staff are appraised and promotions and/or increments are awarded.

### Directors and their interest

The following were Directors of the Bank as at 31 December 2016:

Dr Kaifala Marah	- Governor/Chairman	(appointed 14 April 2016)
Dr Ibrahim Stevens	- Deputy Governor	(appointed 24 July 2014)
Professor Richard T. M'Bayo	- Director	(appointed 13 June 2014)
Mr Winstanley B. Johnson	- Director	(appointed 19 April 2016)
P. C. Mohamed D. Benya v	- Director	(appointed 6 June 2014)
Mrs Rosaline Y. Fadika	- Director	(appointed 6 June 2014)
Mr. Sorie N. Dumbuya	- Director	(re-appointed 6 June 2014)

The erstwhile Governor and Deputy Governor were appointed on 14 April 2016 and 24 July 2014 respectively, in accordance with section 15(2) of the Bank of Sierra Leone Act 2011, to hold office for a term of five years each and to be eligible for re-appointment for another term only.

On the resignation of Dr. Kaifala Marah on 6 March 2017, Dr. Patrick S. Conteh was appointed Governor of the Bank on 18 July 2017.

The other directors are to hold offices for three years each and shall be eligible for re-appointment for another term only.

No Director had during the year or has a material interest in any contract or arrangement of significance to which the Bank was or is a party.

### Auditors

The auditors, BDO, were appointed by the Auditor-General to conduct the audit of the financial statements for the period ended 31 December 2016.

### Approval of the financial statements

The financial statements were approved by the Board of Directors on 17<sup>th</sup> January 2018.

.....  
Governor

.....  
Director

.....  
Secretary



**INDEPENDENT AUDITORS' REPORT  
TO THE GOVERNMENT OF SIERRA LEONE**

**Opinion**

We have audited the financial statements of Bank of Sierra Leone set out on pages 9 to 66 which comprise the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in equity and statement of cashflows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2016, its financial performance and its cashflows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Bank of Sierra Leone Act 2011.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

The key audit matters which apply to the audit of the financial statements of the Bank are:

- Foreign exchange transactions including the respective net exchange gain/loss
- Accuracy of assets and liabilities with respect to disclosure and valuation
- Completeness of notes

Foreign exchange transactions including the respective net exchange gain/loss

The Bank holds international reserves in foreign currencies as well as assets and liabilities arising from its membership in the International Monetary Fund (IMF). According to the Bank's accounting policies, all foreign currency positions should be revalued daily. With respect to the IMF assets and liabilities, the policies refer to IMFs Aide Memoire "Accounting for Fund Transactions" dated August 1, 2016.

In the course of our audit we have performed a systems audit of the Bank's system used for the accounting of foreign exchange transactions. The Bank's system for accounting for foreign exchange transaction including the respective recognition of realized and unrealized gains and losses is not configured to show and work with the exchange rates at which the transactions were originally acquired. Manual recomputations of the realized exchange gains and losses had to be performed and the amounts adjusted and restated on 2016 and 2015 respectively. See note 10c for further details.

INDEPENDENT AUDITORS' REPORT  
TO THE GOVERNMENT OF SIERRA LEONE (CONTD)

Accuracy of assets and liabilities with respect to disclosure and valuation

The Bank holds various Balances with other Central Banks, Placement with Banks, Cash Balances with Banks, Balances due from the Government as well as Deposits from Government, Banks and Others.

In the course of our audit we have performed balance sheet confirmations in compliance with international auditing standards. The counterparties had to complete a blank confirmation with account information and balances. The confirmations were posted by and returned to BDO. All differences have either been cleared with alternative audit procedures or have been adjusted accordingly.

Completeness of notes

Due to fast developing Accounting Standards, the completeness and correctness of the notes had been identified as a key audit matter.

In the course of our audit we emphasized on the completeness and correctness of the notes. We therefore met with the Bank, scrutinized all information in detail, took the respective evidence on file and used international disclosure checklist, industry sector checklist, and the applicable accounting standards. Based on the discussions, the information received and our findings the Bank has changed the notes accordingly.

Our IT review revealed that evidence of compliance with controls was not, in all instances, available and hence we could not establish the extent to which controls were complied with. Effective controls around record keeping and processing of transactions increase assurance on the accuracy of the financial statements. In the circumstance, to mitigate the risk, we adopted sample sizes larger than the normal and extensive verification work in our audit strategy.

We have looked more specifically into aggregation of balances, the classification of line items and the completion of disclosures. Additionally work has also been done on revenue recognition and foreign exchange transactions.

**Other Information**

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



**INDEPENDENT AUDITORS' REPORT  
TO THE GOVERNMENT OF SIERRA LEONE (CONTD)**

In the capacity as the Government's bankers, the continuance of the Bank's operations as a going concern is guaranteed by the Government of Sierra Leone.

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

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our Objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

**INDEPENDENT AUDITORS' REPORT  
TO THE GOVERNMENT OF SIERRA LEONE (CONTD)**

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Bank audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of Section 63 of the Bank of Sierra Leone Act 2011, we report that:

- we were able to examine the books and accounts of the Bank and were provided with all the information and explanations about its transactions required by us for the efficient performance of our duties, and
- key matters arising from the audit and in particular on material weaknesses in internal controls in relation to the financial reporting process have been disclosed.

The engagement partner on the audit resulting in this independent auditors' report is Samuel Noldred.

  
Freetown, Sierra Leone

17<sup>th</sup> January 2018



## STATEMENT OF COMPREHENSIVE INCOME

<i>In thousands of Leones</i>	<i>Note</i>	2016	Restated 2015	2015
Interest and similar income	8	77,077,500	50,588,849	50,588,849
Interest expenses and similar charges	8	(2,010,949)	(3,666,250)	(3,666,250)
<b>Net interest income</b>		<b>75,066,551</b>	<b>46,922,599</b>	<b>46,922,599</b>
Fees and commission income	9	2,411,449	2,045,554	2,982
Fees and commission expense	9	-	-	-
<b>Net fees and commission income</b>		<b>2,411,449</b>	<b>2,045,554</b>	<b>2,982</b>
Net exchange gain	10	19,027,827	117,069,037	179,636,698
Other income	11	1,422,549	3,772,072	4,106,967
<b>Operating income</b>		<b>97,928,376</b>	<b>169,809,262</b>	<b>230,669,246</b>
Personnel expense	12	(64,954,139)	(51,507,590)	(52,240,280)
Currency	13	(17,538,335)	(16,838,253)	(16,838,253)
Depreciation and amortisation	21	(4,960,862)	(4,675,347)	(4,675,347)
Other expenses	14	(28,461,721)	(28,537,594)	(27,804,904)
<b>(Loss)/profit for the year</b>		<b>(17,986,681)</b>	<b>68,250,478</b>	<b>129,110,462</b>
<b>Other comprehensive income</b>				
Defined benefit plan actuarial gain/(loss)		4,405,886	(1,093,872)	(1,093,872)
<b>Total comprehensive income for the year</b>		<b>(13,580,795)</b>	<b>67,156,606</b>	<b>128,016,590</b>
		=====	=====	=====

The notes on pages 16 to 66 are an integral part of these financial statements

# STATEMENT OF COMPREHENSIVE INCOME

<i>In thousands of Leones</i>	<i>Note</i>	2016	Restated 2015	2015
Profit attributable to:				
Equity of the Bank		(17,986,681)	68,250,478	129,110,462
(Loss)/profit for the year		(17,986,681)	68,250,478	129,110,462
Total comprehensive income attributable to:				
Equity of the Bank		(13,580,795)	67,156,606	128,016,590
Total comprehensive income for the year		(13,580,795)	67,156,606	128,016,590

These financial statements were approved by the Board of Directors on 17<sup>th</sup> January 2018.

.....) Governor

.....) Director

.....) Secretary

The notes on pages 16 to 66 are an integral part of these financial statements



# STATEMENT OF FINANCIAL POSITION

<i>In thousands of Leones</i>			Restated 2015	2015
	Note	2016		
<b>Assets</b>				
Cash and cash equivalents	16	2,998,294,859	2,438,564,143	2,438,564,143
Funds held with International Monetary Fund (IMF)	17	3,031,136,496	1,651,897,216	1,651,897,216
Loans and advances to others	18a	9,214,194	7,648,221	569,050,119
Due from Government of Sierra Leone	18b	992,407,479	540,179,760	63,405,581
Investment in equity	19	46,997,540	34,659,425	34,659,425
Investment securities	20	725,063,472	519,210,367	466,351,111
Property, plant and equipment	21a	96,078,695	79,696,590	79,696,590
Other assets	22	123,280,171	106,143,499	71,580,604
<b>Total assets</b>		<b>8,022,472,906</b>	<b>5,377,999,221</b>	<b>5,375,204,789</b>
		=====	=====	=====
<b>Liabilities</b>				
Amounts due to International Monetary Fund (IMF)	23	5,183,182,088	3,013,735,874	2,908,223,986
Deposits from Government	24	121,130,686	86,015,966	84,472,704
Deposits from banks	25	633,552,671	338,847,088	334,877,420
Deposits from others	26	47,369,932	32,658,072	35,508,985
Currency in circulation	27	1,467,364,032	1,356,959,932	1,356,959,932
Other liabilities	28	123,224,706	88,689,131	88,556,716
End-of-service benefits	29	21,323,645	22,187,217	22,187,217
<b>Total liabilities</b>		<b>7,597,147,760</b>	<b>4,939,093,280</b>	<b>4,830,786,960</b>
		=====	=====	=====
<b>Equity</b>				
Capital	30	125,000,000	125,000,000	125,000,000
General reserve	31(a)	264,003,990	281,990,671	387,502,559
Revaluation reserve	31(b)	32,792,919	32,792,919	32,792,919
Other reserves	31(c)	3,528,237	(877,649)	(877,649)
<b>Total equity</b>		<b>425,325,146</b>	<b>438,905,941</b>	<b>544,417,829</b>
		=====	=====	=====
<b>Total liabilities and equity</b>		<b>8,022,472,906</b>	<b>5,377,999,221</b>	<b>5,375,204,789</b>
		=====	=====	=====

These financial statements were approved by the Board of Directors on 17<sup>th</sup> January 2018.

\_\_\_\_\_  
Governor

\_\_\_\_\_  
Director

\_\_\_\_\_  
Secretary

The notes on pages 16 to 66 are an integral part of these financial statements

# STATEMENT OF CHANGES IN EQUITY

In thousands of Leones

	Share Capital	Property Revaluation Reserve	General Reserve	Other Reserves	Total
Balance at 1 January 2015	125,000,000	32,792,919	256,684,420	216,323	414,693,662
<b>Total comprehensive income for the year</b>					
Net profit for the year	-	-	129,110,462	-	129,110,462
Securities reserves	-	-	-	-	-
Prior period adjustments	-	-	1,707,677	-	1,707,677
<b>Other comprehensive income</b>					
Fair value reserve (non-interest-bearing securities)	-	-	-	-	-
Actuarial gain	-	-	-	(1,093,972)	(1,093,972)
<b>Total other comprehensive income for the year</b>			130,818,139	(1,093,972)	129,724,167
<b>Total comprehensive income and other transfers</b>					
Subscribed during the year	-	-	-	-	-
Deposit for shares	-	-	-	-	-
<b>Balance at 31 December 2015</b>	<b>125,000,000</b>	<b>32,792,919</b>	<b>387,502,559</b>	<b>(877,649)</b>	<b>544,417,829</b>

The notes on pages 16 to 66 are an integral part of these financial statements



# STATEMENT OF CHANGES IN EQUITY

In thousands of Leones

	Share Capital	Property Revaluation Reserve	General Reserve	Other Reserves	Total
Balance at 1 January 2015 (restated)	125,000,000	32,792,919	213,740,193	216,323	371,749,435
<b>Total comprehensive income for the year</b>					
Net profit for the year (restated)	-	-	68,250,478	-	68,250,478
Securities reserves	-	-	-	-	-
<b>Other comprehensive income</b>					
Fair value reserve (non-interest-bearing securities)	-	-	-	-	-
Actuarial gain	-	-	-	(1,093,972)	(1,093,972)
<b>Total other comprehensive income for the year</b>	-	-	68,250,478	(1,093,972)	67,156,506
<b>Total comprehensive income and other transfers</b>					
Subscribed during the year	-	-	-	-	-
Deposit for shares	-	-	-	-	-
<b>Balance at 31 December 2015</b>	125,000,000	32,792,919	281,990,671	(877,649)	438,905,941

The notes on pages 16 to 66 are an integral part of these financial statements

# STATEMENT OF CHANGES IN EQUITY

In thousands of Leones

	Share Capital	Property Revaluation Reserve	General Reserve	Other Reserves	Total
Balance at 1 January 2016	125,000,000	32,792,919	281,990,671	(877,649)	438,905,941
<b>Total comprehensive income for the year</b>					
Net profit for the year	-	-	(17,986,681)	-	(17,986,681)
Securities reserves	-	-	-	-	-
<b>Other comprehensive income</b>					
Fair value reserve (non-interest-bearing securities)	-	-	-	-	-
Actuarial gain	-	-	-	4,405,886	4,405,886
<b>Total other comprehensive income for the year</b>	-	-	(17,986,681)	4,405,886	(13,580,795)
<b>Total comprehensive income and other transfers</b>					
Paid up capital	-	-	-	-	-
Deposit for shares	-	-	-	-	-
<b>Balance at 31 December 2016</b>	<b>125,000,000</b>	<b>32,792,919</b>	<b>264,003,990</b>	<b>3,528,237</b>	<b>425,325,146</b>

