Bank of Sierra Leone

Financial statements
for the year ended 31 December 2025

This report contains 96 pages
B60/gec/eap

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General information

Board of Directors	:	Dr. Ibrahim L. Stevens	- Governor (Appointed 16 November 2023)
		Dr. Joseph Ansu Tucker	- Deputy Governor (appointed 21 December 2023)
		Mr Alfred W. B. Samah	- Deputy Governor (appointed 4 August 2025)
		PC Dr. Michael Shamsu Mustapha Ngebeh VI	- Re-appointed 13 January 2025
		Mrs Olayinka W Laggah	- Appointed 19 December 2024
		Ambassador Rupert S D Davies	- Appointed 20 December 2024
		Mrs Janisa E F Momodu	- Appointed 30 January 2025
		Mr Stephen Swaray	- Appointed 30 October 2025
		Dr. Francis M Kaikai	- Appointed 19 December 2025
Senior Management	:	Dr. Ibrahim L. Stevens	- Governor
		Dr. Joseph Ansu Tucker	- Deputy Governor, Monetary Stability
		Mr Alfred W. B. Samah	- Deputy Governor, Financial Stability
		Mr Morlai Bangura	- Chief Economist, Governor's Office
		Mr Alhaji Salihu Dukuray	- Chief Internal Auditor
		Mrs Veronica Finney	- Director, General Services Department
		Ms Hawa E. Kallon	- Director, Secretary's Department
		Mr Sullay Alhaji Mannah	- Director, Governor's Office
		Mr Eugene Caulker	- Director, Monetary Policy Department
		Ms Mona K S Kabba	- Director, Legal Affairs Department
		Ms Esther Johnson	- Director, OFIS Department
		Mrs Ariana Saccobah Edmond	- Director, Banking and Payment Systems Department
		Mr Crispin Denison-George	- Director, Human Resources Department
		Dr. Robert Dauda Korsu	- Director, Research and Statistics Department
		Mr Thomas M Boima	- Director, Financial Markets Department
		Mr Hilton Jarrett	- Director, Financial Stability Department
		Mrs Agnes Tarawally	- Deputy Director, Finance Department
		Mrs Kadijatu Kamara	- Deputy Director, Governor's Office
		Mr Momoh L Sesay	- Deputy Director, FSDU
		Mrs Sylvia Kawaley	- Deputy Director, Governor's Office (Procurement)
		Mrs Mahawa Korjie	- Deputy Director, Banking Supervision Department
		Mr Hassan Tejan	- Deputy Director, Currency Management Department
		Lt. Col. (Rtd) Shecku S. Silla	- Head, Security Unit
		Mr Allieu Badara Jalloh	- Deputy Director, MIS Department
		Mr. Albert F Boima	- Deputy Director, Nat Payment Switch Department
		Ms Josephine Francess Mansaray	- OIC, Risk Management Unit
Registered Office	:	Siaka Stevens Street Freetown	
Solicitors	:	Lambert and Partners 40 Pademba Road Freetown	
Secretary to the Board	:	Ms Hawa E. Kallon	
Auditors	:	Baker Tilly SL Chartered Accountants Baker Tilly House 37 Siaka Stevens 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 2025.

Principal activity

The principal activity of the Bank is to:

(a) formulate and implement monetary policy, 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 organizations.

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 2025 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows 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 2019 and for such internal control 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 directors have assessed the ability of the Bank to continue as a going concern. The directors have a reasonable expectation that the Bank has adequate resources to continue in operational existence for the foreseeable future which is guaranteed by the Government of Sierra Leone. Thus, the going concern basis has been adopted in preparing the annual financial statements of the Bank.

Report of the Directors *(continued)*

Share capital

The bank's authorised capital is NLE 250 million. Additional details of the Bank's capital are given in note 30 to the financial statements.

Results for the year

Profit for the period was **NLE956.42 million** (2024: profit of NLE 948.35 million).

Audit and Risk Committee

The Audit and Risk Committee comprising Non-Executive Directors and one Technical Expert are responsible for oversight function over the audit mechanism, internal control system and financial reporting 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 reports and other oversight reports like 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 their 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.

Board Finance and Information Technology Strategy Committee

The Finance and Information Technology Strategy Committee advises the Board in fulfilling its oversight responsibilities relating to financial planning and reporting and the Information Technology environment.

Board Human Resource Committee

This committee ensures that sound human resource policies are formulated and implemented. It reviews existing policies and develops new policies with respect to salaries, benefits, incentive composition, succession planning, training and staff development and physical working conditions.

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.

Financial Policy Committee

The Financial Policy Committee (FPC) is responsible for advising the Governor and the Board of Directors of the Bank on all policy issues relating to financial stability, micro and macroprudential supervision, crisis management and resolution, financial literacy and inclusion and financial market infrastructure or any successor law.

Report of the Directors *(continued)*

Foreign Investment Committee

The Foreign Investment Committee is a tactical and operational level committee tasked with investing the Bank's funds. The committee is responsible for the following activities:

1. Reviewing and recommending investment options to the Foreign Assets Committee (FAC)
2. Review and monitor investment holdings in line with the approved investment guidelines

Foreign Assets Committee

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

Project Monitoring Committee

The Project Monitoring Committee is responsible for monitoring ongoing projects implemented by the Bank and making appropriate recommendations to Management and Board of Directors.

Property and equipment

Details of the Bank’s property and equipment are shown in note 21 to these 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.

Employee involvement and training

There are several forums where staff meet and discuss issues that relate to them and their progress within the workplace, including 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.

Report of the Directors *(continued)*

Directors and their interest

The following were Directors of the Bank as at 31 December 2025:

Dr. Ibrahim L. Stevens	- Governor	- (Appointed 16 November 2023)
Dr. Joseph Ansu Tucker	- Deputy Governor Monetary Stability	- (appointed 21 December 2023)
Mr Alfred W. B. Samah	- Deputy Governor Financial Stability	- Deputy Governor (appointed 4 August 2025)
PC Dr. Michael Shamsu Mustapha Ngebeh VI	- Director	- Re-appointed 13 January 2025
Mrs Olayinka W Laggah	- Director	- Appointed 19 December 2024
Ambassador Rupert S D Davies	- Director	- Appointed 20 December 2024
Mrs Janisa E F Momodu	- Director	- Appointed 30 January 2025
Mr Stephen Swaray	- Director	- Appointed 30 October 2025
Dr. Francis M Kaikai	- Director	- Appointed 19 December 2025

Dr Ibrahim L. Stevens was appointed on November 16, 2023 as Governor, Dr Joseph Ansu Tucker on 21 December 2023 as Deputy Governor (Monetary Stability) and Alfred W. B. Samah on 4 August 2025 as Deputy Governor (Financial Stability).

The other Directors are to hold offices for three years each and shall be eligible for re-appointment for one additional 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, Baker Tilly were appointed by the Auditor-General on 26 November 2025 to conduct the audit of the financial statements for the year ended 31 December 2025.

Approval of the financial statements

The financial statements were approved by the Board of Directors on 9 November 2026

.....
Governor

.....
Director

.....
pp. **Secretary**

Baker Tilly SL
Baker Tilly House
37 Siaka Stevens Street
P.O Box 100
Freetown
Sierra Leone
Telephone +(232) 30-444-100

Independent Auditor's Report
To the Government of Sierra Leone

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bank of Sierra Leone, which comprise the statement of financial position as at 31 December 2025, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2025 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the Bank of Sierra Leone Act 2019.

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 *Auditor's 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)* together with the ethical requirements that are relevant to our audit of the financial statements in Sierra Leone, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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, and we do not provide a separate opinion on these matters.

Independent Auditor's Report
To the Government of Sierra Leone *(continued)*

Key audit matters (continued)

Key audit matter	How the matter was addressed in the audit
Valuation of defined benefit obligation	
The valuation of the employee defined benefit involves projecting the benefits the scheme members are expected to be paid in the future. Benefits are paid either upon retirement, death or leaving the employment of the Bank. The amount of the benefit payable depends on the length of service and the level of earnings when the event occurs. In making these projections, assumptions are made about the likelihood of a benefit becoming payable at any future date, future investments return and increases in a staff member's earnings. The retirement benefits reserve is subject to volatility as the valuation is sensitive to changes in key assumptions such as the discount rate and inflation estimates. The setting of assumptions is complex and involves the application of significant judgement.	We evaluated the design and tested the implementation of key controls over the valuation of staff benefit scheme. In evaluating the design of controls, we considered the appropriateness of the control considering the nature and significance of the risk, competence and authority of person(s) performing the control, frequency, consistency with which the control is performed and the criteria for investigation and process for follow-up. We tested the accuracy and completeness of data provided by management to its pension valuation experts. We tested the validity of the underlying obligations per existing Bank's policy. We are satisfied with the actuarial assumptions applied and the measurement of the reserves. The related disclosures are determined to be sufficient as per the requirements of IAS 19 – Employee benefits.
Impairment of financial assets	
We identified the impairment of financial assets representing a significant risk of material misstatement and a key audit matter. Significant judgement is required by the Directors in assessing the impairment of financial assets in compliance with IFRS 9, which requires a loss allowance for Expected Credit Loss (ECL) to be measured at the reporting date for those financial assets subject to impairment accounting.	We focused our testing of impairment on loans, receivables and investment in securities on the assumptions of management and in line with IFRS 9. We tested the key controls relating to the preparation of the impairment model including the completeness and authority of person(s) performing the control, frequency and consistency with which the control is performed.