The notes on pages 16 to 66 are an integral part of these financial statements



# STATEMENT OF CASHFLOWS

*In thousands of Leones*

## Cashflows from operating activities

	Notes	2016	Restated 2015	2015
(Loss)/profit for the year		(17,986,681)	68,250,478	129,110,462
Adjustment for:				
Depreciation and amortisation	21	4,960,862	4,675,347	4,675,347
Net interest income	8	(75,066,551)	(46,922,599)	(46,922,599)
Fixed asset write-offs		2,375	240,670	240,670
Profit on disposals		(45,496)	(46,821)	(46,821)
Actuarial (loss)/gain on defined benefit obligation		4,405,886	(1,093,972)	(1,093,972)
Prior year adjustment		-	-	1,707,677
		<u>(83,729,605)</u>	<u>25,103,103</u>	<u>87,670,764</u>

## Changes in:

Loans and advances to others		(1,565,973)	256,490,521	(304,911,377)
Due from Government of Sierra Leone		(452,227,719)	(501,122,108)	(24,347,929)
Other assets		(17,136,672)	(30,976,191)	3,586,704
Currency in circulation		110,404,100	219,915,344	219,915,344
Government deposit		35,114,720	(85,670,016)	(87,213,278)
Other deposits		14,711,860	(15,400,541)	(12,549,628)
Deposits from banks		294,705,583	(46,575,125)	(50,544,793)
Other liabilities		34,535,575	(2,450,795)	(2,583,210)
End-of-service benefits		(863,572)	4,735,696	4,735,696
		<u>(66,051,703)</u>	<u>(175,950,112)</u>	<u>(166,241,707)</u>

Interest received	8	77,077,500	50,588,849	50,588,849
Interest paid	8	(2,010,949)	(3,666,250)	(3,666,250)
Net cash generated from operating activities		<u>9,014,848</u>	<u>(129,027,513)</u>	<u>(119,319,108)</u>

## Cashflows from investing activities

(Purchase)/disposal of investment securities		(205,853,105)	(18,848,580)	34,010,676
Acquisition of investment in equity		(12,338,115)	(4,530,855)	(4,530,855)
Acquisition of property, plant and equipment		(21,345,349)	(8,018,403)	(8,018,403)
Proceeds from sale of property, plant and equipment		45,503	48,175	48,175
Net cash generated from investing activities		<u>(239,491,066)</u>	<u>(31,349,663)</u>	<u>21,509,593</u>

## Cashflows from financing activities

Net change in funds from the IMF		790,206,934	678,150,339	572,638,451
Net movement in reserves		-	(42,944,227)	-
Net cash from financing activities		<u>790,206,934</u>	<u>635,206,112</u>	<u>572,638,451</u>

## Net increase in cash and cash equivalents

Cash and cash equivalents at 1 January		559,730,716	474,828,936	474,828,936
		<u>2,438,564,143</u>	<u>1,963,735,207</u>	<u>1,963,735,207</u>
Cash and cash equivalents at 31 December	16	<u>2,998,294,859</u>	<u>2,438,564,143</u>	<u>2,438,564,143</u>

The notes on pages 16 to 66 are an integral part of these financial statements

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1 REPORTING ENTITY**

The Bank of Sierra Leone is domiciled in Sierra Leone and its capital was subscribed wholly by the Government of Sierra Leone. The address of the Bank's registered office is 30 Siaka Stevens Street, Freetown. The Bank is primarily established to foster the liquidity, solvency and proper functioning of a stable market-based financial system and to license and supervise institutions that engage in the business of receiving money deposits or other repayable funds from the public and extending credits to their customers, including bureaux of exchange and foreign exchange dealers.

### **2 BASIS OF ACCOUNTING**

The financial statements of Bank of Sierra Leone have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and the Bank of Sierra Leone Act 2011. They were authorised for issue by the Bank's Board of Directors.

Details of the Bank's accounting policies, including changes during the year, are included in notes 37 to 39.

### **3 FUNCTIONAL AND PRESENTATION CURRENCY**

These financial statements are presented in Leones, which is the Bank's functional currency. All financial information presented in Leones has been rounded to the nearest thousand.

### **4 USE OF JUDGEMENTS AND ESTIMATES**

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the bank's accounting policies and the resulted reported amounts of assets, liabilities, income and expenses. Actual effects may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

#### **Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2016 is set out below in relation to the impairment of financial instruments and in the following notes:

- Note 39 (g) - determination of fair value of financial instruments with significant unobservable inputs;
- Note 39 (q) - measurement of defined benefit obligations: Key actuarial assumptions;
- Note 39 (o) - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.



## NOTES TO THE FINANCIAL STATEMENTS (Contd)

### 4 USE OF JUDGEMENTS AND ESTIMATES (Contd)

#### Assumptions and estimation uncertainties (contd)

##### Impairment of financial instruments

Non-financial assets are evaluated for impairment on the basis described in note 39 (m).

The individual component of the total allowance for impairment applies to financial assets evaluated individually for impairment and is based on management's best estimate of the present value of the cashflows that are expected to be received. In estimating these cashflows, management makes judgements about a debtor's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the walkout strategy and estimate of cashflows considered recoverable are determined by management and approved by the Board.

Where appropriate, a collective component of the total allowance is established for:

- groups of homogeneous loans that are not considered individually significant; and
- groups of assets that are individually significant but that were not found to be individually impaired (loss 'incurred but not reported' or IBNR).

The collective allowance for groups of homogeneous loans is established using statistical analysis of historical data on delinquency to estimate the amount of loss. Management applies judgement to ensure that the estimate of loss arrived at on the basis of historical information is appropriately adjusted to reflect the economic conditions at the reporting date.

Where inherent loss is apparent management may make assumptions to define the pattern of inherent losses and to determine the required input parameters, based on historical experience and current economic conditions.

### 5 FINANCIAL RISK REVIEW

This note presents information about the bank's exposure to financial risks and the bank's management of capital. Further details on the Bank's policies have been provided in note 36.

## NOTES TO THE FINANCIAL STATEMENTS (Contd)

### FINANCIAL RISK REVIEW (Contd)

#### (a) Credit risk

For the definition of credit risk and information on how credit risk is managed by the bank, see note 36(a).

#### Credit quality

The Bank lends principally to the Government of Sierra Leone repayment of which is guaranteed by the borrower. On its investment portfolio and other assets on which it may be exposed to credit risk, the Bank minimizes its exposure related to investment made in foreign debt securities and short term deposits by establishing limits on investments with different credit quality. Credit quality is evaluated on the basis of the ratings set by the International Rating Agencies. The bulk of the funds is placed with triple "A" rated Banks (i.e. Central Banks and other international financial institutions as approved by the Foreign Assets Committee (FAC), Management and the Board).

The following table represents the Bank's financial assets based on Standard and Poor's credit rating of the issuer. AAA is the highest quality rating possible and indicates that the entity has an extremely strong capacity and A is an upper medium grade, indicating a strong capacity to pay interest and principal. BBB is the lowest investment grade rating, indicating a medium capacity to pay interest and principal. N/R indicated that the entity has not been rated by Standard and Poor.

The substantial portion of the investment held with non-rated issuers are guaranteed by the Government of Sierra Leone.

	Credit rating	2016	% of FA	2015	% of FA
Cash balances with Central Banks	AAA	1,481,968,024	18.99	1,357,111,331	26.03
Cash and balances with Banks and fixed deposits	A	1,516,326,835	19.43	1,081,452,812	20.65
International Monetary Fund assets	N/R	3,031,136,496	38.85	1,651,897,216	31.62
Advances	N/R	1,001,621,673	12.84	547,827,981	12.11
Investment in equity	N/R	46,997,540	0.60	34,659,425	0.66
Investment securities	N/R	725,063,472	9.29	519,210,367	8.93
<b>Total</b>		<b>7,803,114,040</b>	<b>100</b>	<b>5,192,159,132</b>	<b>100</b>
		=====	=====	=====	=====

The maximum loss that the Bank would suffer as a result of a security issuer defaulting is the value reported in the statement of financial position.

The Bank writes off an advance or an investment (and any related allowances for impairment losses) when Management and the Board determine that the assets are uncollectible. This determination is reached after considering information on the probability of collectability of the said balance.

To enable it manage risk, the Bank analyses its assets portfolio and liabilities using various parameters, the result of which is the provision of information which facilitates investment decisions.



# NOTES TO THE FINANCIAL STATEMENTS (Contd)

## FINANCIAL RISK REVIEW (Contd)

### Credit risk (contd)

#### Concentration analysis

The Bank's policy is to hold investments in fairly stable currencies to avoid losses caused by the depreciation of the Leone.

The analysis below gives an indication of the concentration by currency of the Bank's financial assets:

Assets	GBP	Euro	US\$	SDR	Leone and Others	Total
<i>In thousands of Leones</i>						
<b>At 31 December 2016</b>						
Cash and cash equivalents	1,091,119,882	11,429,863	1,875,299,899	-	20,445,215	2,998,294,859
IMF assets	-	-	-	3,031,136,496	-	3,031,136,496
Advances	-	-	-	-	1,001,621,673	1,001,621,673
Investment in equity	-	-	46,997,540	-	-	46,997,540
Investment securities	-	-	-	-	725,063,472	725,063,472
<b>Total assets</b>	<b>1,091,119,882</b>	<b>11,429,863</b>	<b>1,922,297,439</b>	<b>3,031,136,496</b>	<b>1,747,130,360</b>	<b>7,803,114,040</b>
<b>At 31 December 2015</b>						
Cash and cash equivalents	1,211,155,791	7,792,253	1,203,540,199	-	16,075,900	2,438,564,143
IMF assets	-	-	-	1,651,897,216	-	1,651,897,216
Advances	-	-	-	-	547,827,981	547,827,981
Investment in equity	-	-	34,659,425	-	-	34,659,425
Investment securities	-	-	-	-	519,210,367	519,210,367
<b>Total assets</b>	<b>1,211,155,791</b>	<b>7,792,253</b>	<b>1,238,199,624</b>	<b>1,651,897,216</b>	<b>1,083,114,248</b>	<b>5,192,159,132</b>

# NOTES TO THE FINANCIAL STATEMENTS (Contd)

## FINANCIAL RISK REVIEW (Contd)

### (b) Liquidity risk

The risk that the Bank may not be able to meet short term financial demands which usually occur when it is unable to convert security or non-liquid assets to cash without loss of capital or revenue.

This risk is not relevant to domestic assets and liabilities because of the ability of the Bank to create Leones when required. However, liquidity risk is present with respect to the foreign assets and liabilities and the Bank mitigates this risk by fixing limits to holding sizes and maturity of its investments.

#### Cash and cash equivalents

To ensure it is enabled to meet its financial obligations as they fall due, the Bank closely monitors its liquid resources (cash and cash equivalents).

The value of cash and cash equivalents held by the Bank at 31 December 2016 is analysed below:

31 December 2016

	Investment securities	Balance with other Central Banks	Balance with other Banks	Total
<i>In thousands of Leones</i>				
Cash and cash equivalents	-	1,481,968,024	1,516,326,835	2,998,294,859
Investment securities (1-3 months)	4,202,188	-	-	4,202,188
<b>Total cash and cash equivalents</b>	<b>4,202,188</b>	<b>1,481,968,024</b>	<b>1,516,326,835</b>	<b>3,002,497,047</b>
	=====	=====	=====	=====
Investment securities not included in cash and cash equivalents (3-12 months)	6,295,150	-	-	6,295,150
	=====	=====	=====	=====
<b>Total cash and cash equivalents and investment securities (available within 12 months)</b>	<b>10,497,338</b>	<b>1,481,968,024</b>	<b>1,516,326,835</b>	<b>3,008,792,197</b>
	=====	=====	=====	=====



NOTES TO THE FINANCIAL STATEMENTS (Contd)

FINANCIAL RISK REVIEW (Contd)

Liquidity risk (contd)

31 December 2015

	Investment securities	Balance with other Central Banks	Balance with other Banks	Total
Cash balances	-	1,357,111,331	1,081,452,812	2,438,564,143
Investment in securities (1-3 months)	5,090,150	-	-	5,090,150
<b>Total cash and cash equivalents</b>	<b>5,090,150</b>	<b>1,357,111,331</b>	<b>1,081,452,812</b>	<b>2,443,654,293</b>
	=====	=====	=====	=====
Investment securities not included in cash and cash equivalents (3-12 months)	4,559,914	-	-	4,559,914
<b>Total cash and cash equivalents and investment securities (available within 12 months)</b>	<b>9,650,064</b>	<b>1,357,111,331</b>	<b>1,081,452,812</b>	<b>2,448,214,207</b>
	=====	=====	=====	=====

Maturity profile of financial assets/liabilities

The Bank manages its foreign liquidity risks through the appropriate structuring of its foreign investment portfolios, to ensure that the maturity profile of foreign currency assets sufficiently matches those of its foreign currency commitments. This is monitored and managed on a daily basis. In addition, the foreign investment portfolio of the Bank includes sufficient short-term, highly liquid investment instruments.