Independent Auditor's Report
To the Government of Sierra Leone *(continued)*

Key audit matters (continued)

Key audit matter	How the matter was addressed in the audit
Impairment of financial assets (continued)	**Impairment of financial assets**
The ECL model involves the application of considerable level of judgment and estimation in determining inputs for ECL calculation such as: - Determining criteria for assigning Probability of Default rates (PD Rates) - Assessing the relationship between the quantitative factors such as default and qualitative factors such as macro-economic variables - Incorporating forward looking information in the model building process - Factors incorporated in determining the Probability of Default (PD), the Loss Given Default (LGD), the Recovery Rate and the Exposure at Default (EAD). - - Factors considered in cash flow estimation including timing and amount and segmentation of portfolios used to develop risk parameters - Given the level of complexity and judgement involved in determining of the ECL and the material nature of the balance, we considered the valuation of the loans, receivables and investment securities impairment allowance to be a key audit matter in the financial statements.	Our audit procedures included: - Obtained a detailed understanding of the default definition(s) used in the ECL calculations; - For loans and advances, tested the underlying data behind the determination of the probability of default by agreeing same to underlying supporting documentation - For loans and advances, critically evaluating the determination of the expected cash flows used in assessing and estimating impairments and the reasonableness of any assumptions - For loans and advances, evaluate whether the model used to calculate the recoverable amount complies with the requirement of IFRS 9 - Examined the criteria used to allocate the financial assets under stages 1, 2 and 3 - Performing sensitivity analysis on the macroeconomic factors used in determining the probability of default - Reviewing and challenging management assumptions on how Covid 19 has influenced the key components of the ECL, thus the LGD and the PD

Independent Auditor's Report
To the Government of Sierra Leone *(continued)*

Key audit matters (continued)

Key audit matter (continued	How the matter was addressed in the audit
Impairment of financial assets (continued)	**Impairment of financial assets**
	- Validating that the discount rate used in discounting the estimated future cash flows meet the effective interest - Verifying the source of the credit ratings used and check the appropriateness of the ratings in accordance with IFRS 9 - Tested the disclosures to ensure that the required disclosures under IFRS 9 have been appropriately disclosed - Verifying the source of the credit ratings used and check the appropriateness of te ratings in accordance with IFRS 9

Other information

The Directors are responsible for the other information. The other information comprises the Directors' Report which we obtained prior to the date of this report. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or 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 on the other information obtained prior to the date of this auditor's report, 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 Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs) and the Bank of Sierra Leone Act 2019 for such internal control 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.

Independent Auditor's Report
To the Government of Sierra Leone *(continued)*

Responsibilities of Directors and Those Charged with Governance for the Financial Statements (continued)

In preparing the financial statements, the Directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's 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 auditor's 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 judgment and maintain professional scepticism 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

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

- Conclude on the appropriateness of the Directors' 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, then we are required to draw attention in our auditor's report to the related disclosures in the financial

Independent Auditor's report
To the Shareholders of Bank of Sierra Leone

Auditor's responsibilities for the audit of the financial statements (continued)

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 auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the 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 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's 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.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of Section 25 of the Bank of Sierra Leone Act 2019, we report that:

- We were able to examine the books and accounting 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 auditor's report is **Agnes N. Sawyerr.**

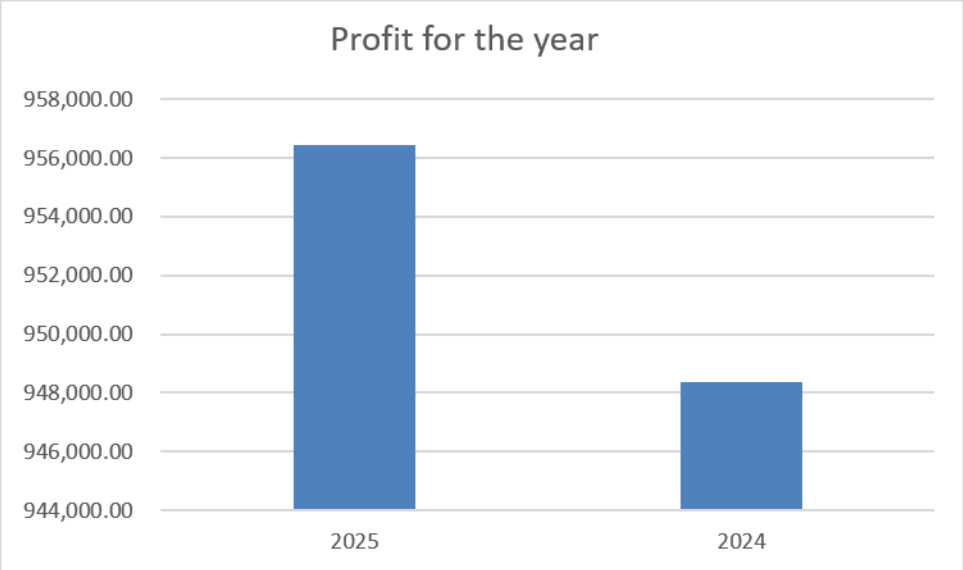
Baker Tilly
Chartered Accountants

Freetown

Date: 9 November 2026

Financial highlights





Statement of financial position

as at 31 December

In thousands of New Leones	Note	2025	2024
Assets			
Cash and cash equivalents	*16*	**5,143,730**	3,163,574
Funds held with International Monetary (IMF)	*17*	**11,982,220**	12,870,936
Loans and advances to others	*18a*	**25,907**	23,196
Due from Government of Sierra Leone	*18b*	**9,616,858**	7,701,025
COVID-19 special credit facility to banks	*18c*	**1,471,057**	2,400,149
Investment in equity	*19*	**257,123**	244,804
Investment securities	*20*	**7,550,979**	6,177,457
Property, plant and equipment	*21*	**868,236**	860,396
Other assets	*22*	**485,606**	655,227
Total assets		**37,401,716**	34,096,764
Liabilities			
Amounts due to International Monetary Fund (IMF)	*23*	**21,376,025**	21,279,570
Deposits from Government	*24*	**2,209,344**	1,490,390
Deposits from Banks	*25*	**942,990**	1,349,931
Deposits from others	*26*	**66,998**	180,629
Currency in circulation	*27*	**10,344,978**	8,764,148
Other liabilities	*28*	**1,515,151**	992,123
End of service benefit	*29*	**233,475**	186,600
Total liabilities		**36,688,961**	34,243,391
Equity			
Share capital	*30*	**125,000**	125,000
General reserve	*31(a)*	**21,910**	(849,475)
Revaluation reserves	*31(b)*	**594,947**	595,326
Other reserves	*31(c)*	**(29,102)**	(17,478)
Total equity attributable to equity holders of the Bank		**712,755**	(146,627)
Total liabilities and equity		**37,401,716**	34,096,764

These financial statements were approved by the Board of Directors on 9 November **2026**

.....) **Governor**
)
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.....) **Director**
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.....) **Secretary**

The notes on pages 19 to 96 are an integral part of these financial statements

Statement of profit or loss and other comprehensive income

for the year ended 31 December

In thousands of New Leones	**Note**	**2025**	2024
Interest and similar income	*8*	**2,490,528**	1,929,909
Interest expenses and similar charges	*8*	**(278,746)**	(359,049)
Net interest income		**2,211,782**	1,570,860
Fees and commission income	*9*	**10,660**	9,127
Fees and commission expense	*9*	**(648)**	(624)
Net fee and commission income		**10,012**	8,503
Net exchange (loss)/gain	*10*	**(207,731)**	130,745
Other income	*11*	**3,772**	143,924
Operating (loss)/income		**2,017,835**	1,854,032
Personnel expenses	*12*	**(463,843)**	(392,829)
Currency issue expenses	*13*	**(231,461)**	(229,177)
Depreciation and amortisation	*21*	**(15,644)**	(6,507)
(Impairment loss)/release on loans and advances	*14(a)*	**(170,903)**	(61,707)
Other expenses	*14(b)*	**(179,562)**	(215,465)
Profit / (Loss) for the year		**956,422**	948,347
loss income			
Defined benefit plan actuarial (loss) /gain		**(11,624)**	(9,395)
Other comprehensive income for the year		-	-
Property revaluation gain/ (loss)		-	562,533
Total comprehensive profit/ (loss) for the year		**944,798**	1,501,485

The notes on pages 19 to 96 are an integral part of these financial statements

Statement of profit or loss and other comprehensive income *(continued)*

In thousands of New Leones	Note	**2025**	2024
Profit/(Loss) attributable to:			
Equity holders of the Bank		**956,422**	948,347
Profit/(Loss) for the year		**956,422**	948,347
Total comprehensive Profit/ (loss) attributable to:			
Equity holders of the Bank		**944,798**	1,501,485
Total comprehensive Profit/ (loss)for the year		**944,798**	1,501,485

These financial statements were approved by the Board of Directors on 9 November **2026**

.....) **Governor**
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.....) **Director**
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..... pp **Secretary**

The notes on pages 19 to 96 are an integral part of these financial statements

Statement of changes in equity

for the year ended 31 December 2025

In thousands of New Leones	**Share capital**	**Property revaluation reserve**	**General reserve**	**Other reserves**	**Total**
Balance at 1 January 2025	**125,000**	**595,326**	**(849,475)**	**(17,478)**	**(146,627)**
Total comprehensive income for the year					
Net Profit/ (loss) for the year	-	-	**956,422**	**-**	**956,422**
Revaluation reserves	-	**(379)**	-	-	**(379)**
Other comprehensive income					
Fair value reserve (non-interest-bearing securities)	-	-	-	-	-
Actuarial gain/ (loss)	-	-	-	**(11,624)**	**(11,624)**
Prior year adjustment	-	-	**(85,037)**	-	**(85,037)**
Total other comprehensive income for the year	**125,000**	**594,947**	**21,910**	**(29,102)**	**712,755**
Total comprehensive income and other transfers					
Subscribed during the year	-	-	-	-	-
Deposit for shares	-	-	-	-	-
Total contribution by and distribution to owners	-	-	-	-	-
Balance at 31 December 2025	**125,000**	**594,947**	**21,910**	**(29,102)**	**712,755**