The table below analyses the financial assets and liabilities into relevant maturity groupings based on the remaining period at statement of financial position date to contractual maturity date and shows the mismatch.

NOTES TO THE FINANCIAL STATEMENTS (Contd)

FINANCIAL RISK REVIEW (Contd)

Liquidity risk (contd)

In thousands of Leones

31 December 2016

Financial asset by type

Non-derivative liabilities

Cash and cash equivalents

International Monetary Fund Related Assets

Investment securities

Investment in equity

Advances

Note	Carrying amount	Gross nominal inflow/(outflow)	Less than 1 month	1 - 3 Months	3 months to 1 year	1 - 5 Years	More than 5 years
16	2,998,294,859	2,998,294,859	1,482,246,325	1,516,048,534	-	-	-
17	3,031,136,496	3,031,136,496	-	-	3,031,136,496	-	-
20	725,063,472	725,063,472	-	4,202,188	6,295,150	658,316,134	56,250,000
19	46,997,540	46,997,540	-	-	-	21,448,553	25,548,987
18	1,001,621,673	1,001,621,673	-	111,587,023	-	8,086,698	881,947,952
	7,803,114,040	7,803,114,040	1,482,246,325	1,631,837,745	3,037,431,646	687,851,385	963,746,939

Financial liability by type

Non-derivative liabilities

Amounts due to International Monetary Fund (IMF)

Deposits from Government

Deposits from Banks

Deposits from others

End-of-service benefits

Unrecognised loan commitment

23	5,183,182,088	5,183,182,088	-	-	1,999,659,009	960,513,771	2,223,009,308
24	121,130,686	121,130,686	121,130,686	-	-	-	-
25	633,552,671	633,552,671	-	-	633,552,671	-	-
26	47,369,932	47,369,932	47,369,932	-	-	-	-
29	21,323,645	21,323,645	-	-	-	21,323,645	-
	-	-	-	-	-	-	-
	6,006,559,022	6,006,559,022	168,500,618	-	2,633,211,680	981,837,416	2,223,009,308

Net on-balance sheet position

1,796,555,018	1,796,555,018	1,313,745,707	1,631,837,745	404,219,966	(293,986,031)	(1,259,262,369)
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NOTES TO THE FINANCIAL STATEMENTS (Contd)

5 FINANCIAL RISK REVIEW (Contd)

Liquidity risk (contd)

(ii) Maturity analysis for financial assets and financial liabilities (contd)

The table below sets out the remaining contractual maturities of the Bank's financial liabilities and financial assets:

<i>In thousands of Leones</i>	Note	Carrying amount	Gross nominal inflow/(outflow)	Less than 1 month	1 - 3 Months	3 months to 1 year	1 - 5 Years	More than 5 years
31 December 2015								
Financial asset by type								
Non-derivative liabilities								
Cash and cash equivalents	16	2,438,564,143	2,438,564,143	1,357,111,331	1,081,452,812	-	-	-
International Monetary Fund Related Assets	17	1,651,897,216	1,651,897,216	-	-	1,651,897,216	-	-
Investment securities	20	519,210,367	519,210,367	-	12,879,893	4,559,914	438,020,560	63,750,000
Investment in equity	19	34,659,425	34,659,425	-	-	-	16,605,767	18,053,658
Advances	18	547,827,981	547,827,981	-	63,405,581	-	6,499,803	477,922,597
		5,192,159,132	5,192,159,132	1,357,111,331	1,157,738,286	1,656,457,130	461,126,130	559,726,255

Financial liability by type  
Non-derivative liabilities

Amounts due to International Monetary Fund (IMF)	23	3,013,735,874	3,013,735,874	-	-	730,956,595	806,357,835	1,476,421,444
Deposits from Government	24	86,015,966	86,015,966	86,015,966	-	-	-	-
Deposits from Banks	25	338,847,088	338,847,088	338,847,088	-	-	-	-
Deposits from others	26	32,658,072	32,658,072	32,658,072	-	-	-	-
End-of-service benefits	29	22,187,217	22,187,217	-	-	-	22,187,217	-
Unrecognised loan commitment		-	-	-	-	-	-	-
		3,493,444,217	3,493,444,217	457,521,126	-	730,956,595	828,545,052	1,476,421,444

Net on-balance sheet position

		1,698,714,915	1,698,714,915	899,590,205	1,157,738,286	925,500,535	(367,418,922)	(916,695,189)
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## NOTES TO THE FINANCIAL STATEMENTS (Contd)

### FINANCIAL RISK REVIEW (Contd)

#### Liquidity risk (contd)

#### Liquidity reserve

The table below sets out the components of the Bank's liquid reserves at book and fair values:

<i>In thousands of Leones</i>	2016 Carrying amount	2016 Fair value	2015 Carrying amount	2015 Fair value
Cash in hand	278,301	278,301	456,322	456,322
Balance with other Central Banks	1,481,968,024	1,481,968,024	1,357,111,331	1,357,111,331
Cash and balances with Banks and fixed deposits	1,516,048,534	1,516,048,534	1,080,996,490	1,080,996,490
<b>Total liquidity reserve</b>	<b>2,998,294,859</b>	<b>2,998,294,859</b>	<b>2,438,564,143</b>	<b>2,438,564,143</b>

#### Pledged assets

None of the Bank's asset were encumbered and were therefore available to be provided as collateral to support future borrowing.

#### (c) Market risks

Market risk is the risk that changes in market prices, such as interest rate, equity prices and foreign exchange rates will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk is to manage and control market risk exposures and keep them within acceptable parameters, while optimizing the return on risk.

Overall oversight for management of market risk is vested in the Board. The Foreign Assets Committee is responsible for the development of detailed risk management policies (subject to review and approval by the Board and for the day-to-day review of their implementation).

#### Management of interest rate risk

The Bank holds a mixture of 1 year, 3 year and 10 year bonds as part of its local portfolio. Of these, only 1 year bonds are marketable/tradable but the Bank normally holds them to maturity because of the absence of an active market.

The local portfolio is made up mainly of these bonds and treasury bills purchased in the secondary market. The Bank does not normally manage its exposure to decreases in yields of these securities because its participation in the secondary market is an intervention mechanism as part of its core functions and not for a profit motive.

The Bank's foreign portfolio is largely made up of fixed deposits in the money market which can be traded prior to maturity if required. This portfolio is however subject to risk of changes in exchange rate and interest rate. The Bank's investment in equity is non-tradable.

Interest rate is managed where fluctuation in interest rate will potentially reduces the Bank's income from foreign and local investment.

For foreign investments, interest rate risk is managed by holding minimum balances in currencies with falling interest rates. The foreign investments are however mainly in fixed term deposits, therefore the bank is not exposed to interest rate resetting.

## NOTES TO THE FINANCIAL STATEMENTS (Contd)

### FINANCIAL RISK REVIEW (Contd)

#### Market risk (contd)

#### Interest rate risk (contd)

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various interest rate scenarios.

The scenario that is considered on a monthly basis is a 2% basis point (bp) parallel fall or rise in market interest rates.

#### Sensitivity of projected net interest income (Interest rate sensitivity analysis)

	200 bp (2%) Increase	200 bp (2%) Decrease
<b>2016</b>		
Interest income impact	1,541,550	(1,541,550)
Interest expense impact	(40,219)	40,219
Net impact	<u>1,501,331</u> =====	<u>(1,501,331)</u> =====
<b>2015</b>		
Interest income impact	1,011,777	(1,011,777)
Interest expense impact	(73,325)	73,325
Net impact	<u>938,452</u> =====	<u>(938,452)</u> =====

The expected impact on net interest income have been based on a +/- two percent swing in interest rates that may occur during the ensuing year. The computation considered interest income on cash and short term funds, investment securities and advances.

#### Sensitivity of reported equity to interest rate movement

	200 bp (2%) Increase	200 bp (2%) Decrease
<b>2016</b>		
Net Interest impact on retained earnings	<u>1,501,331</u> =====	<u>(1,501,331)</u> =====
<b>2015</b>		
Net Interest impact on retained earnings	<u>938,452</u> =====	<u>(938,452)</u> =====

#### Management of exchange rate risk

The Bank had reduced its exposure to the Eurozone since 2013 due to the protracted sovereign debt crisis in Greece, Portugal and Spain. The Euro has been very volatile and fluctuating significantly against the USD, the Bank's reporting currency for foreign reserves.

The Bank also experienced a serious revaluation hit on its Pound Sterling holdings as a result of Brexit in 2016. This affected the returns on GBP holdings as interest rate decreased from 0.37% in 2015 to 0.20% in 2016. However, the Bank has taken action to revise its currency composition benchmark to hold more USD and minimize the exchange rate risk.

NOTES TO THE FINANCIAL STATEMENTS (Contd)

FINANCIAL RISK REVIEW (Contd)

Market risk (contd)

Concentrations of assets, liabilities and off-balance sheet items

<i>In thousands of Leones</i>	GBP	Euro	US\$	SDR	Others	Total
<b>At 31 December 2016</b>						
Cash and cash equivalents	1,091,119,882	11,429,863	1,875,299,899	-	20,445,215	2,998,294,859
IMF Assets	-	-	-	3,031,136,496	-	3,031,136,496
Advances	-	-	-	-	1,001,621,673	1,001,621,673
Investment in equity	-	-	46,997,540	-	-	46,997,540
Investment in securities	-	-	-	-	725,063,472	725,063,472
<b>Total assets</b>	<b>1,091,119,882</b>	<b>11,429,863</b>	<b>1,922,297,439</b>	<b>3,031,136,496</b>	<b>1,747,130,360</b>	<b>7,803,114,040</b>
<b>Liabilities</b>						
IMF drawing rights allocation	-	-	-	5,183,182,088	-	5,183,182,088
Deposits from Government	-	-	-	-	121,130,686	121,130,686
Deposits from banks	-	-	-	-	633,552,671	633,552,671
Deposit from others	-	-	-	-	47,369,932	47,369,932
End-of-service benefits	-	-	-	-	21,323,645	21,323,645
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,183,182,088</b>	<b>823,376,934</b>	<b>6,006,559,022</b>
<b>Net on-balance sheet position</b>	<b>1,091,119,882</b>	<b>11,429,863</b>	<b>1,922,297,439</b>	<b>(2,152,045,592)</b>	<b>923,753,426</b>	<b>1,796,555,018</b>
=====						
<b>At 31 December 2015</b>						
Cash and cash equivalents	1,211,155,791	7,792,253	1,203,540,199	-	16,075,900	2,438,564,143
IMF assets	-	-	-	1,651,897,216	-	1,651,897,216
Advances	-	-	-	-	547,827,981	547,827,981
Investment in equity	-	-	34,659,425	-	-	34,659,425
Investment securities	-	-	-	-	519,210,367	519,210,367
<b>Total assets</b>	<b>1,211,155,791</b>	<b>7,792,253</b>	<b>1,238,199,624</b>	<b>1,651,897,216</b>	<b>1,083,114,248</b>	<b>5,192,159,132</b>
<b>Liabilities</b>						
IMF drawing rights allocation	-	-	-	3,013,735,874	-	3,013,735,874
Deposits from Government	-	-	-	-	86,015,966	86,015,966
Deposits from banks	-	-	-	-	338,847,088	338,847,088
Deposit from others	-	-	-	-	32,658,072	32,658,072
End-of-service benefits	-	-	-	-	22,187,217	22,187,217
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,013,735,874</b>	<b>479,708,343</b>	<b>3,493,444,217</b>
<b>Net on-balance sheet position</b>	<b>1,211,155,791</b>	<b>7,792,253</b>	<b>1,238,199,624</b>	<b>(1,361,838,658)</b>	<b>603,405,905</b>	<b>1,698,714,915</b>
=====						



## NOTES TO THE FINANCIAL STATEMENTS (Contd)

### FINANCIAL RISK REVIEW (Contd)

#### Market risk (contd)

#### Foreign currency sensitivity analysis

Concentration of Leone equivalent of foreign currency denominated assets and liabilities.

The following sensitivity analysis has been based on a 10% change in the exchange rates of various currencies against the Leone. The Leone appreciated during the first half of 2015 due to increased inflows from international organisations. By the end of the year, the appreciation had reversed as a result of supply constraints in the foreign exchange market. This shortage was mainly due to the effects of the twin shocks of the decline of the iron ore price and the effect of the Ebola crisis and later the decline of funding for Ebola.