The notes on pages 19 to 96 are in integral part of these financial statements

Statement of changes in equity

for the year ended 31 December 2024

In thousands of New Leones	Share capital	Property revaluation reserve	General reserve	Other reserves	Total
Balance at 1 January 2024	125,000	32,793	(1,826,843)	(8,083)	(1,677,133)
Total comprehensive income for the year					
Net Profit/ (loss) for the year	-	-	948,347	-	948,347
Revaluation reserves	-	562,533	-	-	562,533
Other comprehensive income					
Fair value reserve (non-interest-bearing securities)	-	-	-	-	-
Actuarial gain/ (loss)	-	-	-	(9,395)	(9,395)
Prior year adjustment	-	-	29,021	-	29,021
Total other comprehensive income for the year	125,000	595,326	(849,475)	(17,478)	(146,627)
Total comprehensive income and other transfers					
Subscribed during the year	-	-	-	-	-
Deposit for shares	-	-	-	-	-
Total contribution by and distribution to owners	-	-	-	-	-
Balance at 31 December 2024	125,000	595,326	(849,475)	(17,478)	(146,627)

The notes on pages 19 to 96 are an integral part of these financial statements

Statement of cash flows

for the year ended 31 December

In thousands of New Leones	**Note**	**2025**	2024
Cash flows from operating activities			
Profit/ (loss) for the year		**956,422**	948,347
Adjustment for:			
Depreciation and amortisation	*21*	**15,644**	6,507
Impairment losses on loans and advances		**-**	-
Net interest income	*8*	**(2,211,782)**	(1,570,860)
Fixed asset write-off		**-**	-
Profit on disposals		**(150)**	-
Fixed assets adjustments	21	**(32)**	2,200
Actuarial gain/(loss)/ on defined benefit obligation	*29d*	**(11,624)**	(9,395)
Prior year adjustment		**(85,037)**	29,021
Changes in:		**(1,336,559)**	(594,180)
Loans and advances to others		**(2,711)**	(5,681)
Due from Government of Sierra Leone		**(1,915,833)**	(1,279,325)
Advances to banks		**929,092**	(2,368,787)
Other assets		**169,621**	645,338
Currency in circulation		**1,580,830**	1,457,626
Government deposit		**718,954**	(646)
Other deposits		**(113,631)**	94,185
Deposits from banks		**(406,941)**	(212,411)
Other liabilities		**523,028**	225,582
End of service benefit		**46,875**	42,073
		192,725	(1,996,226)
Interest received	*8*	**2,490,528**	1,929,909
Interest paid	*8*	**(278,746)**	(359,049)
Net cash generated from operating activities		**2,404,507**	(425,366)
Cash flows from investing activities			
(Purchase)/disposal of Investment Securities		**(1,373,522)**	(987,891)
Acquisition of investment in equity		**(12,319)**	(21,083)
Acquisition of property and equipment		**(23,831)**	(71,036)
Proceeds from sale of property, plant and equipment		**150**	17
Net cash generated from/(used in) investing activities		**(1,409,522)**	(1,079,993)
Cash flows from financing activities			
Net change in funds from the IMF		**985,171**	834,041
Additional capital subscribed		**-**	**-**
Net movement in reserves		**-**	**-**
Net cash from financing activities		**985,171**	834,041
Net increase in cash and cash equivalents		**1,980,156**	(671,318)
Cash and cash equivalents at 1 January		**3,163,574**	3,834,892
Cash and cash equivalent at 31 December	*16*	**5,143,730**	3,163,574

The notes on pages 19 to 96 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 wholly owned by the Government of Sierra Leone. The address of the Bank's registered office is Siaka Stevens Street Freetown. The Bank is an autonomous institution, and in that respect not subject to the control or direction of any person or authority.

The objective of the Bank is to achieve and maintain price and financial stability. The Bank's functions are:

- formulate and implement monetary policy, financial regulation and prudential standards;
- act as banker, adviser and fiscal agent of the Government;
- formulate and implement the foreign exchange policy of Sierra Leone;
- conduct foreign-exchange operations;
- own, hold and maintain the official international reserves including the reserves of gold;
- issue and manage the currency of Sierra Leone;
- establish, promote, license and oversee sound and efficient payment and securities settlement systems;
- license, register, regulate and supervise financial institutions as specified in the Bank of Sierra Leone Act 2019;
- act as depository for funds from international organizations.

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 in the manner required by the Bank of Sierra Leone Act 2019. They were authorised for issue by the Bank's Board of Directors on .....9... November 2026.

Details of the Bank's accounting policies, including changes during the year, as well as the adoption of new and revised International Financial Reporting Standards (IFRS's) and Interpretations are included in notes 37 to 38.

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 reported amounts of assets, liabilities, income and expenses. Actual reports may differ from these estimates.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2025 is set out below in relation to the impairment of financial instruments and in the following notes:

- Note 38 (g) - determination of fair value of financial instruments with significant unobservable inputs;
- Note 38 (q) measurement of defined benefit obligations: Key actuarial assumptions
- Note 38 (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 *(continued)*

4. Use of judgements and estimates (continued)

Assumptions and estimation uncertainties (continued)

Impairment of financial instruments

Assets accounted for at amortised cost are evaluated for impairment on the basis described in note 38m

The determination of expected credit loss allowances is subjective and judgemental. With the introduction of IFRS 9 in 2018, a number of additional judgements and assumptions are introduced and reflected in the financial statements, including the identification of significant increases in credit risk and the application of forward-looking economic scenarios reflecting management's view of potential future economic environment. These judgements were key in the development of new models which have been built and implemented to measure the expected credit losses on relevant credit exposures.

There is limited experience available to back-test the charge for expected credit losses ('ECL') with actual results. There is also a significant increase in the number of data inputs required for the impairment calculation. This increases the risk of completeness and accuracy of the data that has been used to create assumptions and operate the model. In some cases, data is unavailable and reasonable alternatives have been applied to allow calculations to be performed.

Key judgements and estimates in respect of the timing and measurement of expected credit losses (ECL) include:

- Definition of default and credit impaired assets focusing on both the qualitative and quantitative criteria used by the Bank;
- Allocation of assets to stage 1, 2, or 3 using the significant increase in credit risk (SICR) criteria and focusing on both the qualitative and quantitative indicators;
- Accounting interpretations and modelling assumptions used to build the models that calculate the ECL such as the Probability of Default (PD), Exposure At Default (EAD), Loss Given Default (LGD);
- Completeness and valuation of post model adjustments; and
- Accuracy and adequacy of the financial statements disclosures.

Notes to the financial statements *(continued)*

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.

		Page
(a)	Credit risk:	21
(b)	Liquidity risk	26
(c)	Market risk	29
(d)	Operational risk	38

(a) Credit risk

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 and the type of borrower. The bulk of the funds is placed with rated banks, central banks and supranational organizations 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 is guaranteed by the Government of Sierra Leone.

Notes to the financial statements *(continued)*

5. Financial risk review (continued)

(a) Credit risk (continued)

	Credit rating	2025	% of FA	2024	% of FA
Cash balances with Central Banks	AAA - Aa2	**2,368,792**	**9.95**	1,313,852	6.75
Cash and balances with supranational organizations	Aaa - B1/N/R	**2,553,567**	**10.72**	1,646,780	8.46
Cash and balances with commercial banks	Aa3 - B2/BB*/N/R	**221,371**	**0.93**	202,942	1.04
Cash balances with non-banking financial institutions	N/R	**0.00**	**0.00**	0.00	0.00
Advances	N/R	**11,113,822**	**46.66**	10,124,370	52.00
Investment securities	Baa1/B*	**7,550,979**	**31.70**	6,177,457	31.72
Contingencies and commitments	N/R	**9,714**	**0.04**	6,576	0.03
Total		**23,818,245**	**100**	19,471,977	100

Notes to the financial statements *(continued)*

5. Financial risk review (continued)

(a) Credit risk (continued)

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

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:

Notes to the financial statements *(continued)*

5. Financial risk review (continued)

(a) Credit risk (continued)

Assets

In thousands of New Leones	GBP	Euro	US$	SDR	Leone and Others	Total
At 31 December 2025						
Cash and cash equivalents	**72,767**	**60,952**	**4,407,329**	-	**602,682**	**5,143,730**
IMF assets	-	-	-	**11,982,220**	-	**11,982,220**
Advances	-	-	-	-	**11,113,822**	**11,113,822**
Investment in equity	-	-	**257,123**	-	-	**257,123**
Investment securities	-	-	-	-	**7,550,979**	**7,550,979**
Total assets	**72,767**	**60,952**	**4,664,452**	**11,982,220**	**19,267,483**	**36,047,874**

Notes to the financial statements *(continued)*

5. Financial risk review (continued)

(a) Credit risk (continued)

Assets

In thousands of New Leones	GBP	Euro	US$	SDR	Leone and Others	Total
At 31 December 2024						
Cash and cash equivalents	13,655	262,550	2,858,679	-	28,690	3,163,574
IMF assets	-	-	-	12,870,936	-	12,870,936
Advances	-	-	-	-	10,124,370	10,124,370
Investment in equity	-	-	244,804	-	-	244,804
Investment securities	-	-	-	-	6,177,457	6,177,457
Total assets	13,655	262,550	3,103,483	12,870,936	16,330,517	32,581,141

Notes to the financial statements *(continued)*

5. Financial risk review (continued)

(b) Liquidity risk

Liquidity risk arises when the bank is not 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. Hence, it includes both the risk of being unable to fund assets to appropriate maturities and the risk of being unable to liquidate an asset at a reasonable price, at an appropriate rate and in reasonable timeframe.

Funds are raised using deposits, other liabilities regulated by law and other credit facilities. This enhances funding flexibility, limits dependence on any source of funds and generally lowers the cost of funds. Furthermore, the bank manages liquidity risk through foreign exchange cashflows monitoring tables and by forecasting liquidity in the banking system on a regular basis. This ensures that an appropriate level of liquidity is maintained. 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.

(i) Maturity analysis for financial assets and financial 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 *(continued)*

5. Financial risk management (continued)

(b) Liquidity risk (continued)

(i) Maturity analysis for financial assets and financial liabilities (continued)

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

In thousands of New Leones	Note	Carrying amount	Less than 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	More than 5 years
31 December 2025							
Financial asset by type							
Non-derivative liabilities							
Cash balances with central banks	*16*	**2,368,792**	**2,368,792**	**-**	**-**	**-**	**-**
Cash balances with supranational Organisations	*16*	**2,553,567**	**-**	**2,553,567**	**-**	**-**	**-**
Cash and balances with commercial Banks	*16*	**221,371**	**-**	**221,371**	**-**	**-**	**-**
Cash balances with non-banking Financial institution	*16*	**-**	**-**	**-**	**-**	**-**	**-**
International Monetary Fund related asset	*17*	**11,982,220**	**-**	**-**	**11,982,220**	**-**	**-**
Investment in equity	*19*	**257,123**	**-**	**-**	**257,123**	**-**	**-**
Loans and advances	*18*	**11,113,822**	**1,286,500**	**9,616,857**	**182,659**	**25,908**	**1,898**
Investment securities	*20*	**7,550,979**	-	**10,375**	**6,168,315**	**1,372,289**	**-**
		36,047,874	**3,655,292**	**12,402,170**	**18,590,317**	**1,398,197**	**1,898**
Financial liability by type							
Non-derivative assets							
IMF Special drawing rights Allocation	*23*	**21,376,025**	**-**	**-**	**21,376,025**	**-**	
Deposit from Government	*24*	**2,209,344**	**-**	**-**	**2,209,344**	**-**	**-**
Deposit from banks	*25*	**942,990**	**-**	**-**	**942,990**	**-**	**-**
Deposit from others	*26*	**66,998**	**66,998**	**-**	**-**	**-**	**-**
End of service benefit	*29*	**233,475**	**-**	**-**	**-**	**233,475**	**-**
Unrecognised loan commitment		**9,714**	-	-	-	**9,714**	-
		24,838,546	**66,998**	**-**	**24,528,359**	**243,189**	**-**

Notes to the financial statements *(continued)*

5. Financial risk management (continued)

(b) Liquidity risk (continued)

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

In thousands of New Leones	Note	Carrying amount	Less than 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	More than 5 years
31 December 2024							
Financial liability by type							
Non-derivative liabilities							
Cash balances with central banks	*16*	1,313,852	1,313,852	-	-	-	-
Cash balances with supranational Organisations	*16*	1,646,780	-	1,646,780		-	-
Cash and balances with commercial Banks	*16*	202,942	-	202,942	-	-	-
Cash balances with non-banking Financial institution	*16*	-	-	-	-	-	-
International Monetary Fund related asset	*17*	12,870,936	-	-	12,870,936	-	
Investment in equity	*19*	244,804	-	-	244,804	-	-
Loans and advances	*18*	10,124,370	2,260,500	7,701,025	137,712	23,196	1,937
Investment securities	*20*	6,177,457	-	9,365	5,248,875	919,217	-
		32,581,141	3,574,352	9,560,112	18,502,327	942,413	1,937
Financial liability by type							
Non-derivative assets							
IMF Special drawing rights Allocation	*23*	21,279,570	-	-	21,279,570	-	-
Deposit from Government	*24*	1,490,390	-	-	1,490,036	-	-
Deposit from banks	*25*	1,349,931	-	-	1,349,931	-	-
Deposit from others	*26*	180,629	180,629	-	-	-	-
End of service benefit	*29*	186,600	-	-	-	186,600	-
Unrecognised loan commitment		6,576	-	-	-	6,576	-
		24,493,696	180,629	-	24,119,891	193,176	-

Notes to the financial statements *(continued)*

5. Financial risk management (continued)

(b) Liquidity risk (continued)

Liquidity reserve

The table below sets out the components of the Bank's liquidity reserve

In thousands of New Leones	**2025 Carrying amount**	**2025 Fair value**	2024 Carrying amount	2024 Fair value
Cash in hand	**-**	**-**	-	-
Balances with other Central Banks	**2,368,792**	**2,368,792**	1,313,852	1,313,852
Balances with Supranational Organizations	**2,553,567**	**2,553,567**	1,646,780	1,646,780
Balances with Commercial Banks	**221,371**	**221,371**	202,942	202,942
Cash balances with non-Banking financial institutions	-	-	-	-
International Monetary Fund related assets	**11,982,220**	**11,982,220**	12,870,936	12,870,936
Investment in equity	**257,123**	**257,123**	244,804	244,804
Advances	**11,113,822**	**11,113,822**	10,124,370	10,124,370
Investment securities	**7,550,979**	**7,550,979**	6,177,457	6,177,457
Total liquidity reserve	**36,047,874**	**36,047,874**	32,581,141	32,581,141

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, foreign exchange rates and credit spreads 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 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.

(i) 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.

Notes to the financial statements *(continued)*

5. Financial risk management (continued)

(c) Market risks (continued)

(i) Management of interest rate risk (continued)

The local portfolio is made up mainly of these bonds and treasury bills issued by the Government of Sierra Leone. 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 reduce 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.

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)

In thousands of New Leones	**200 bp (2%) Increase 2025**	**200bp (2%) Decrease 2025**
Interest income impact	**49,811**	**(49,811)**
Interest expense impact	**(5,575)**	**5,575**
Net impact	**44,236**	**(44,236)**

In thousands of New Leones	200 bp (2%) Increase 2024	200bp (2%) Decrease 2024
Interest income impact	38,598	(38,598)
Interest expense impact	(7,181)	7,181
Net impact	31,417	(31,417)

Notes to the financial statements *(continued)*

5. Financial risk management (continued)

(c) Market risks (continued)

(i) Management of interest rate risk (continued)

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

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 loans and advances.

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.

Notes to the financial statements *(continued)*

5. Financial risk management (continued)

(c) Market risks (continued)

(i) Management of interest rate risk (continued)

Management of exchange rate risk (continued)

Currency risk

Concentrations of assets, liabilities and off balance sheet items

In thousands of New Leones	GBP	Euro	US$	SDR	Other	Total
At 31 December 2025						
Cash and balance with the banks	**72,767**	**60,952**	**4,407,329**	**-**	**602,682**	**5,143,730**
IMF assets	**-**	**-**	**-**	**11,982,220**	**-**	**11,982,220**
Loans and advances	**-**	**-**	**-**	**-**	**11,113,822**	**11,113,822**
Investment in equity	**-**	**-**	**257,123**	**-**	**-**	**257,123**
Investment in securities	**-**	**-**	**-**	**-**	**7,550,979**	**7,550,979**
Total assets	**72,767**	**60,952**	**4,664,452**	**11,982,220**	**19,267,483**	**36,047,874**
Liabilities						
IMF drawing rights allocation	**-**	**-**	**-**	**21,376,025**	**-**	**21,376,025**
Deposit from Government	**-**	**-**	**-**	**-**	**2,209,344**	**2,209,344**
Deposit from Banks	**-**	**-**	**-**	**-**	**942,990**	**942,990**
Deposit from others	**-**	**-**	**-**	**-**	**66,998**	**66,998**
End of service benefit	**-**	**-**	**-**	**-**	**233,475**	**233,475**
Total liabilities	**-**	**-**	**-**	**21,376,025**	**3,452,807**	**24,828,832**
Net on-balance sheet position	**72,767**	**60,952**	**4,664,452**	**(9,393,805)**	**15,814,676**	**11,219,042**

Notes to the financial statements *(continued)*

5. Financial risk management (continued)

(c) Market risks (continued)

(i) Management of interest rate risk (continued)

Management of exchange rate risk (continued)

Currency risk (continued)

Concentrations of assets, liabilities and off balance sheet items

In thousands of New Leones	GBP	Euro	US$	SDR	Other	Total
At 31 December 2024						
Cash and balance with the banks	13,655	262,550	2,858,679	-	28,690	3,163,574
IMF assets	-	-	-	12,870,936	-	12,870,936
Loans and advances	-	-	-	-	10,124,370	10,124,370
Investment in equity	-	-	244,804	-	-	244,804
Investment in securities	-	-	-	-	6,177,457	6,177,457
Total assets	13,655	262,550	3,103,483	12,870,936	16,330,517	32,581,141
Liabilities						
IMF drawing rights allocation	-	-	-	21,279,570	-	21,279,570
Deposit from Government	-	-	-	-	1,490,390	1,490,390
Deposit from Banks	-	-	-	-	1,349,931	1,349,931
Deposit from others	-	-	-	-	180,629	180,629
End of service benefit	-	-	-	-	186,600	186,600
Total liabilities	-	-	-	21,279,570	3,207,550	24,487,120
Net on-balance sheet position	13,655	262,550	3,103,483	(8,408,634)	13,122,967	8,094,021

Notes to the financial statements *(continued)*

5. Financial risk management (continued)

(c) Market risks (continued)

(i) Management of interest rate risk (continued)

Management of exchange rate risk (continued)

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% upward shift in the exchange rates of various currencies against the Leone. The net impact of a shift in the exchange rate is positive.

In thousands of New Leones	GBP	Euro	US$	SDR	Other	Total
At 31 December 2025						
Cash and balance with the banks	**7,277**	**6,095**	**440,733**	**-**	**60,268**	**514,373**
IMF assets	**-**	**-**	**-**	**1,198,222**	**-**	**1,198,222**
Loans and advances	**-**	**-**	**-**	**-**	**1,111,382**	**1,111,382**
Investment in equity	**-**	**-**	**25,712**	**-**	**-**	**25,712**
Investment in securities	**-**	**-**	**-**	**-**	**755,098**	**755,098**
Total assets	**7,277**	**6,095**	**466,445**	**1,198,222**	**1,926,748**	**3,604,787**
Liabilities						
IMF drawing rights allocation	**-**	**-**	**-**	**2,137,603**	**-**	**2,137.603**
Deposit from Government	**-**	**-**	**-**	**-**	**220,934**	**220,934**
Deposit from Banks	**-**	**-**	**-**	**-**	**94,299**	**94,299**
Deposit from others	**-**	**-**	**-**	**-**	**6,700**	**6,700**
End of service benefit	**-**	**-**	**-**	**-**	**23,348**	**23,348**
Total liabilities	**-**	**-**	**-**	**2,137,603**	**345,281**	**2,482,884**
Net on-balance sheet position	**7,277**	**6,095**	**466,445**	**(939,381)**	**1,581,467**	**1,121,904**

Notes to the financial statements *(continued)*

5. Financial risk management (continued)

(c) Market risks (continued)

(i) Management of interest rate risk (continued)

Management of exchange rate risk (continued)

Foreign currency sensitivity analysis (continued)

The following sensitivity analysis has been based on a 10% upward shift in the exchange rates of various currencies against the Leone. The net impact of a shift in the exchange rate is positive.