#### 2016

In thousands of Leones	US\$	GBP	EUR	SDR	Others	Total
<b>Assets</b>						
Cash and cash equivalents	187,529,990	109,111,988	1,142,986	-	2,044,522	299,829,486
IMF assets	-	-	-	303,113,650	-	303,113,650
Advances	-	-	-	-	100,162,167	100,162,167
Investment in equity	4,699,754	-	-	-	-	4,699,754
Investment securities	-	-	-	-	72,506,347	72,506,347
<b>Total assets</b>	<b>192,229,744</b>	<b>109,111,988</b>	<b>1,142,986</b>	<b>303,113,650</b>	<b>174,713,036</b>	<b>780,311,404</b>
<b>Liabilities</b>						
IMF drawing rights allocation	-	-	-	518,318,209	-	518,318,209
Deposits from Government	-	-	-	-	12,113,069	12,113,069
Deposits from banks	-	-	-	-	63,355,267	63,355,267
Deposit from others	-	-	-	-	4,736,993	4,736,993
End-of-service benefits	-	-	-	-	2,132,365	2,132,365
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>518,318,209</b>	<b>82,337,693</b>	<b>600,655,902</b>
<b>Net-on-balance sheet position</b>	<b>192,229,744</b>	<b>109,111,988</b>	<b>1,142,986</b>	<b>(215,204,559)</b>	<b>92,375,343</b>	<b>179,655,502</b>

#### 2015

	US\$	GBP	EUR	SDR	Others	Total
<b>Assets</b>						
Cash and cash equivalents	120,354,020	121,115,579	779,225	-	1,607,590	243,856,414
IMF assets	-	-	-	165,189,722	-	165,189,722
Advances	-	-	-	-	54,782,798	54,782,798
Investment in equity	3,465,943	-	-	-	-	3,465,943
Investment securities	-	-	-	-	51,921,037	51,921,037
<b>Total assets</b>	<b>123,819,962</b>	<b>121,115,579</b>	<b>779,225</b>	<b>165,189,722</b>	<b>108,311,425</b>	<b>519,215,913</b>
<b>Liabilities</b>						
IMF drawing rights allocation	-	-	-	301,373,587	-	301,373,587
Deposits from Government	-	-	-	-	8,601,597	8,601,597
Deposits from banks	-	-	-	-	33,884,709	33,884,709
Deposit from others	-	-	-	-	3,265,807	3,265,807
End-of-service benefits	-	-	-	-	2,218,722	2,218,722
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>301,373,587</b>	<b>47,970,834</b>	<b>349,344,422</b>
<b>Net-on-balance sheet position</b>	<b>123,819,962</b>	<b>121,115,579</b>	<b>779,225</b>	<b>(136,183,866)</b>	<b>60,340,591</b>	<b>169,871,492</b>

## NOTES TO THE FINANCIAL STATEMENTS (Contd)

### FINANCIAL RISK REVIEW (Contd)

#### Market risk (contd)

The Leone was fairly stable during the first quarter of 2016 and had appreciated by mid-year, attributable to the increased volume in the foreign exchange auction from \$1m to \$3m on a weekly basis. However, the currency saw a gradual depreciation for the last two quarters after the initial effects of the twin shocks, with the highest depreciation of approximately 7% being recorded between September and October.

#### Classification of financial assets

The financial assets held by the Bank have been classified as indicated in the table below. The valuation model applicable to each category has been explained in the accounting policies detailed in note 39.

	Financial assets at fair value through profit and loss	Loans and receivables	Available-for-sale	Held-to-maturity
<i>In thousands of Leones</i>				
<b>2016</b>				
<b>Assets</b>				
Cash and cash equivalents	-	-	2,998,294,859	-
IMF assets	-	3,031,136,496	-	-
Advances	-	1,001,621,673	-	-
Investment in equity	-	-	46,997,540	-
Investment securities	-	-	-	725,063,472
	-	4,032,758,169	3,045,292,399	725,063,472
<b>2015</b>				
<b>Assets</b>				
Cash and cash equivalents	-	2,438,564,143	-	-
IMF assets	-	-	1,651,897,216	-
Advances	-	547,827,981	-	-
Investment in equity	-	-	34,659,425	-
Investment securities	-	-	-	519,210,367
	-	2,986,392,124	1,686,556,641	519,210,367

#### (d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Bank's operations.

The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

## NOTES TO THE FINANCIAL STATEMENTS (Contd)

### FINANCIAL RISK REVIEW (Contd)

#### Operational risk (contd)

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management of the Bank. This responsibility is supported by the development of policies for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risk identified;
- Requirements for the reporting of operational losses and proposed remedial action;
- Development of contingency plans;
- Training and professional development;
- Ethical and business standards;
- Risk mitigation, including insurance where this is effective;

Compliance with the Bank's policies is monitored by the Internal Audit Department.

## 6 FAIR VALUE OF FINANCIAL INSTRUMENTS

See accounting policy in note 39(g)(v).

The fair values of financial assets and financial liabilities are ideally based on quoted market prices or dealer price quotations. For all other financial instruments, the Bank determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

#### (a) Valuation models

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.



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

### **FAIR VALUE OF FINANCIAL INSTRUMENTS (Contd)**

- 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 techniques include net present value and discounted cashflow models, comparison with similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free interest rates, foreign currency exchange rates and expected price volatilities and correlations.

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

Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

#### **(b) Valuation framework**

The Financial Markets and Finance departments are responsible for spotting any indicators of fair value adjustment and to ensure such adjustments are properly booked.

#### **(c) Financial instruments measured at fair value - fair value hierarchy**

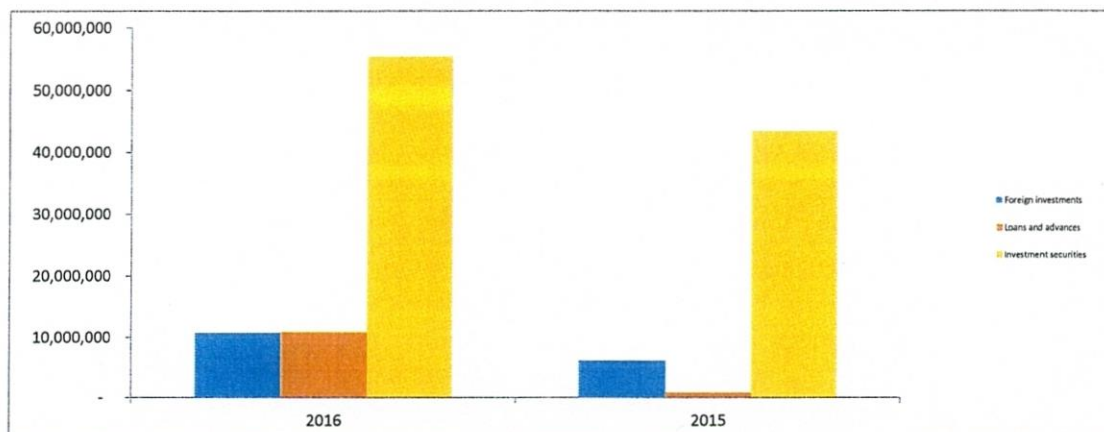
The Bank does not have financial instruments measured at fair value at the reporting date.

## **7 SEGMENT REPORTING**

The current IT environment of the Bank is not able to reflect discrete financial information for operational segments. The Bank has planned to migrate to a new IT environment in 2018. After the migration, discrete financial will be available for the operational segments of the Bank which will facilitate segmental reporting.

NOTES TO THE FINANCIAL STATEMENTS (Contd)

8 NET INTEREST INCOME



In thousands of Leones

2016

2015

Interest and similar income

Foreign investments (Note 8a)	10,751,066	6,244,076
Advances (Note 8b)	10,882,468	892,057
Investment securities (Note 8c)	55,443,966	43,452,716
Total (Note 8d)	<u>77,077,500</u>	<u>50,588,849</u>

Interest expenses and similar charges

IMF interest and charges	539,573	363,104
Others	1,471,377	3,303,146
	<u>2,010,949</u>	<u>3,666,250</u>
Net interest income	<u>75,066,551</u>	<u>46,922,599</u>
	=====	=====

8a Foreign investments

Interest income on Sterling investments	3,417,690	3,855,914
Interest income on US Dollar investments	6,882,736	2,035,406
Interest income on SDR investments	450,640	352,752
Interest income on other external investments	-	4
	<u>10,751,066</u>	<u>6,244,076</u>
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (Contd)

*In thousands of Leones*

	2016	2015
<b>8b Advances</b>		
Interest on advances	10,293,463	835,281
Interest on reverse repos	589,005	56,776
	<u>10,882,468</u>	<u>892,057</u>
	=====	=====
<b>8c Investment securities</b>		
Interest on 91-day treasury bills	231,852	162,809
Interest on 182-day treasury bills	183,909	51,452
Interest on 1-year treasury bills	12,548,098	28,589
Interest on 1-year treasury bearer bonds	507,251	327,295
Interest on 3-year medium-term bonds	7,014,772	7,347,987
Interest on 3-year bond	4,908,084	4,884,584
Interest on 5-year medium-term bonds	25,200,000	25,200,000
Interest on 10-year bond	4,850,000	5,450,000
	<u>55,443,966</u>	<u>43,452,716</u>
	=====	=====
<b>8d Additional disclosure on income by source</b>		
Foreign investments	10,751,066	6,244,076
Local investments	66,326,434	44,344,773
	<u>77,077,500</u>	<u>50,588,849</u>
	=====	=====
<b>9 FEES AND COMMISSION INCOME</b>		
<b>Fees and commission income</b>		
Commissions	4,883	2,982
Income on ACH/CSD/RTGS	2,406,566	2,042,572
	<u>2,411,449</u>	<u>2,045,554</u>
	=====	=====
<b>Fees and commission expense</b>	-	-
	<u>2,411,449</u>	<u>2,045,554</u>
	=====	=====
<b>Net fees and commission income</b>		



## NOTES TO THE FINANCIAL STATEMENTS (Contd)

*In thousands of Leones*

10 NET EXCHANGE GAINS/(LOSSES)	2016	2015
Realised (losses)/gains (10a)	2,116,837	21,097,620
Unrealised gains (10b)	16,910,990	95,971,417
	<u>19,027,827</u>	<u>117,069,037</u>
	=====	=====

In accounting for foreign exchange transactions including the respective recognition of realised and unrealised gains and losses, the Bank's accounting system is not configured to map the exchange rates in which the transactions originally occurred. Manual recomputations of the realised exchange gains and losses had to be performed and the amounts adjusted and restated in 2016 and 2015 respectively.

10a Realised (losses)/gains	18,601,775	26,650,812
Exchange gain	(16,484,938)	(5,553,192)
Exchange loss	<u>2,116,837</u>	<u>21,097,620</u>
	=====	=====

Realised exchange differences arise from the Bank's day-to-day foreign transactions in auction of foreign currencies to commercial banks, purchase and sale of foreign currencies either on behalf of the Government or institutions and re-translation of foreign currency bank balances. Restatement of the 2015 balances resulted from the reclassification of Le17.06 billion from revaluation gains to exchange gains. This has also been regularised in 2016.

10b Unrealised gains		
Revaluation losses	(1,515,333,264)	(786,700,104)
Revaluation gains	1,532,244,254	882,671,521
	<u>16,910,990</u>	<u>95,971,417</u>
	=====	=====

Unrealised gains and losses relate to exchange differences arising from the retranslation of the Bank's monetary assets and liabilities in foreign currencies, as a result of changes in the exchange rates for the Leone except for items recognised under note 10a. A restatement of the IMF balances in 2015 meant that the revaluation losses increased by Le62.57 billion as a result of the application of the IMF exchange rate policy in note (39d). This adjustment has been regularised in 2016.

10c Impact on (loss)/profit of revaluation gains	2016	2015
Profit as per audited accounts	(17,986,681)	68,250,478
Less: Revaluation losses	(1,515,333,264)	(786,700,104)
Revaluation gains	1,532,244,254	899,735,731
	<u>16,910,990</u>	<u>113,035,627</u>
Net revaluation gains	=====	=====
Operational loss for the year excluding unrealised exchange gains	(34,897,671)	(44,785,149)
	=====	=====

## NOTES TO THE FINANCIAL STATEMENTS (Contd)

In essence the distribution of unrealised exchange gains will be counterproductive to monetary policy as it will lead to inflation in the economy. It is by virtue of this fact that Section 12(2) of the Bank of Sierra Leone Act 2011 requires that all unrealised exchange gains are deducted from net profit for the purposes of calculating Distributable Earnings. The above is a reconciliation of Financial Reporting Profit (inclusive of unrealised gains and losses) to the operating profit (exclusive of unrealised gains and losses).

### 11 OTHER INCOME

*In thousands of Leones*

	2016	2015
Rent received	33,435	40,431
Profit on sale of fixed assets	45,496	46,821
Grant income	291,778	290,821
Interest income on GoSL SDR bridging financial facility	-	26,375
Regulatory fees and charges	605,958	594,167
Reversal of excess accrued charges	229,186	1,707,677
Sundry receipts	216,696	1,065,780
	<u>1,422,549</u>	<u>3,772,072</u>
	=====	=====

Grant income relates to two vehicles donated by International Fund for Agricultural Development (IFAD) costing Le203.7 million each in 2012. Included also in grant income are various computer equipment costing Le501.6 million in 2013. Both the vehicles and the computer equipment are being amortised over five years.

### 12 PERSONNEL EXPENSES

Salaries and wages	44,867,147	36,018,115
Rent allowance	7,765,316	6,538,458
Social security	3,169,256	2,661,607
Overtime	176,339	138,430
Training scheme	1,634,591	994,040
Staff welfare	396,839	280,777
End-of-service benefits	4,954,639	4,121,549
Others	1,990,012	754,614
	<u>64,954,139</u>	<u>51,507,590</u>
	=====	=====

### 13 CURRENCY

Currency management	152,761	143,233
Currency issue expenses	17,385,574	16,695,020
	<u>17,538,335</u>	<u>16,838,253</u>
	=====	=====

Currency issue expenses relate to the cost of the new notes and coins issued and the management expenses relate to all other expenses incurred in transporting notes and coins.

## NOTES TO THE FINANCIAL STATEMENTS (Contd)

*In thousands of Leones*

### 14 OTHER EXPENSES

	2016	2015
Occupancy cost	341,059	271,074
Audit fees	290,000	260,000
Legal and professional fees	5,419,836	7,106,631
Directors' remuneration	3,085,868	1,726,730
Advertisement	153,370	57,540
Electricity	2,056,896	2,119,579
Insurance	1,009,154	1,107,323
Passage and overseas allowances	4,554,680	3,922,509
Repairs and maintenance	1,306,731	822,284
Hospitality	1,190,735	825,641
Contributions to International organisations	5,063,369	4,743,905
General office expenses	639,521	596,639
Vehicle running expenses	359,432	268,453
Others	2,991,070	4,709,286
	<u>28,461,721</u>	<u>28,537,594</u>
	=====	=====

### 15 PROFIT FOR THE YEAR

The profit for the year has been stated after charging:

Depreciation and amortisation	4,960,862	4,675,347
Directors remuneration	3,085,868	1,726,730
Audit fees	290,000	260,000
	<u>=====</u>	<u>=====</u>

### 16 CASH AND CASH EQUIVALENTS

Cash in hand	278,301	456,322
Balances with other Central Banks	1,481,968,024	1,357,111,331
Placement with Banks (fixed deposits)	895,632,116	878,383,555
Cash and balances with Banks	620,416,418	202,612,935
	<u>2,998,294,859</u>	<u>2,438,564,143</u>
	=====	=====

### 17 FUNDS HELD WITH THE INTERNATIONAL MONETARY FUND (IMF)

IMF Quota subscription	2,000,947,498	810,993,109
SDR Holdings	1,030,188,998	840,904,107
	<u>3,031,136,496</u>	<u>1,651,897,216</u>
	=====	=====

These are International Monetary Fund related assets and they represent Sierra Leone's interest in the International Monetary Fund. Sierra Leone has been a member of the International Monetary Fund (IMF) since 1962.

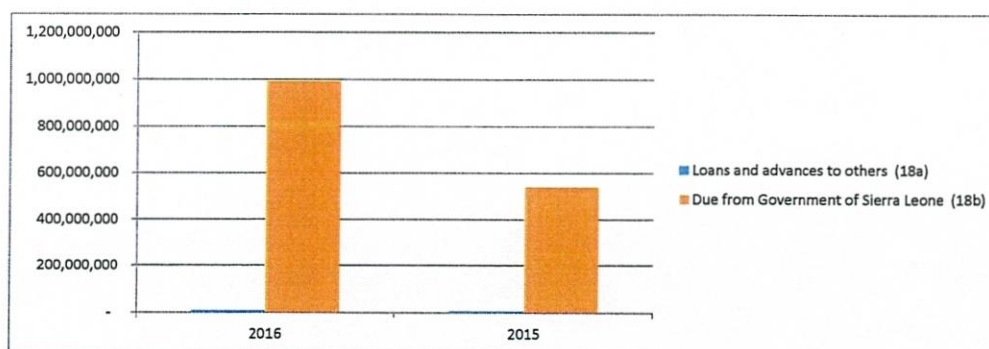


## NOTES TO THE FINANCIAL STATEMENTS (Contd)

The Subscription Account reflects the initial and subsequent quota payments made by the Government to the Fund Membership in the Fund is reflected as an asset equal to a member's quota. Quota is determined upon admission to membership and is increased periodically under General Quota Reviews or an ad hoc increases. The quota subscription and subsequent increases are paid in local currency (75%) and in SDR units (25%). The quota is denominated in SDRs but is expressed in local currency. Initially, the quota subscriptions are recorded at the local currency value based on historical cost. Whenever the Fund revalues its holdings of the member's currency to reflect current exchange rates, and at least once a year at the Fund's financial year-end (April 30), the member's subscription in the Fund should be revalued along with the Fund's holdings of the member's currency, at the same rate of exchange.

As at 31 December 2016 the amount of assets held in the fund was SDR 207.4 million (2015: SDR 103.7 million) The difference being the result of increase in the quota subscription in 2016. The SDR holdings held at 31 December 2016 was SDR 106.7 million (2015: SDR 106.7 million).

### 18 ADVANCES



In thousands of Leones

	2016	2015
Loans and advances to others (18a)	9,214,194	7,648,221
Due from Government of Sierra Leone (18b)	992,407,479	540,179,760
	<u>1,001,621,673</u>	<u>547,827,981</u>

### 18a LOANS AND ADVANCES TO OTHERS

#### (i) Analysis by type

	2016	2015
Staff (18 ii)	8,124,346	6,537,451
Other (18 iii)	1,127,496	1,148,418
	<u>9,251,842</u>	<u>7,685,869</u>
Gross loans and advances		
Less: allowances for losses on loans and advances to others (18iv)	(37,648)	(37,648)
	<u>9,214,194</u>	<u>7,648,221</u>
	=====	=====

## NOTES TO THE FINANCIAL STATEMENTS (Contd)

*In thousands of Leones*

	2016	2015
<b>(ii) Staff</b>		
Personal loan	3,817,174	3,628,594
Housing loan	1,275,717	227,109
Vehicle loan	3,015,160	2,652,358
Staff advance	16,295	29,390
	<u>8,124,346</u>	<u>6,537,451</u>
	=====	=====
<b>(iii) Others</b>		
Loan to Sierra Leone Stock Exchange Company Limited	1,000,000	1,000,000
Other advances	127,496	148,418
	<u>1,127,496</u>	<u>1,148,418</u>
	=====	=====
<b>(iv) Allowances for impairment</b>		
Specific allowances for impairment		
Balance at 1 January	37,648	166,345
Write-off during the year	-	(128,697)
	<u>37,648</u>	<u>37,648</u>
<b>Balance at 31 December</b>	<u>37,648</u>	<u>37,648</u>
	=====	=====
Collective allowance for impairment		
Balance at 1 January	-	-
Impairment loss for the year	-	-
	<u>-</u>	<u>-</u>
<b>Balance at 31 December</b>	<u>-</u>	<u>-</u>
	=====	=====
<b>Total allowances for impairment</b>	<u>37,648</u>	<u>37,648</u>
	=====	=====
<b>18b DUE FROM GOVERNMENT OF SIERRA LEONE</b>		
Advances to Government:		
Ways and means advances (i)	111,587,023	63,405,581
Others (ii)	880,820,456	476,774,179
	<u>992,407,479</u>	<u>540,179,760</u>
	=====	=====

## NOTES TO THE FINANCIAL STATEMENTS (Contd)

*In thousands of Leones*

	2016	2015
(i) Ways and means advances		
Ways and means advances brought forward	63,405,581	39,057,652
Advances during the year	1,924,932,093	1,704,577,191
Receipts during the year	(1,876,750,651)	(1,680,229,262)
Ways and means advances carried forward	<u>111,587,023</u>	<u>63,405,581</u>
	=====	=====

Under the provisions of Section 56(5) of the Bank of Sierra Leone Act, 2011, the limit on the Ways and Means Advances that the Bank can grant to the Government shall not exceed five percent of the Government's actual domestic revenue excluding privatisation receipts in the previous year's budget.

(ii) Others	120,000,000	-
World Bank Bridging Loan	760,820,456	476,774,179
GoSL/IMF budget financing	<u>880,820,456</u>	<u>476,774,179</u>
	=====	=====

The bridging loan of Le 120 billion represents amount on-lent from the Bank's SDR allocation with the IMF to support the Government in liquidating non-discretionary statutory commitments. The loan accrues an annual interest equal to the variable SDR interest rate set at 0.05%.

GoSL/IMF budget financing is a loan granted by the IMF under the Extended Credit Facility (ECF) arrangement. The ECF funds has supported the fight against the Ebola outbreak through the Catastrophe Containment and Relief (CRR) Trust, budgetary and balance of payment needs and strengthening of the international reserves.



## NOTES TO THE FINANCIAL STATEMENTS (Contd)

*In thousands of Leones*

### 18b Due from Government of Sierra Leone (contd)

	2016	2015
Ways and means advances	111,587,023 =====	63,405,581 =====
Government's actual revenue in previous year	2,328,428,637	2,226,025,966
5% thereof	116,421,432	111,301,298
Buffer in Government lending	(4,834,409) =====	(47,895,718) =====

The Directors report the balance of advances due from the Government of Sierra Leone as at 31 December 2016 amounting to Le111,587,023 - (2015: Le63,405,581). The balance outstanding was within the limit specified in the Bank of Sierra Leone Act 2011.

### 19 INVESTMENT IN EQUITY

Afrexim Bank Capital Investment	25,548,987	18,053,658
Afrexim Bank Dividend Investment	1,108,670	803,258
Stabilization and Cooperation Fund	20,339,883	15,802,509
	46,997,540 =====	34,659,425 =====

Afrexim investments disclosed above includes the cash received and the dividend re-invested by the Bank.

The amount of Le20.3 billion relates to the Bank's contribution to the Stabilization and Cooperation Fund managed by the West African Monetary Institute and held at the Bank of Ghana.

## NOTES TO THE FINANCIAL STATEMENTS (Contd)

*In thousands of Leones*

### 20 INVESTMENT SECURITIES

The Bank's holdings of treasury investment securities comprised the following:

	2016	2015
91-day treasury bills held for monetary policy	4,202,188	12,879,893
182-day treasury bills	6,295,150	4,505,200
One-year treasury bills	220,803,627	3,540,500
364-day treasury bond held for monetary policy	9,195,450	6,184,650
BSL holding three-year medium-term bond	154,887,804	154,887,804
Five-year medium-term bond	273,407,606	273,407,606
Holdings of ten-year bond	56,250,000	63,750,000
Others	21,647	54,714
	<u>725,063,472</u>	<u>519,210,367</u>
	=====	=====

#### *BSL Holding 3-year medium-term bond*

The Bank held two individual three-year medium-term bonds. This includes Le81.8 billion three-year marketable security issued at an interest rate of 6% payable semi-annually.

Following instruction from the Government to convert the remaining stock of the 2010 Ways and Means Advances into three year medium-term bond at an interest rate of 9% per annum, the said investment was recognised.

#### *Five year medium term bonds*

There is a Memorandum of Understanding (MOU) between the Government of Sierra Leone and the Bank of Sierra Leone for the conversion of Non-negotiable Non-interest Bearing Securities (NNIBS) to Five-year medium term bonds at an annual interest rate of 9% to be paid semi-annually. It is subject to rollover upon maturity.

The amount of Le 56.25 billion represents the outstanding balance due to the Bank from the Government of Sierra Leone following the issue of a 10-year marketable bond at an interest rate of 8% for the purpose of fully subscribing to the minimum paid-up capital of the Bank. The bond was issued on 1 May 2014 with interest repayable semi-annually. As at 31 December 2016, Le18.75 billion had been repaid by the Government to the Bank out of the principal amount of Le75.00 billion.