In thousands of New Leones	GBP	Euro	US$	SDR	Other	Total
At 31 December 2024						
Cash and balance with the banks	1,366	26,255	285,868	-	2,869	316,358
IMF assets	-	-	-	1,287,094	-	1,287,094
Loans and advances	-	-	-	-	1,012.437	1,012,437
Investment in equity	-	-	24,480	-	-	24,480
Investment in securities	-	-	-	-	617,746	617,746
Total assets	1,366	26,255	310,348	1,287,074	1,633,052	3,258,115
Liabilities						
IMF drawing rights allocation	-	-	-	2,127,957	-	2,127,957
Deposit from Government	-	-	-	-	149,039	149,039
Deposit from Banks	-	-	-	-	134,993	134,993
Deposit from others	-	-	-	-	18,063	18,063
End of service benefit	-	-	-	-	18,660	18,660
Total liabilities	-	-	-	2,127,957	320,755	2,448,712
Net on-balance sheet position	1,366	26,255	310,348	(840,863)	1,312,297	809,403

Notes to the financial statements *(continued)*

5. Financial risk management (continued)

(c) Market risks (continued)

(i) Management of interest rate risk (continued)

Management of exchange rate risk (continued)

Foreign currency sensitivity analysis (continued)

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

The following sensitivity analysis has been based on a 10% downward shift in the exchange rates of various currencies against the Leone. The net impact of a shift in the exchange rate is positive.

In thousands of New Leones	GBP	Euro	US$	SDR	Other	Total
At 31 December 2025						
Cash and balance with the banks	**(7,277)**	**(6,095)**	**(440,733)**	**-**	**(60,268)**	**(514,373)**
IMF assets	-	-	**-**	**(1,198,222)**	**-**	**(1,198,222)**
Loans and advances	-	**-**	**-**	**-**	**(1,111,382)**	**(1,111,382)**
Investment in equity	-	**-**	**(25,712)**	**-**	**-**	**(25,712)**
Investment in securities	-	**-**	**-**	**-**	**(755,098)**	**(755,098)**
Total assets	**(7,277)**	**(6,095)**	**(466,445)**	**(1,198,222)**	**(1,926,748)**	**(3,604,787)**
Liabilities						
IMF drawing rights allocation	-	-	-	**(2,137,603)**		**(2,137,603)**
Deposit from Government	**-**	**-**	**-**	**-**	**(220,934)**	**(220,934)**
Deposit from Banks	-	-	**-**	**-**	**(94,299)**	**(94,299)**
Deposit from others	**-**	**-**	**-**	**-**	**(6,700)**	**(6,700)**
End of service benefit	**-**	-	-	-	**(23,348)**	**(23,348)**
Total liabilities	**-**	**-**	**-**	**(2,137,603)**	**(345,281)**	**(2,482,884)**
Net on-balance sheet position	**(7,277)**	**(6,095)**	**(466,445)**	**939,381**	**(1,581,467)**	**(1,121,904)**

Notes to the financial statements *(continued)*

5. Financial risk management (continued)

(c) Market risks (continued)

(i) Management of interest rate risk (continued)

Management of exchange rate risk (continued)

Foreign currency sensitivity analysis (continued)

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

The following sensitivity analysis has been based on a 10% downward shift in the exchange rates of various currencies against the Leone. The net impact of a shift in the exchange rate is positive.

In thousands of New Leones	GBP	Euro	US$	SDR	Other	Total
At 31 December 2024						
Cash and balance with the banks	(1,366)	(26,255)	(285,868)	-	(2,869)	(316,358)
IMF assets	-	-	-	(1,287,094)	-	(1,287,094)
Loans and advances	-	-	-	-	(1,012,437)	(1,012,437)
Investment in equity	-	-	(24,480)	-		(24,480)
Investment in securities	-	-	-	-	(617,746)	(617,746)
Total assets	(1,366)	(26,255)	(310,348)	(1,287,094)	(1,633,052)	(3,258,115)
Liabilities						
IMF drawing rights allocation	-	-	-	(2,127,957)	-	(2,127,957)
Deposit from Government	-	-	-	-	(149,039)	(149,039)
Deposit from Banks	-	-	-	-	(134,993)	(134,993)
Deposit from others	-	-	-	-	(18,063)	(18,063)
End of service benefit	-	-	-	-	(18,660)	(18,660)
Total liabilities	-	-	-	(2,127,957)	(320,755)	(2,448,712)
Net on-balance sheet position	(1,366)	(26,255)	(310,348)	840,863	(1,312,297)	(809,403)

Notes to the financial statements *(continued)*

5. Financial risk management (continued)

(c) Market risk (continued)

(i) Management of interest rate risk (continued)

Management of exchange rate risk (continued)

The continued depreciation of the foreign exchange rate reflects the structural imbalance between demand for and supply of foreign exchange due to in part the sluggish recovery of real sector activities particularly the mining and agriculture sectors and mismatch between Government revenue and expenditure, which was largely financed through monetary accommodation.

(d) 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 senior management within the Bank. This responsibility is supported by the development of overall Bank standards 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 standards is maintained by the Internal Audit Department.

Notes to the financial statements *(continued)*

6. Fair value of financial instruments

See accounting policy in note 38(g).

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.

- 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 cash flow 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.

Notes to the financial statements *(continued)*

6. Fair value of financial instruments *(continued)*

(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 measured equity investments at fair value at the reporting date.

Principal Financial Instruments – Classification

The principal financial instruments used by the Bank, from which financial instrument risk arises, are as follows:

- Cash and cash equivalent
- Fund held with International Monetary Fund (IMF)
- Loans and advances to banks and others
- Due from Government of Sierra Leone
- Investment in equity
- Investment security
- Contingencies and commitments

Notes to the financial statements *(continued)*

6. Fair value of financial instruments *(continued)*

Financial instruments by category

Financial assets					**Fair value through**	
			Amortised cost		**Other comprehensive**	
	Fair value through		**(Loans and**		**income**	
	profit or loss		**receivables)**			
	2025	2024	**2025**	2024	**2025**	2024
	NLE'000	NLE'000	**NLE'000**	NLE'000	**NLE'000**	NLE'000
Cash and cash equivalents	-	**-**	**5,143,730**	3,163,574	-	**-**
Funds held with International Monetary Fund IMF	-	**-**	**5,505,968**	6,733,328	**6,476,252**	6,137,608
Loan and advances to others	-	**-**	**25,907**	23,196	-	**-**
Due from Government of Sierra Leone	-	**-**	**9,616,858**	7,701,025	-	**-**
Loans and advances to banks	-	**-**	**1,471,057**	2,400,149	-	**-**
Investment securities	-		**7,550,979**	6,177,457	-	**-**
Equity investments	**257,123**	244,804	-	**-**	-	**-**
Other financial assets		**-**	**48,832**	31,586	-	**-**
Total financial assets	**257,123**	244,804	**29,363,331**	26,230,315	**6,476,252**	6,137,608

Notes to the financial statements *(continued)*

6. Fair value of financial instruments *(continued)*

Financial instruments by category *(continued)*

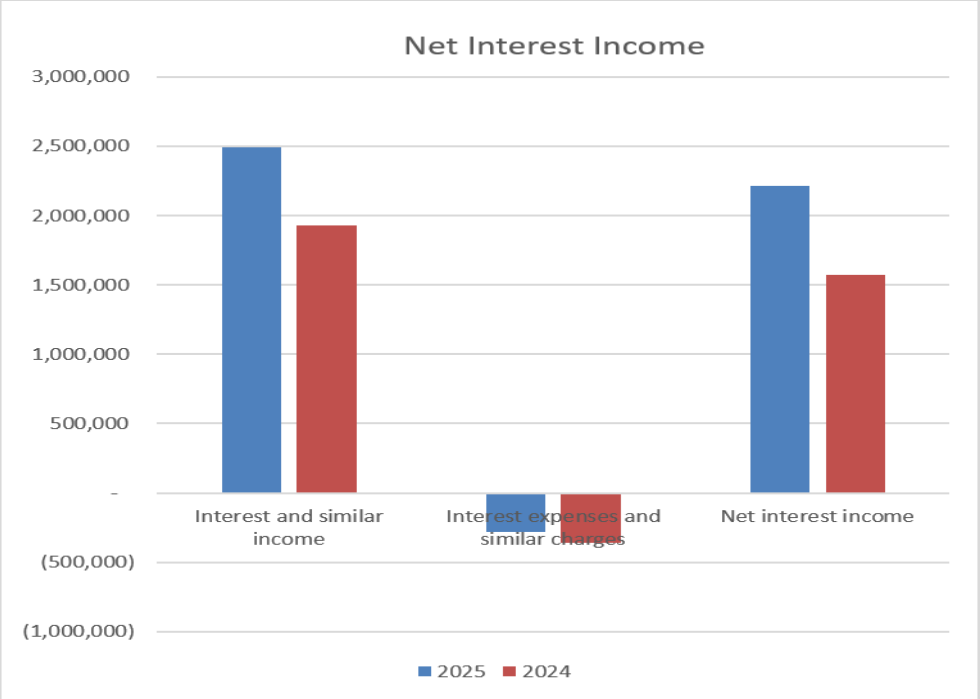
	Fair value through profit or loss		Amortised cost	
	2025	2024	**2025**	2024
	NLE'000	NLE'000	**NLE'000**	NLE'000
Due to International Monetary Fund	-	-	**21,376,025**	21,279,570
Deposits from Government	-	-	**2,209,344**	1,490,390
Deposit from banks	-	-	**942,990**	1,349,931
Deposits from others	-	-	**66,998**	180,629
Currency in circulation	-	-	**10,344,978**	8,764,148
Other financial liabilities	-	-	**1,515,151**	992,123
Total financial liabilities	-	-	**36,455,486**	34,056,791

Notes to the financial statements *(continued*

7. Segment reporting

The Bank did not maintain and operate separate business segments during the year. Thus, the presentation of segmented information is not considered informative.

8. Net interest income



In thousands of New Leones	**2025**	2024
Interest and similar income		
Foreign investment **(Note 8a)**	**258,896**	269,782
Loans and advances **(Note 8b)**	**483,426**	284,163
Cash and short term funds **(Note 8c)**	**2,922**	2,938
Investment securities **(Note 8d)**	**1,745,284**	1,373,026
Balance at 31 December (Note 8e)	**2,490,528**	1,929,909

Interest expenses and similar charges		
In thousands of New Leones	**2025**	2024
IMF interest and charges	**(277,223)**	(356,763)
Others	**(1,523)**	(2,286)
Interest expenses	**(278,746)**	(359,049)
Net interest income	**2,211,782**	1,570,860

Notes to the financial statements *(continued)*

8a. Foreign investment

In thousands of New Leones	**2025**	2024
Interest income on Sterling investments	**6,131**	4,766
Interest income on US Dollar investments	**64,089**	107,907
Interest income on SDR investments	**187,491**	155,909
Interest income on other external investments	**1,185**	1,200
	258,896	269,782

8b. Loans and advances

In thousands of New Leones	**2025**	2024
Interest on loans and advances	**145,284**	55,558
Interest on reverse repos	**338,142**	228,605
Interest on COVID 19 special credit facility	**-**	-
	483,426	284,163

8c. Cash and short term funds

In thousands of New Leones	**2025**	2024
Income from investment of Bank Funds	**2,922**	2,938

8d. Investment securities

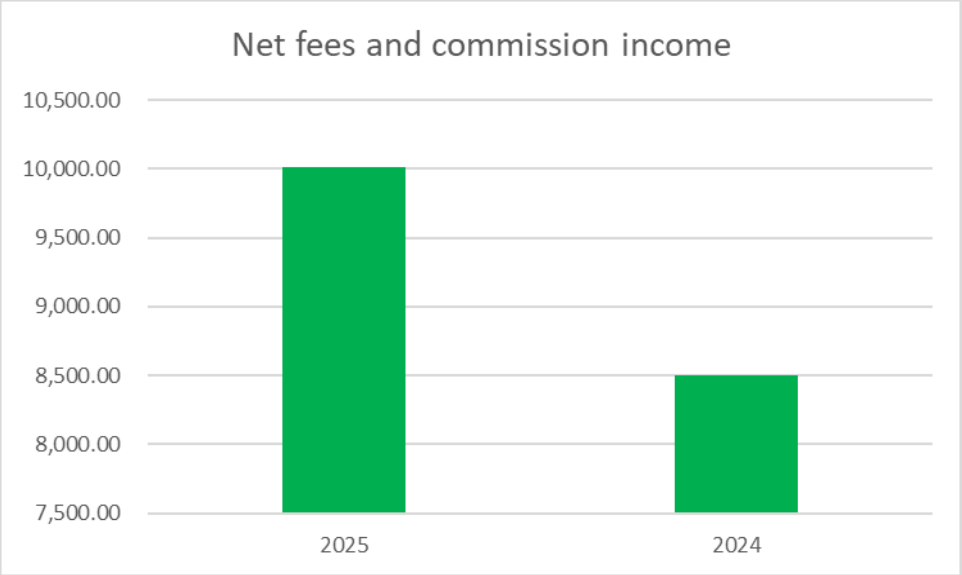
In thousands of New Leones	**2025**	2024
Interest on 91-day treasury bills	**-**	1,879
Interest on 182-day treasury bills	**39**	76
Interest on 1-year treasury bills	**1,551,302**	1,227,423
Interest on 2-year treasury bearer bonds	**15,980**	**-**
Interest on 3-year medium-term bonds	**127,789**	102,770
Interest on 3-year bond	**7,094**	7,348
Interest on 5-year medium-term bonds	**43,080**	33,430
Interest on 10-year bond	**-**	100
	1,745,284	1,373,026

8e. Additional disclosure on income by source:

In thousands of New Leones	**2025**	2024
Foreign investments	**258,896**	269,782
Local investments	**2,231,632**	1,660,127
Other interest earnings	-	-
	2,490,528	1,929,909

Notes to the financial statements *(continued)*

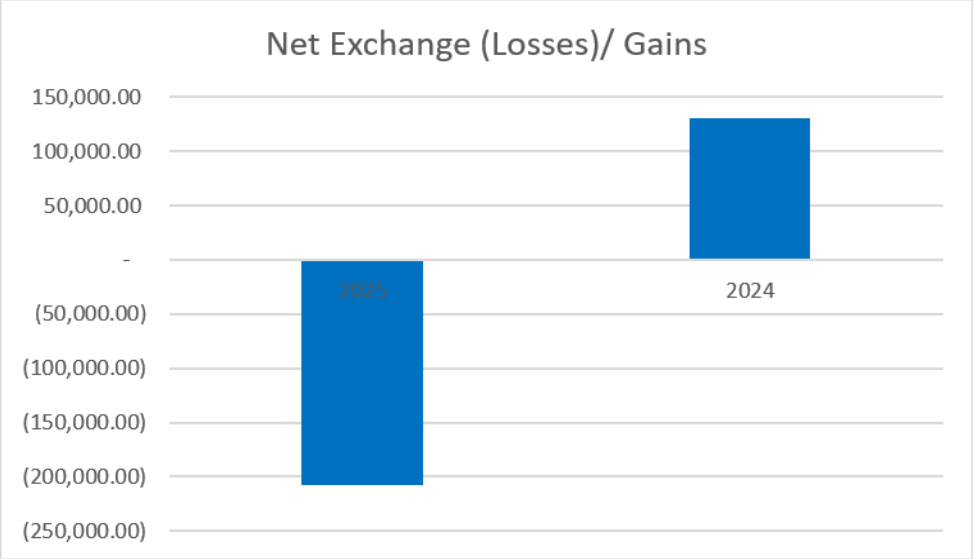
9. Net fees and commission income



In thousands of New Leones	**2025**	2024
Fees and commission income		
Commissions	**-**	-
Income on automated clearing system/ real-time gross settlement fees	**9,077**	9,119
Credit related fees and commission	**1,477**	-
Credit related fees and commission	**5**	8
Sandbox fees and charges	**101**	-
	10,660	9,127
Fees and commission expense		
Fees and commission expense	**(648)**	(624)
	(648)	(624)
Net fees and commission income	**10,012**	8,503

Notes to the financial statements *(continued)*

10. Net exchange gains/(loss)



In thousands of New Leones	**2025**	2024
Realised gains/(loss) (10a)	**147**	754
Unrealised (loss)/gains (10b)	**(207,878)**	129,991
	(207,731)	130,745

10a. Realised gains/(loss)

In thousands of New Leones	**2025**	2024
Exchange gain	**1,394**	3,597
Exchange loss	**(1,247)**	(2,843)
	147	754

Realised exchange differences arise from the Bank's day-to-day transactions in foreign currencies as well as through the execution of foreign currency auction with commercial banks and through the purchase and sale of foreign currencies on behalf of the Government or its institutions.

10b. Unrealised (loss)/gains

In thousands of New Leones	**2025**	2024
Revaluation loss	**(1,977,230)**	(8,825,537)
Revaluation gain	**1,769,352**	8,955,528
	(207,878)	129,991

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.

Notes to the financial statements *(continued)*

10. Net exchange gains/(loss) (continued)

10c. Impact on profit of revaluation gains/(loss)

In thousands of New Leones		**2025**		2024
Profit/*(*Loss) for the year		**956,422**		948,347
Less: Revaluation loss	**1,977,230**		8,825,537	
Revaluation gains	**(1,769,352)**		(8,955,528)	
Net revaluation loss/(gains)		**207,878**		(129,991)
Operational loss for the year excluding unrealised exchange gains/(loss)		**1,164,300**		818,356

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) requires that all unrealised exchange gains are deducted from net profit for the purposes of calculating Distributable Earnings. The above is a reconciliation of the 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 New Leones	**2025**	2024
Rent received	**282**	594
Regulatory fees and charges	**2,045**	6,993
Sundry receipts	**1295**	1,476
Interest on GOSL SDR Bridging Finance.	**-**	134,844
Profit on disposal of fixed assets	**150**	17
Interest received	**-**	-
	3,772	143,924

12. Personnel expenses

In thousands of New Leones	**2025**	2024
Salaries and wages	**285,029**	241,234
Rent allowance	**52,310**	46,646
Social Security	**17,582**	15,855
Overtime	**964**	874
Training scheme	**28,329**	23,791
Staff welfare	**2,398**	14,138
End of service benefit	**60,373**	36,939
Medical expenses	**16,858**	13,352
	463,843	392,829

Notes to the financial statements *(continued)*

13. Currency issue expense

In thousands of New Leones	**2025**	2024
Currency management	**1,230**	8,330
Currency Issue expenses	**223,465**	220,847
Currency Adjustment	**6,766**	-
	231,461	229,177

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

14. Other expenses

14a. Impairment losses on financial instruments

In thousands of New Leones	**2025**	2024
(Impairment losses)/release	**170,903**	61,707

This relates to provision for expected credit losses on financial instruments in compliance with IFRS 9.