NOTES TO THE FINANCIAL STATEMENTS (Contd)

In thousands of Leones

21a PROPERTY, PLANT AND EQUIPMENT

COST	Premises	Motor vehicle	Office furniture and equipment	Plant and machinery	Work-in Progress	Total
Balance at 1 January 2015	63,680,751	6,085,343	22,667,827	6,962,878	17,376,140	116,772,939
Additions during the year	-	132,046	-	-	7,886,357	8,018,403
Reclassification	282,344	9,200	1,068,769	3,689,713	(5,050,026)	-
Write-off	-	-	-	-	(240,670)	(240,670)
Disposal	-	(847,616)	(2,375)	-	-	(849,991)
<b>Balance at 31 December 2015</b>	<b>63,963,095</b>	<b>5,378,973</b>	<b>23,734,221</b>	<b>10,652,591</b>	<b>19,971,801</b>	<b>123,700,681</b>
Balance at 1 January 2016	63,963,095	5,378,973	23,734,221	10,652,591	19,971,801	123,700,681
Additions during the year	-	-	-	-	21,345,349	21,345,349
Reclassification	3,814,495	-	5,598,486	1,299,538	(10,712,519)	-
Write-off	-	-	-	-	(2,375)	(2,375)
Disposal	-	(268,800)	-	-	-	(268,800)
Adjustments	-	-	-	-	-	-
<b>Balance at 31 December 2016</b>	<b>67,777,590</b>	<b>5,110,173</b>	<b>29,332,707</b>	<b>11,952,129</b>	<b>30,602,256</b>	<b>144,774,855</b>
<b>DEPRECIATION</b>						
Balance at 1 January 2015	13,998,830	5,198,666	16,964,787	4,015,098	-	40,177,381
Depreciation for the year	1,251,140	338,821	2,553,499	555,242	-	4,698,702
Adjustments	-	(2,283)	(19,761)	(1,311)	-	(23,355)
Disposal	-	(845,305)	(3,332)	-	-	(848,637)
<b>Balance at 31 December 2015</b>	<b>15,249,970</b>	<b>4,689,899</b>	<b>19,495,193</b>	<b>4,569,029</b>	<b>-</b>	<b>44,004,091</b>
Balance at 1 January 2016	15,249,970	4,689,899	19,495,193	4,569,029	-	44,004,091
Depreciation for the year	1,319,687	303,658	2,470,060	867,457	-	4,960,862
Disposal	-	(268,793)	-	-	-	(268,793)
<b>Balance at 31 December 2016</b>	<b>16,569,657</b>	<b>4,724,764</b>	<b>21,965,253</b>	<b>5,436,486</b>	<b>-</b>	<b>48,696,160</b>
<b>CARRYING AMOUNT</b>						
At 31 December 2015	48,713,125	689,074	4,239,028	6,083,562	19,971,801	79,696,590
<b>At 31 December 2016</b>	<b>51,207,933</b>	<b>385,409</b>	<b>7,367,454</b>	<b>6,515,643</b>	<b>30,602,256</b>	<b>96,078,695</b>

Work in progress represents amount spent on supply and installation of lift, payments for Oracle software and hardware for the Valtech project, WANZ systems project, rehabilitation of the Main Bank and Kenema Branch buildings, payment for the supply of Hardware for the Collateral Registry Programme and re-construction of broad walk at the Bank Complex.



## NOTES TO THE FINANCIAL STATEMENTS (Contd)

*In thousands of Leones*

### 22 OTHER ASSETS

Gold stock	742,166	532,287
Items in transit	5,620,453	15,200,822
Consumables	971,620	749,237
Prepayment	2,694,635	1,431,200
Advances to contractors	16,829,158	23,805,247
Interest receivable	24,014,178	11,106,264
Deferred currency issue expense	72,253,054	46,842,769
Other receivables	163,639	3,484,405
Reverse repo account	-	3,000,000
Less:		
Allowances for impairment	(8,732)	(8,732)
	<u>123,280,171</u>	<u>106,143,499</u>
	=====	=====
Allowances for impairment:		
At 1 January	(8,732)	(8,732)
Impairment charge for the year	-	-
Written off during the year	-	-
	<u>(8,732)</u>	<u>(8,732)</u>
	=====	=====

### 23 AMOUNTS DUE TO THE INTERNATIONAL MONETARY FUND (IMF)

	2016	2015
IMF Special Drawing Rights	960,513,771	778,190,628
IMF Poverty Reduction and Growth Facility	2,222,919,091	1,424,667,795
IMF securities	75,846,659	77,470,809
IMF No. 1	1,923,812,350	733,333,473
IMF No. 2	90,217	73,169
	<u>5,183,182,088</u>	<u>3,013,735,874</u>
	=====	=====

The IMF Special Drawing Rights and Poverty Reduction and Growth Facility accounts relate to amounts due to the International Monetary Fund (IMF) for SDRs allocated to the Bank for transactions with IMF and to support programs, strengthen balance of payments position and foster durable growth, leading to higher living standards and a reduction in poverty.

The IMF No. 1 Account represents part of the IMF currency holding in member's designated depository account which is used for the IMF's operations, including, inter alia, quota subscription payments, purchases, and repurchases. The No. 1 Account is a cash account. Members are required to maintain a minimum in No. 1 Account equal to 1/4 of 1 percent of the member's quota at all times.

## NOTES TO THE FINANCIAL STATEMENTS (Contd)

*In thousands of Leones*

The IMF No. 2 Account represents part of the IMF currency holdings held in member's designated depository account and it is used for the payment of administrative expenses incurred by the IMF in the member's currency, e.g., expenses of the IMF representative offices.

The IMF Securities Account represents part of the IMF currency holdings held in members' depository account which contain member's non-negotiable, non-interest bearing notes encashable on demand.

A restatement of the 2015 balances in accordance with note 39c of IMF securities Le10.08 billion; IMF No 1 Le95.42 billion and IMF No 2 Le9.52 million accounts respectively.

### 24 DEPOSITS FROM GOVERNMENT

This represents Governments special deposit accounts.

### 25 DEPOSITS FROM BANKS

Commercial banks' reserve accounts	618,187,727	324,851,642
Rural and community banks' reserve accounts	9,631,550	13,877,686
Others	5,733,394	117,760
	<u>633,552,671</u>	<u>338,847,088</u>
	=====	=====

### 26 DEPOSITS FROM OTHERS

Deposits from insurance brokers	5,792,379	2,964,358
Multilateral organisations	33,509,754	25,470,918
Financial institutions	2,499,195	1,572,170
Others	5,568,604	2,650,626
	<u>47,369,932</u>	<u>32,658,072</u>
	=====	=====

### 27 CURRENCY IN CIRCULATION

	2016	2015
Notes	1,453,717,058	1,346,317,059
Coins	13,646,974	10,642,873
	<u>1,467,364,032</u>	<u>1,356,959,932</u>
	=====	=====

Currency in circulation represents the face value of bank notes and coins in circulation.

## NOTES TO THE FINANCIAL STATEMENTS (Contd)

*In thousands of Leones*

### 28 OTHER LIABILITIES

#### Financial liabilities

Other foreign currency financial liabilities (28a)	67,962,669	48,902,919
Accrued charges and other liabilities (28b)	11,642,530	4,153,747

	79,605,199	53,056,666
--	------------	------------

#### Non-financial liabilities

Provision for revaluation of pipeline liabilities (28c)	43,619,507	35,632,465
---	------------	------------

	43,619,507	35,632,465
--	------------	------------

	123,224,706	88,689,131
--	-------------	------------

	=====	=====
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#### 28a Other foreign currency financial liabilities

Foreign payments	59,818	-
Bank of China US\$ clearing	60,550,223	47,453,988
OFID Debt Relief imprest account	45,204	35,427
Sundry liabilities	7,307,424	1,413,504

	67,962,669	48,902,919
--	------------	------------

	=====	=====
--	-------	-------

An agreement on the settlement of the balance on the clearing account between Bank of China and Bank of Sierra Leone was signed on 13<sup>th</sup> August 1993 to work for the settlement of the balance in favour of Bank of China on the clearing account maintained between Bank of China and Bank of Sierra Leone. Both sides confirm that the balance on the clearing account amounts to U.S. Dollars 8.42 million standing in favour of Bank of China. Bank of Sierra Leone shall settle the balance in twenty equal instalments, with each instalment amounting to U.S. Dollars 561,011.37. The agreement provided for the first instalment payment to be made on 15<sup>th</sup> August 1994 and thereafter every six months on 15<sup>th</sup> February and 15<sup>th</sup> August respectively. The movement in the 2016 amount is as a result of exchange rate fluctuations.



## NOTES TO THE FINANCIAL STATEMENTS (Contd)

*In thousands of Leones*

### 28b Accrued charges and other liabilities

	2016	2015
Accrued expenses	394,609	1,452,189
P.S. Bond in circulation	449	450
Retention monies	1,406,973	387,709
Provision for litigation	2,240,000	2,240,000
Trade and sundry creditors	7,600,499	73,399
	<u>11,642,530</u>	<u>4,153,747</u>
	=====	=====

Included in trade and sundry creditors are balances of Le4.9 billion and Le2.7 billion owed by the Bank to Royal Mint and Wealth Builders respectively in 2016.

### 28c Provision for revaluation of pipeline liabilities

Balance at 1 January	35,632,465	32,425,392
Revaluation loss	7,987,042	3,207,073
	<u>43,619,507</u>	<u>35,632,465</u>
	=====	=====

The provision for revaluation of pipelines is a contingency provision in respect of pipeline deposits. This relates to the obligation of the Bank to settle liabilities to commercial Banks in relation to money they deposited in Leones on behalf of importers in exchange for the Bank settling their foreign currency obligations. The liability as stated reflects the Leone value of identifiable liabilities to a number of commercial banks with respect to foreign currency obligations that were not settled by the Bank.

## 29 END-OF-SERVICE BENEFITS

### (a) Change in liability

Balance at 1 January	22,187,217	17,451,521
Service cost	2,568,925	2,233,687
Interest cost	2,385,714	1,887,862
Actuarial gain - change in assumptions	(6,618,876)	-
Actuarial loss - experience adjustments	2,212,990	1,093,972
Benefits paid	(1,412,325)	(479,825)
	<u>21,323,645</u>	<u>22,187,217</u>
	=====	=====

**NOTES TO THE FINANCIAL STATEMENTS (Contd)**

*In thousands of Leones*

**(b) Change in plan assets**

	2016	2015
Balance at 1 January	-	-
Actual return on plan assets	-	-
	<hr/>	<hr/>
<b>Expected returns at 31 December</b>	-	-
Contribution by employer	<b>1,412,325</b>	479,825
	<hr/>	<hr/>
<b>Total contribution</b>	<b>1,412,325</b>	479,825
	<hr/>	<hr/>
Benefits paid by the employer	<b>(1,412,325)</b>	(479,825)
Foreign exchange rate effect	-	-
	<hr/>	<hr/>
<b>Total benefits</b>	<b>(1,412,325)</b>	(479,825)
	<hr/>	<hr/>
<b>Balance at 31 December</b>	- =====	- =====

## NOTES TO THE FINANCIAL STATEMENTS (Contd)

*In thousands of Leones*

### (d) Balance Sheet

	2016	2015
Projected benefit obligation	21,323,645	22,187,217
Plan assets	-	-
<b>Net obligation/(assets)</b>	<b>21,323,645</b>	<b>22,187,217</b>
Unrecognised actuarial gains/(losses)	-	-
Unrecognised past service cost	-	-
Unrecognised transitional obligation	-	-
Unrecognised (asset ceiling)	-	-
<b>Net obligation/(asset) to be in balance sheet</b>	<b>21,323,645</b>	<b>22,187,217</b>
	=====	=====

### (e) Income Statement

Service cost	2,568,925	2,233,687
Net interest cost	2,385,714	1,887,862
- Interest cost	-	-
- Expected return on plan assets	-	-
- Return on asset ceiling	-	-
Interest cost	-	-
Expected return on plan asset	-	-
Actuarial loss/(gain) recognised	-	-
Transitional obligation recognised	-	-
Past service cost recognised	-	-
<b>Amount recognised in income statement</b>	<b>4,954,639</b>	<b>4,121,549</b>
	=====	=====
<b>Other comprehensive income (OCI)</b>		
Actuarial (gains)/loss: experience adjustments	2,212,990	1,093,972
change in assumption	(6,618,876)	-
Return on plan asset not in other comprehensive income	-	-
Effect of asset ceiling not in other comprehensive income	-	-
<b>Amount recognised in OCI</b>	<b>(4,405,886)</b>	<b>1,093,972</b>
	=====	=====
Initial adjustment to capital amount recognised	-	-
<b>Cumulative amount recognised in OCI</b>	<b>(4,405,886)</b>	<b>1,093,972</b>
	=====	=====



## NOTES TO THE FINANCIAL STATEMENTS (Contd)

*In thousands of Leones*

	2016	2015
<b>(f) Reconciliation of financial position</b>		
Opening value	22,187,217	17,451,521
Employee contribution	(1,412,325)	(479,825)
Amount recognised in income statement	4,954,639	4,121,549
Amount recognised in OCI	(4,405,886)	1,093,972
	<u>21,323,645</u>	<u>22,187,217</u>
	=====	=====
<b>(g) Key valuation assumptions</b>		
Discount rate	15.00%	11.00%
Salary inflation	12.00%	11.00%
Gap	3.00%	0.00%
<b>30 CAPITAL</b>		
Authorised:	250,000,000	250,000,000
	=====	=====
Issued and fully paid		
Balance at 1 January	125,000,000	125,000,000
Subscribed during the year	-	-
	<u>125,000,000</u>	<u>125,000,000</u>
	=====	=====

Sections 10(1) and 81 of the Bank of Sierra Leone Act 2011 require the Bank of Sierra Leone to maintain a minimum paid up capital of Le125 billion, which is to be subscribed within five years from the commencement of the Bank of Sierra Leone Act 2011 (that is from 24 November 2011).