14b. Other expenses

In thousands of New Leones	**2025**	2024
Occupancy cost	**645**	772
Audit fees	**930**	800
Legal and professional fees	**32,459**	55,111
Directors' remuneration	**28,248**	24,065
Advertisement	**4,731**	3,494
Electricity	**14,808**	14,396
Insurance	**1,409**	931
Passage and overseas allowances	**19,400**	32,281
Repairs and maintenance	**3,368**	9,592
Hospitality	**8,052**	8,219
Contributions to International organisations	**32,189**	31,218
General office expenses	**2,607**	3,025
Vehicle running expenses	**1,083**	1,900
Printing and stationeries	**1,879**	2,830
Telephone and postages	**450**	886
Travelling and local subsistence	**3,277**	1,836
Uniforms	**2,823**	1,944
Computer consumables	**3,009**	3,449
Capital markets development	**36**	443
Maintenance contracts	**9,213**	12,747
WAMZ Meetings	**6,344**	-
Others	**2,602**	5,526
Other assets expense (write-off)	-	-
Various stores expense (write-off)	**-**	-
	179,562	215,465

Notes to the financial statements *(continued)*

15. Profit/(Loss) for the year

The profit/(loss) for the year has been stated after charging:

In thousands of New Leones	**2025**	2024
Depreciation and amortisation	**15,644**	6,507
Directors remuneration	**28,248**	24,065
Audit fees	**930**	800

16. Cash and cash equivalent

In thousands of New Leones	**2025**	2024
Balance with other Central Banks	**2,369,111**	1,314,030
Balances with Supranational Organizations	**2,564,938**	1,652,397
Balances with Commercial Banks	**222,142**	203,458
Cash balances with non-banking financial Institutions	-	-
	5,156,191	3,169,885
Provision for expected credit losses (16a)	**(12,461)**	(6,311)
	5,143,730	3,163,574

16a. Expected credit loss

In thousands of New Leones	**2025**	2024
At 1 January	**6,311**	546
(Release)/Charge for the year	**6,150**	5,765
Write off during the year	-	-
	12,461	6,311

17. Funds held with International Monetary Fund (IMF)

In thousands of New Leones	**2025**	2024
IMF Quota subscription	**6,476,252**	6,137,609
SDR Holdings	**5,505,968**	6,733,327
	11,982,220	12,870,936

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.

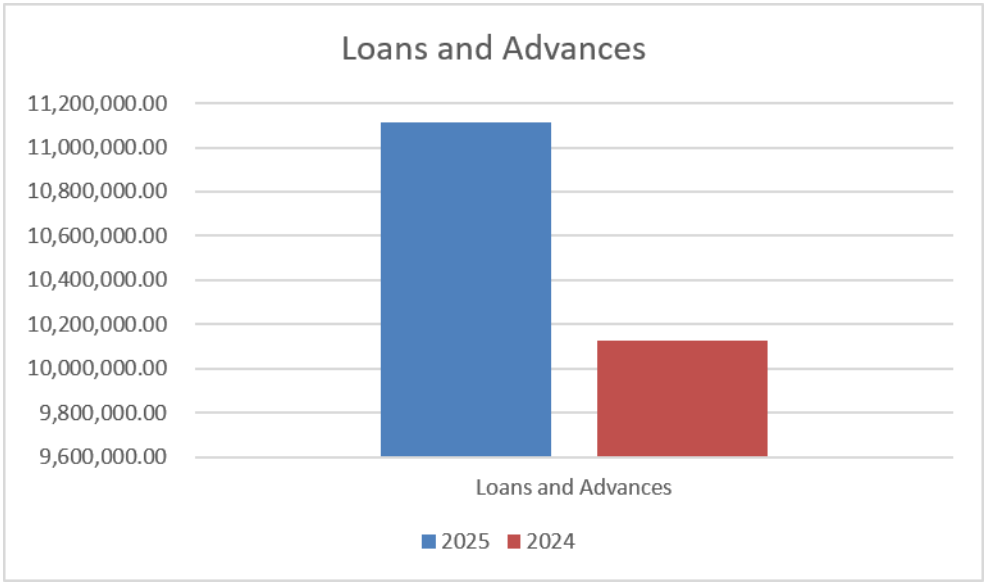
Notes to the financial statements *(continued)*

17. Funds held with International Monetary Fund (IMF) (continued)

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 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 revalue 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 2025 the amount of assets held in the fund was **SDR 207.4 million** (2024: SDR 207.4 million) The SDR holdings held at 31 December 2025 was **SDR 176.49 million** (2024: SDR 227.5 million).

18. Loans and advances



In thousands of New Leones	**2025**	2024
Loans and advances to others (Note 18a(i))	**25,907**	23,196
Due from Government of Sierra Leone (Note 18b)	**9,616,858**	7,701,025
Special credit facilities to Banks (Note 18c)	**1,471,057**	2,400,149
	11,113,822	10,124,370

Notes to the financial statements *(continued)*

18. Loans and advances (continued)

18a. Loans and advances to others

(i) Analysis by type

In thousands of Leone	**2025**	2024
Staff (18(iii)	**25,907**	23,312
Others (18(iv)	**1,898**	1,936
Gross loans and advances	**27,805**	25,248
Less: allowances for losses on loans and advances to others (18(ii))	**(1,898)**	(2,052)
	25,907	23,196

(ii) Expected credit loss

In thousands of Leone	**2025**	2024
At 1 January	**2,052**	1,904
(Release)/Charge for the year	**(39)**	148
Write off	**(115)**	-
	1,898	2,052

(iii) Staff

In thousands of Leone	**2025**	2024
Personal loan	**1,910**	6,756
Housing Loan	**1,073**	659
Vehicle loan	**11,965**	12,005
Staff advance	**41**	85
Personal loan II	**10,918**	3,807
Balance at 31 December	**25,907**	23,312

(iv) Others

In thousands of New Leones	**2025**	2024
Advances to contractors	-	-
Loan to Sierra Leone Stock Exchange Company Limited	**1,000**	1,000
Other advances	**898**	936
Balance at 31 December	**1,898**	1,936

Notes to the financial statements *(continued)*

18. Loans and advances (continued)

18a. Loans and advances to others (continued)

(v) Allowances for impairment

In thousands of New Leones	**2025**	2024
Specific allowances for impairment		
Balance at 1 January	**2,052**	1,904
Impairment loss for the year	**(39)**	148
(Release)/Write-off during the year	**(115)**	-
Balance at 31 December	**1,898**	2,052
Collective allowance for impairment		
Balance at 1 January	-	**-**
Impairment loss for the year	-	**-**
Balance at 31 December	**-**	**-**
Total allowances for impairment	**1,898**	2,052

18b. Due from Government of Sierra Leone

Advances to Government:

In thousands of New Leones	**2025**	2024
GoSL /IMF Budget Financing	**6,064,179**	5,230,587
Treasury main	**3,711,604**	2,641,076
Ext Debt Service Payments	**-**	984
Min. of Energy Elec. Power A/c	**5,612**	5,612
GOSL SDR Brid Finance Facility	**135,242**	-
Others	**3,432**	**-**
	9,920,069	7,878,259
Provision for expected credit loss (18b (i))	**(303,211)**	(177,234)
	9,616,858	7,701,025

(i) Expected credit loss

In thousands of New Leones	**2025**	2024
At 1 January	**177,234**	147,814
Charge for the year	**125,977**	29,420
Write off	-	-
	303,211	177,234

Notes to the financial statements *(continued)*

18. Loans and advances (continued)

18b. Due from Government of Sierra Leone (continued)

The Ways and Means is an overdraft facility granted to the Government of Sierra Leone. The maximum it can withdraw should not exceed 5% of previous year's domestic revenue. At the end of the year the outstanding ways and means balance is repaid in the coming year within three months period as stipulated in the 2019 BSL Act. The Ways and Means of **NLe 600,661** is part of Treasury Main in note 18b due to Government.

(ii) Ways and Means advances

In thousands of New Leones	**2025**	2024
Ways and means advances brought forward	**331,954**	186,020
Advances during the year	**6,177,426**	6,715,665
Receipts during the year	**(5,908,719)**	(6,569,731)
Ways and means advances carried forward	**600,661**	331,954

Under the provisions of Section 64(5) of the Bank of Sierra Leone Act, 2019, the limit of 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.

(iii) Others

In thousands of New Leones	**2025**	2024
GoSL/IMF budget financing	**6,064,179**	5,230,587
	6,064,179	5,230,587

GoSL/IMF budget financing is a loan granted by the IMF under the Extended Credit Facility (ECF) arrangement. The ECF fund support stability and address fiscal dominance inflation and rebuilding reserves.

In thousands of New Leones	**2025**	2024
Ways and Means Advances	**600,661**	331,954
Government actual revenue in previous year	**16,117,257**	13,223,697
5% thereof	**(805,863)**	(661,185)
Buffer in Government lending	**(205,202)**	(329,231)

Notes to the financial statements *(continued)*

18. Loans and advances (continued)

18b. Due from Government of Sierra Leone (continued)

(iii) Others (continued)

The Directors report the balance of advances due from the Government of Sierra Leone as at 31 December 2025 amounting to **NLe600,661** (2024: NLe331,954). The balance outstanding was within the limit specified in the Bank of Sierra Leone Act 2019.