## NOTES TO THE FINANCIAL STATEMENTS (Contd)

*In thousands of Leones*

### 31 RESERVES

	2016	2015
General reserve (a)	264,003,990	281,990,671
Other reserves (b)	32,792,919	32,792,919
<b>Total reserves as at 31 December</b>	<b>296,796,909</b> =====	<b>314,783,590</b> =====

#### (a) General reserve

Balance at start of the year	281,990,671	213,740,193
Net (loss)/profit for the year	(17,986,681)	68,250,478
	<b>264,003,990</b>	<b>281,990,671</b>
Securities reserves	-	-
<b>Balance at 31 December</b>	<b>264,003,990</b> =====	<b>281,990,671</b> =====

Under Section 14(1) and subject to section 81 of the Bank of Sierra Leone Act 2011, where in the audited annual financial statements of the Bank, the value of its assets falls below the sum of its liabilities, its unimpaired issued capital and general reserves, the Board, on the advice of the external auditors of the Bank, shall assess the situation and prepare a report on the causes and extent of the shortfall within a period of not more than thirty days. In the event that the Board approves the report, the Bank shall request the Minister for a capital contribution by the Government to remedy the deficit and upon receipt of this request the Government shall, within a period of not more than thirty calendar days, transfer to the Bank the necessary amount in currency or in negotiable debt instruments with a specified maturity issued at market-related interest rates, as determined by the Board.

As at 31 December 2016, the total value of the assets of the Bank exceeds the sum of its liabilities, unimpaired issued capital and general reserves.

A restatement of the 2015 general reserves opening balance to account for the IMF balances of Le42.94 billion for prior years.

## NOTES TO THE FINANCIAL STATEMENTS (Contd)

*In thousands of Leones*

### (b) Revaluation reserve

	2016	2015
Balance at start of the year and end of the year	32,792,919	32,792,919
<b>Balance at 31 December</b>	<b>32,792,919</b>	<b>32,792,919</b>
	=====	=====

The Bank maintains a property revaluation reserve to which is transferred revaluation gains on revaluation of its properties. The revaluation was last done in 2001.

### (c) Other reserve

This comprised actuarial gains/losses and is analysed below:

Balance at start of the year	(877,649)	216,323
Actuarial loss on end-of-service benefits	4,405,886	(1,093,972)
	<b>3,528,237</b>	<b>(877,649)</b>
	=====	=====

The movement in the other reserve accounts for actuarial loss of the provision of end-of-service benefits of Le4.41 billion.

## 32 CONTINGENCIES AND COMMITMENTS

### 32a Contingent liabilities

Guarantees and endorsement	222,902,272	179,292,620
	<b>222,902,272</b>	<b>179,292,620</b>
	=====	=====

The loans in the guarantees and endorsements ledger are long outstanding debts contracted by the Government and guaranteed by the Bank in foreign currencies. There has been no claims on these guarantees over the last 10 years. The Bank holds only little information on the terms of the arrangements.

The Bank also issued a Letter of Credit (LC) for USD \$1,000,000 in February 2016 on behalf of the Government of Sierra Leone. Full cash deposit collateral was taken by the Bank and as such the Bank is not considered to be exposed.

### 32b Capital commitments

Capital expenditure	69,125,000	18,734,524
African Export Import Bank	14,658,763	13,872,186
	<b>83,783,763</b>	<b>32,606,710</b>
	=====	=====



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

### **32c Pending law suits, legal proceedings and claims**

The Bank has pending litigations against it in relation to three former employees who are claiming damages for wrongful dismissal, upward revision of pension and payment of terminal benefits and other allowances. However, the Bank has appealed against the judgements and the matters are presently at the Court of Appeal. In the event that the appeals are not successful, the Bank would be liable to pay an amount not less than Le2.24 billion excluding interest at the rate of 35% per annum and solicitor's costs. As judgement was given against the Bank at the lower court, provision has been made in these accounts for the amounts that might become payable. The provisions have been maintained as the decision is still pending.

### **33 RELATED PARTIES**

Although the Bank is an autonomous entity, the Government of Sierra Leone being the sole subscriber to the capital of the Bank, is in principle the owner of the Bank. The Bank continued to act as the banker and adviser to, and fiscal agent of, the Government of Sierra Leone as laid down in statutes. In the course of executing these duties, the Bank facilitates payments to the Government's suppliers and creditors, and extends credit facilities to the Government.

As at 31 December 2016, total net advances to the Government was Le111.6 trillion (2015: Le63.4 billion).

The Board of Directors (including the Governor and Deputy Governor) received remuneration amounting to Le 2.96 billion (2015: Le1.73 billion).

### **34 EVENTS SUBSEQUENT TO THE REPORTING DATE**

Events subsequent to the reporting date are reflected only to the extent that they relate directly to the financial statements and their effect is material.

On the resignation of the erstwhile Governor of the Bank on 6 March 2017, Dr. Patrick S. Conteh was appointed Governor on 18 July 2017. The operations of the Bank has not been affected by this change.

A suspected fraud was reported in April 2017 pointing to illegal trading in foreign currencies. The matter has been charged to court and the staff involved have been suspended from work whilst the case is being heard. The Bank contracted KPMG Sierra Leone to investigate the alleged fraud and report on how the fraud was perpetuated, control weaknesses which facilitated the fraud and the extent of any financial loss. Following the conclusion of the investigation and judgement on the matter, any required adjustments to the accounts will be considered by the Bank.

NOTES TO THE FINANCIAL STATEMENTS (Contd)

35 COMPARATIVES

The comparative figures have been adjusted to conform to changes in presentation in the current year. A summary of these adjustments is detailed below:

Financial Statements Area	Restated 2015	2015	Explanations
<b>Assets</b>			
Loans and advances to others	7,648,221	569,050,119	Exclusion of balances for which Government have issued bonds (investment securities of Le63.75 billion 10-year bond); Government of Sierra Leone/International Monetary Fund budget financing of Le476.77 billion due from Government of Sierra Leone; and advances to contractors of Le20.88 billion.
Due from Government of Sierra Leone	540,179,760	63,405,581	Inclusion of Government of Sierra Leone/International Monetary Fund budget financing.
Investment securities	519,210,367	466,351,111	Exclusion of accrued interest of Le10.89 billion and inclusion of balances for which Government have issued bonds (investment securities of Le63.75 billion 10-year bond)
Other asset	106,143,499	71,580,604	Inclusion of advances to contractors of Le20.88 billion; accrued interest of Le10.89 billion; and debit balances of deposits from bank and other liabilities of Le2.66 billion and Le132.4 million respectively.
<b>Liabilities</b>			
Amounts due to the International Monetary Fund (IMF)	3,013,735,874	2,908,223,986	Re-translation of balances due to IMF amounting Le105.51 billion of IMF securities, No 1 and No2 accounts.
Deposits from Government	86,015,966	84,472,704	Inclusion of Government special deposits of Le1.54 billion from Deposits from Others.
Deposits from Banks	338,847,088	334,877,420	Inclusion of commercial banks' reserve accounts of Le1.25 billion, rural and community banks of Le5.7 million and other deposits of Le55.8 million from deposits from others respectively; and exclusion of debit balances of deposits from banks of Le2.66 billion to other assets.
Deposits from others	32,658,072	35,508,985	Exclusion of commercial banks' reserve accounts of Le1.25 billion, rural and community banks of Le5.7 million and other deposits of Le55.8 million from deposits from others respectively to deposits from banks; and Government special deposits of Le1.54 billion to deposits from Government.
Other liabilities	88,689,131	88,556,716	Exclusion of debit balances of other liabilities of Le132.4 million to other assets.
<b>Revenue and expenditure</b>			
Interest and similar income	50,588,849	50,588,849	Interest on 3-year and 10-year bonds of Le4.88 billion and Le5.45 billion respectively included in advances reclassified to interest on investment securities; and cash and short-term funds (note 8c) which represents interest on 91-day treasury bills reclassified to investment securities.
Fees and commission income	2,045,554	2,982	Inclusion of income from automated clearing house (ACH), central securities depository (CSD) and real time gross settlement systems (RTGS) of Le2.04 billion from other income.
Net exchange gain	117,069,037	179,636,698	Re-translation of IMF balances and the apportionment of Le62.57 billion which relates to 2015. Inclusion of Le17.06 billion million from revaluation gains to exchange gains to account for the Bank's accounting system lapses.
Other income	3,772,072	4,106,967	Exclusion of income from automated clearing house (ACH), central securities depository (CSD) and real time gross settlement systems (RTGS) of Le2.04 billion to fees and commission income; and reversal of prior year adjustment of Le1.71 billion.
Personnel expense	51,507,590	52,240,280	Exclusion of directors expenses of Le1.73 billion to other expenses; and inclusion of staff training of Le994 million from other expenses.
Other expenses	28,537,594	27,804,904	Inclusion of directors expenses of Le1.73 billion from personnel expenses; and exclusion of staff training of Le994 million to personnel expenses.



## NOTES TO THE FINANCIAL STATEMENTS (Contd)

36

### FINANCIAL RISK MANAGEMENT

#### Introduction and overview

The Bank has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risks
- operational risks

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

#### Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's framework and has authorised the establishment of a Risk Management Function to ensure effective discharge of its risk oversight responsibility.

The Risk Management Function would be responsible for monitoring compliance with the risk management policies and procedures, reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank, the appropriateness and effectiveness of the Bank's risk management systems and controls and also consider the implications of changes proposed to regulations and legislation that are relevant to the Bank's risk management activity. The Audit Committee is assisted in these functions by the Head of Internal Audit. The Head of Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Board Audit Committee is responsible for monitoring the Bank's compliance with financial accounting policies and pronouncements, keeping under review the appropriateness of the accounting policies and internal controls systems, considering external auditors' report and also reviewing the resources, scope, authority and operations of the Internal Audit function. The Board Audit Committee is assisted in these functions by the Head of Internal Audit. The Head of Internal Audit undertakes both regular and ad-hoc reviews or audits of management controls and procedures, the results of which are reported to the Audit Committee.

#### (a) Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's advances and other receivables. For risk management reporting purposes, the Bank considers and consolidates all elements of the credit risk exposure including default risk.

The Bank grants advances mainly to the Government of Sierra Leone in its capacity as the Government's bankers. The Bank of Sierra Leone Act specifies the credit limit and the credit limit is strictly monitored to provide a safeguard against breach. The Government provides a guaranty against the risk of failure to finance the facility; therefore credit risk in this regard is considered to be minimal.

The Bank also pays keen attention to the quality of its investment portfolio making sure the bulk of its holdings/deposits are with triple "A" financial institutions.



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

*In thousands of Leones*

### **(b) Liquidity risk**

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations from its financial liabilities that are settled by delivering cash or another financial assets.

#### **Management of liquidity risk**

The Bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation. The key elements of the Bank's liquidity strategy are as follows:

- Maintaining its diversified deposits base consisting of Government and multilateral agencies.
- Carrying a portfolio of highly liquid assets, diversified by currency and maturity.
- Monitoring liquidity ratios, maturity mismatches, behavioural characteristics of the Bank's financial assets and financial liabilities, and the extent to which the Bank's assets are encumbered and so not available as potential collateral for obtaining funding.
- Carrying out stress testing of the Bank's liquidity position.

Management receives information from various Departments of the Bank regarding the liquidity profile of their financial assets and liabilities and details of other projected cashflows. The liquidity requirements of the Bank are met through short-term investment to cover any short-term fluctuations and longer term funding to address any structural liquidity requirements.

### **(c) Market risks**

Market risk is the risk that changes in market prices, such as interest rate, equity prices and foreign exchange rates will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on the investment.

#### **Management of market risks**

The Bank is exposed to exchange rate risk on its financial assets and liabilities denominated in foreign currencies. The safeguard against this risk is the holding of assets in various currencies which mitigates the risk.

The Bank is also exposed to interest rate risk on its foreign reserve deposits in instances where the contract provides for the application of floating interest rates.

## NOTES TO THE FINANCIAL STATEMENTS (Contd)

### (e) Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Bank's operations.

The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the risk management unit within the Bank. This responsibility includes:

- Develop, implement and continuously improve a framework to interpret the process for managing risk into the organisation's overall governance and strategy;
- The adoption of consistent processes with a comprehensive framework ensuring that the risk is managed effectively and coherently across the Bank;
- Evaluate the effectiveness in managing risks;
- Prepare appropriate risk policies for the approval of the Board;
- Set risk parameters which will be used to monitor and ensure that the risk management activities are in compliance with the policy set by the Board;
- Responsible for managing the policies, framework and processes of the risk management function as stipulated in the ISO 31000;
- Identify and treat risk throughout the Bank;
- Compliance with relevant Legal and Regulatory requirements and International norms;
- Improve the identification of opportunities and threats;
- Documentation of controls and procedures;
- Development of contingency plans;
- Ensure segregation of duties including authorisation limits;
- Risk awareness and sensitization;
- Develop and update Risk Register.
- Manage policies, framework and processes of the risk management function of the Bank.

Compliance with the Bank's standards is supported by a programme of independent periodic reviews undertaken by the Head, Internal Audit Department. The results of the internal audit reviews are discussed and clarified with the departmental heads and the clarified reports are submitted to senior management.

### 37 BASIS OF MEASUREMENT

The financial statements have been prepared on historical cost basis except where specific balances have been stated at fair value.

### 38 CHANGES IN ACCOUNTING POLICIES

There were no changes to the accounting policies.

## NOTES TO THE FINANCIAL STATEMENTS (Contd)

### 39 SIGNIFICANT ACCOUNTING POLICIES

Except for the changes explained in Note 38 the Bank has consistently applied the following accounting policies to all periods presented in these financial statements.

Set out below is an index of the significant accounting policies, the details of which are available on the pages noted:

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#### (a) Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Bank at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated to the functional currency at the exchange rates at that date.

Foreign currency differences arising on retranslation are recognised in the profit and loss account as required by the Bank of Sierra Leone Act 2011, except for differences arising on the re-translation of available-for-sale equity instruments.



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

### **(b) Interest**

Interest income and expenses are recognized in the profit or loss account for all interest-bearing instruments on accruals basis, using the effective interest rate method.

The recognition of interest ceases when the payment of interest or principal is in doubt; interest being included in income thereafter, only when it is received.

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.

The calculation of the effective interest rate includes all fees and interest paid or received, transaction costs (which are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability) and discounts or premiums that are an integral part of the effective interest rate.

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Bank's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

### **(c) Fees and commissions**

Fees and commissions that are integral to the effective interest rate on a financial asset or financial liability are included in the measurement of the effective interest rate.

Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

### **(d) Net exchange gains/losses**

Net exchange gains/losses comprise gains less losses related to the translation of foreign monetary assets and liabilities.

The US Dollar exchange rate policy of the Bank is flexible, which implies that the exchange rate is market determined. The exchange rate is calculated based on the weighted average rate of commercial Banks and foreign exchange bureaux for purchase transactions during the preceding five business days and the weekly auction transactions if any. The Bank applies a +/- 1% spread on the weighted average exchange rate derived to determine its official selling and buying rates.

The Bank collects/obtains the exchange rates (buying and selling) of the British Pound Sterling and other major international currencies from the Reuters website on daily basis. These are imputed into an Excel spreadsheet maintained by the Bank. This is programmed to derive the exchange rate of all international currencies reference to the US Dollar.

Foreign exchange assets and liabilities are revalued on a daily basis. For the purposes of IMF assets and liabilities the bank applies the following rules:

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

At least once every year, all Fund currency holdings are revalued based on the prevailing SDR exchange rate. The difference between the Fund's currency holdings translated at the previous rate and the currency holdings valued at the new rate gives rise to currency valuation adjustments (CVA) and is placed in a CVA account. This account records the amount which is payable to or receivable from the Fund depending on whether the Leone has depreciated or appreciated vis-à-vis the SDR since the last revaluation. The CVA receivable payable is also part of the Fund's holdings of currency and is also subject to maintenance of value obligations. From the Fund's perspective, the total currency holdings remain the same in SDR terms, but the differences arising from the revaluation give rise to a change in the currency terms, as reflected in the CVA account balance. The Bank records a CVA as either a payable or receivable from the Fund, with the balancing elements treated, depending on the circumstances and legal requirement, as an expense (income), a charge against a reserve account, or a charge against the Government. Cumulative maintenance of value charges should not be carried as an asset on the statement of financial position.

### **(e) Lease payments**

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 (if any) are recognised as an integral part of the total lease expense, over the term of the lease.

The Bank held no finance leases during/at the end of the year.

### **(f) Income tax expense**

In accordance with section 70 (3) of the Bank of Sierra Leone Act 2011, the profits of the Bank are not liable to Income Tax, or any other tax.

### **(g) Financial assets and financial liabilities**

#### **(i) Recognition**

The Bank initially recognises advances and deposits on the date that they are originated. All other financial assets and liabilities including assets and liabilities designated at fair value through profit or loss are initially recognised on the trade date at which the Bank becomes a party to the contractual provisions of the instrument.

#### **(ii) Derecognition**

The Bank derecognises a financial asset when the contractual rights to the cashflows from the asset expire, or it transfers the right to receive the contractual cashflow on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred.

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



## NOTES TO THE FINANCIAL STATEMENTS (Contd)

### (iii) *Offsetting*

Financial assets and liabilities are set off 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 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 related transactions in the Bank's trading activity.

### (iv) *Amortised cost measurement*

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

### (v) *Fair value measurement*

The determination of fair value of financial assets and financial liabilities is based on quoted market prices or dealer price quotation for financial instruments traded in active markets. For all other financial instruments, fair value is determined using valuation techniques which in the judgement of the Board approximate the fair value.

### (vi) *Identification and measurement of impairment*

At each financial position date the Bank assesses whether there is objective evidence that financial assets are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cashflows of the asset and the same can be estimated reliably.

The Bank considers evidence of impairment at both specific asset and collective level where appropriate. All individually significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together financial assets (carried at amortised cost) with similar risk characteristics.

Impairment losses on assets carried at amortised cost are recognised in the statement of comprehensive income and reflected in impairment provisions account. When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through the statement of comprehensive income.

Any significant recovery in the fair value of an impaired available-for-sale equity security is recognised directly in equity.



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

### **(h) Cash and cash equivalents**

Cash and cash equivalents include notes and coins on hand and balances with other foreign Central Banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their value and are used by the Bank in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

### **(i) Advances**

Advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not intend to sell immediately or in the near term.

Advances are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

### **(j) Investment securities**

Investment securities are initially measured at fair value plus incremental direct transaction costs and subsequently accounted for depending on their classification as either held-to-maturity, fair value through profit or loss, or available-for-sale.

#### **(i) Held-to-maturity**

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Bank has the positive intent and ability to hold to maturity, and which are not designated at fair value through profit or loss or available-for-sale.

Held-to-maturity investments are carried at amortised cost using the effective interest method. Any sale or reclassification of a significant amount of held-to-maturity investments not close to their maturity would result in the reclassification of those investments as available-for-sale, and would prevent the Bank from reversing the reclassification for the current and the following two financial years.

#### **(ii) Available-for-sale**

Available-for-sale investments are non-derivative investments that are not designated as another category of financial assets. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost. All other available-for-sale investments are carried at fair value.

Interest income (where applicable) is recognised in profit or loss using the effective interest method. Foreign exchange gains or losses on available-for-sale debt security investments are recognised in profit or loss.

Other fair value changes are recognised directly in equity until the investment is sold or impaired when the balance in equity is recognised in profit or loss.

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

### **(K) Property, plant and equipment**

#### *(i) Recognition and measurement*

All property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

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

#### *(ii) Subsequent costs*

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Bank and the cost of the items can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Major improvements are capitalised.

#### *(iii) Depreciation*

Freehold premises are depreciated over a maximum of fifty years. For leasehold properties, where the unexpired lease term is more than fifty years, depreciation is charged over fifty years. Where the unexpired lease term is less than fifty years, the value of the leasehold property is amortised over the periods appropriate to the relevant lease terms on a straight line basis.

Motor vehicles, equipment and fixtures and fittings are depreciated on a straight line basis over its estimated useful life, principally between 3 and 8 years.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate at each reporting date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

### **(l) Leased assets - Lessee**

The Bank was not a party to any finance leasing contract during or at the end of the year. Leases are operating leases and the underlying assets are not recognised in the Bank's balance sheet.

## NOTES TO THE FINANCIAL STATEMENTS (Contd)

### (m) Impairment of non-financial assets

The carrying amounts of the Bank's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cashflows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cashflows are 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.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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.

### (n) Deposits

Deposits are initially measured at fair value including transaction costs, and subsequently measured at their amortised cost using the effective interest method.

### (o) Provisions

A provision is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cashflows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Bank from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Bank recognises any impairment loss on the assets associated with that contract.



## NOTES TO THE FINANCIAL STATEMENTS (Contd)

### (p) Financial guarantees

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

All financial guarantee liabilities are disclosed by way of notes in the financial statements and are only included in other liabilities if the liability has crystallised or becomes probable that it will crystallise.

### (q) Employee benefits

#### (i) Short term benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are provided.

A provision is recognised for the amount expected to be paid under short term cash bonus or profit sharing plans if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be reliably estimated.

#### (ii) Defined contribution plan

The Bank contributes towards a defined contribution plan. The plan is funded through payments to the National Social Security and Insurance Trust (NASSIT) Scheme. This defined contribution plan is a Pension Scheme under which the Bank pays fixed contributions into a separate entity. The Bank has no legal or constructive obligations to pay further contributions if the Scheme does not hold sufficient assets to pay all employees the benefit relating to employee service in the current and prior periods and has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefits expense when due.

#### (iii) Defined benefit plan

The bank provides end-of-service benefits to its retirees. The entitlement to these benefits is conditional on the completion of a minimum service period. End of service benefit is a post-employment benefit plan. The liability recognised in the statement of financial position is the present value of the end-of-service benefits obligation at the reporting date, together with adjustments for actuarial gains or losses and past service costs. The present value of the obligation is determined by discounting the estimated future cash outflows taking into account average service period and salary increases and using interest rates of Government treasury bonds that are denominated in Leones, the currency in which the obligation will be paid and that matures in one year's time. The calculation is performed by an actuary using the projected unit credit method.

The bank recognises all actuarial gains and losses for end-of-service benefits immediately in Other Comprehensive Income (OCI).

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

### **(iv) Termination benefits**

Termination benefits are payable when employment is terminated by the Bank before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Bank recognises termination benefits when it is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal. Benefits falling due more than 12 months after the reporting date are discounted to present value.

### **(r) Capital and reserves**

#### *Share capital*

The Bank classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Sections 10(1) and 81 of the Bank of Sierra Leone Act 2011 require that the minimum paid up capital of the Bank must be Le 125bn, to be subscribed within five years from commencement of the Act (that is commencing 24 November 2011). The capital has been fully subscribed for as at year end.

### **(s) Amounts repayable under Repurchase Agreement (REPOs)/Reverse REPOs**

REPO is an arrangement involving the sale for cash, of investment security at a specified price with a commitment to repurchase the same or similar securities at a fixed price either at a specific future date or at maturity.

For monetary purposes (liquidity management), the Bank from time to time mops up money from the financial market (REPO) or injects money into the market (Reverse REPO). The Bank engages in the above with commercial banks only.

When the Bank mops money from commercial banks, it creates a liability in its financial statements and secures this borrowing (liability) by assigning part of the securitised debt holding to the commercial banks it has mopped from. The commercial banks usually hold the investments to maturity.

Similarly the Bank also lends money to commercial banks (reverse repo). In this process, the Bank creates an asset in the financial statements and takes a security from the borrowing bank usually in the form of Treasury Bills or Bonds. The bank earns interest on this lending. The injected money stays with the borrowing bank until maturity.

- (i) The bank treats reverse REPO as collateralised loans for accounting purposes. In this case, a reverse REPO is recognised as a secured advance and is shown separately as Advance to Banks while repurchase agreements are shown as a liability in the books of the Bank.
- (ii) REPOs continue to be recognised in the statement of financial position and are measured in accordance with the terms of the agreement.
- (iii) The difference between sale and repurchase price is treated as interest expenditure and is recognised in the profit or loss.

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

### **(t) Currency in circulation**

Currency issued by the Bank represents a claim on the Bank in favour of the holder. Currency in circulation is recognised at face value in these financial statements. Bank notes and coins held by the Bank as cash in main vault and with cashiers at the end of the financial year are excluded from the liability of notes and coins in circulation because they do not represent currency in circulation.

Bank notes printing expenses for each denomination which include ordering, printing, freight, insurance and handling costs are initially deferred. Based on the currency issued into circulation, the respective proportional actual costs incurred are released to the profit or loss from the deferred cost account. The stock is issued on a first in first out basis. The receipt of new notes and coins are recorded in the vault register as stock and the movement accounted for as the notes and coins are issued.

### **(u) Special drawing rights and International Monetary Fund Related transactions**

The Bank, on behalf of the Government of Sierra Leone, manages assets and liabilities denominated in Special Drawing Rights (SDRs) held with the International Monetary Fund (IMF). Exchange gains and losses arising from translation of SDRs at period ends are recognised in the statement of comprehensive income.

### **(v) Gold**

Gold is held by the Bank as part of its foreign reserves and is classified as available-for-sale for the purpose of measurement. Gold holdings are included in the statement of financial position at the prevailing closing spot market price on the London Bullion Market on that date. Foreign exchange gains and losses on gold holdings are transferred to the revaluation account.

### **(w) Commitments on behalf of Treasury**

The Bank issues Treasury bills and bonds and capital commitments on behalf of Treasury. These Treasury Bills and Treasury bonds are not included in these financial statements as the Bank is involved in such transactions only as an agent.

### **(x) Comparatives**

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. All adjustments of comparative figures are referred to as "restatements".



**NOTES TO THE FINANCIAL STATEMENTS (Contd)**

**40 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. Those that may be relevant to the Bank are set out below. The Bank does not plan to adopt these standards early.

**(a) IFRS 9, Financial Instruments**

IFRS 9, published in July 2014 and effective for reporting periods beginning on or after 1 January 2018, introduces new requirements for the classification and measurement model of financial assets and details, dependent on both the entity's business model objective for managing financial assets and the contractual cashflow characteristics of financial assets.

IFRS 9 removes the requirements to separate embedded derivatives from financial assets host contract (it instead requires a hybrid contract to be classified in its entirety at either amortised cost or fair value). Separation of embedded derivatives has been retained for financial liabilities (subject to criteria being met).

The Bank is considering the impact of the standard on its reporting framework and will determine appropriate treatment in the 2017 financial statements.

Other standards which have been promulgated but not expected to have any significant impact on the Bank's financials include IAS 19, Defined Benefits Plans (Amended).