18c. Special Credit Facility to Banks

In thousands of New Leones	**2025**	2024
BSL COVID-19 special credit facility	**19,592**	19,592
BSL COVID-19 special credit facility 11	**4,398**	16,529
BSL COVID-19 special credit facility for MFI's	**2,545**	3,496
AGRIC CREDIT FACILITY (ACF) AC	**6,000**	6,000
AGRIC CREDIT FACILITY (ACF) AC II	**191,186**	126,016
LAPO MICROFINANCE	**15**	-
FDHL MICROFINANCE	**4**	-
REVERSE REPO	**1,286,500**	2,260,500
	1,510,240	2,432,133
Provision for expected credit loss (18c (i))	**(39,183)**	(31,984)
	1,471,057	2,400,149

(i) Expected credit loss

In thousands of New Leones	**2025**	2024
At 1 January	**31,984**	3,796
(Release)/Charge for the year	**7,199**	28,188
Write off	-	-
	39,183	31,984

19. Investment in equity

In thousands of New Leones	**2025**	2024
Afrexim Bank Capital Investment	**125,542**	125,061
Afrexim Bank Dividend Investment	**22,200**	22,115
Stabilization and Cooperation Fund	**75,212**	63,590
AFC Capital Subscription Account	**34,169**	34,038
	257,123	244,804

Notes to the financial statements *(continued)*

19. Investment in equity (continued)

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

The amount of **NLE75.21 million** (2024: NLE63.59 million) 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.

20. Investment securities

In thousands of New Leones	**2025**	2024
91-day treasury bills held for monetary policy	**10,614**	9,579
182-day treasury bills	**-**	74
One-year treasury bills	**6,310,294**	5,369,617
BSL holding three-year medium-term bond	**613,458**	613,458
Five-year medium-term bond	**326,918**	326,918
Holdings of two years bond	**463,500**	-
Others	**3**	3
	7,724,787	6,319,649
Less:		
Provision for expected credit losses (20a)	**(173,808)**	(142,192)
Net cost of investment securities	**7,550,979**	6,177,457

20a. Expected credit loss

In thousands of New Leones	**2025**	2024
At 1 January	**142,192**	144,006
Charge/(release) for the year	**31,616**	(1,814)
Write off	-	-
	173,808	142,192

BSL Holding two-year bond

The Bank held two individual two-year bonds of NLe463.50 million and NLe27.00 million, both issued at an interest rate of 15.00%, payable semi-annually.

The holding of two-year bonds was as a result of the outright purchase of these bonds totaling NLe463.50 million from Sierra Leone Commercial Bank (SLCB) on October 8, 2025, which was recognized as investment.

Notes to the financial statements *(continued)*

21. Property plant and equipment

In thousands of New Leones

Cost	Premises	Motor vehicle	Office furniture equipment	Plant and machinery	Work-in progress	Total
Balance at 1 January 2024	84,700	6,646	43,474	18,283	167,912	321,015
Additions during the year	562,533	-	-	-	71,036	633,569
Reclassification	-	22	4,203	9	(4,234)	-
Write-off	-	-	-	-	-	-
Transfer	-	-	-	-	-	-
Disposal	-	-	(49)	-	-	(49)
Adjustment	-	-	(725)	27	(1,512)	(2,210)
Balance at 31 December 2024	647,233	6,668	46,903	18,319	233,202	952,325
Balance at 1 January 2025	**647,233**	**6,668**	**46,903**	**18,319**	**233,202**	**952,325**
Additions during the year	**-**	**-**	**-**	**-**	**23,831**	**23,831**
Reclassification	**-**	**11,603**	**1,209**	**20**	**(12,832)**	**-**
Write-off	**-**	**-**	**-**	**-**	**-**	**-**
Transfer	**-**	**-**	**-**	**-**	**-**	**-**
Disposal	**-**	**(570)**	**(702)**	**-**	**-**	**(1,272)**
Adjustments	**(379)**	**-**	**-**	**-**	**-**	**(379)**
Balance at 31 December 2025	**646,854**	**17,701**	**47,410**	**18,339**	**244,201**	**974,505**
Depreciation						
Balance at 1 January 2024	27,101	6,623	39,728	12,012	-	85,464
Depreciation for the year	2,609	12	2,602	1,284	-	6,507
Disposal	-	-	(49)	-	-	(49)
Adjustment	-	-	6	1	-	7
Balance at 31December 2024	29,710	6,635	42,287	13,297	-	91,929
Balance at 1 January 2025	**29,710**	**6,635**	**42,287**	**13,297**	**-**	**91,929**
Depreciation for the year	**12,672**	**398**	**1,850**	**724**	**-**	**15,644**
Disposal	**-**	**(570)**	**(702)**	**-**	**-**	**(1,272)**
Adjustments	**-**		**(31)**	**(1)**	**-**	**(32)**
Balance at 31December 2025	**42,382**	**6,463**	**43,404**	**14,020**	**-**	**106,269**
Carrying amount:						
At 31 December 2024	617,523	33	4,616	5,022	233,202	860,396
At 31 December 2025	**604,472**	**11,238**	**4,006**	**4,319**	**244,201**	**868,236**

Work in progress represents amount spent on supply and installation of lift, payments for Oracle software and hardware. Rehabilitation of the Main Bank building and payment for the supply of Hardware for the Collateral Registry Programme.

Notes to the financial statements *(continued)*

22. Other assets

In thousands of New Leones	**2025**	2024
Gold stock	**8,790**	5,325
Consumables	**5,017**	2,254
Supplies and materials in transit	**141,380**	293,494
Prepayment	**3,899**	54,189
Advances to contractors	**10,845**	664
Interest receivable	**51,839**	47,790
Deferred currency issue expense	**172,161**	243,042
Other receivables	**9,864**	9,348
Others	**-**	(879)
Banking Suspense	**55,845**	**-**
Clearing Suspense	**25,966**	**-**
	485,606	655,227
Less:		
Allowances for impairment	**-**	-
	485,606	655,227

22a. Allowances for impairment:

At 1 January	**-**	2,500
Impairment charge for the year	-	-
Write off during the year	-	(2,500)
	-	-

22b. Expected credit loss to balance sheet

In thousands of New Leones	**2025**	2024
Cash and cash equivalent (16a)	**12,461**	6,311
Loans and advances to others (18a (ii)	**1,898**	2,052
Due from Government of Sierra Leone (18b (i)	**303,211**	177,234
Special credit facility to Banks (18c (i))	**39,183**	31,984
Investment securities (20a)	**173,808**	142,192
	530,561	359,773

22c. Expected credit losses to profit and loss

In thousands of New Leones	**2025**	2024
Cash and cash equivalent (16a)	**6,150**	5,765
Loans and advances to others (18a (i))	**(39)**	148
Due from Government of Sierra Leone (18b (i))	**125,977**	29,420
Special credit facility to Banks (18c (i))	**7,199**	28,188
Investment securities (20a)	**31,616**	(1,814)
Other assets (22a)	-	-
	170,903	61,707

Notes to the financial statements *(continued)*

23. Amounts due to International Monetary Fund (IMF)

In thousands of New Leones	**2025**	2024
IMF Special Drawing Rights	**3,763,227**	4,868,664
IMF Poverty Reduction and Growth Facility	**11,137,009**	10,273,735
IMF securities	**141,868**	134,450
IMF No. 1	**6,333,629**	6,002,444
IMF No. 2	**292**	277
	21,376,025	21,279,570

The IMF Special Drawing Rights and Poverty Reduction and Growth Facility accounts relate to amounts due to the International Monetary Fund (IMF) for amounts of SDR's 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 holdings held in member's designated depository agency 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.

The IMF No. 2 Account represents part of the IMF currency holdings held in member's designated depository agency 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 agency which contain member's non-negotiable, non-interest-bearing notes encashable on demand.

24. Deposit from Government

In thousands of New Leones	**2025**	2024
Government special deposits/accounts	**2,209,344**	1,490,390
	2,209,344	1,490,390

Deposits from Government reflect the fact that the bank is acting as a banker to the Government. Relying on this provision, the Bank receives deposits which represent all receipts accruing to the Government and its institutions. The bank facilitates the operation of the Government's cash management through the Treasury Main Account as the expenditure account. The Government has since the 2018 fiscal year instituted the Single Treasury Account into which receipts/revenue collected by Ministries, Departments and Agencies are paid.

Notes to the financial statements *(continued)*

25. Deposit from Banks

In thousands of New Leones	**2025**	2024
Commercial Bank's reserve account	**924,159**	1,330,782
Rural and community bank's reserve accounts	**18,799**	19,117
Others	**32**	32
	942,990	1,349,931

26. Deposits from Others

In thousands of New Leones	**2025**	2024
Deposits from insurance brokers	**9,820**	7,441
Multilateral organisations	**6,392**	54,810
Financial institutions	**381**	841
Others	**50,405**	117,537
	66,998	180,629

27. Currency in circulation

In thousands of New Leones	**2025**	2024
Notes	**10,323,301**	8,742,436
Coins	**21,677**	21,712
Balance at 31 December	**10,344,978**	8,764,148

Currency in circulation represents the face value of bank notes and coins in circulation. Currency banknotes and coins are issued in the following denominations:

Bank notes: (Old Leones): Le 10,000, Le 5,000,Le 2,000, Le 1,000, and Le 500
(New Leones): NLE20, NLE10, NLE5, NLE2, NLE1

Coins: (Old Coins): Le 500, Le 100, and Le 50,
(New Coins): 50/Cents, 25/Cents, 10/Cents, 5/Cents and 1/Cents

Notes to the financial statements *(continued)*

28. Other liabilities

In thousands of New Leones	**2025**	2024
Financial liabilities		
Other foreign currency financial liabilities (28a)	**629,779**	751,785
Accrued charges and other liabilities (28b)	**60,360**	98,471
	690,139	850,256
Non-Financial liabilities		
Provision for revaluation of pipeline liabilities (28c)	**143,702**	137,451
Provision for unrealised exchange difference on SWAP revaluation	**3,639**	3,639
Keystone deposit facility a/c	**-**	-
Electronic funds transfer suspense	**662**	954
Others	**9**	(380)
Rent received in advance	**-**	136
Kenema branch a/c	**-**	67
Repo Account	**677,000**	**-**
	825,012	141,867
	1,515,151	992,123

28a. Other foreign currency financial liabilities

In thousands of New Leones	**2025**	2024
Foreign payment	**-**	-
Bank of China US$ clearing	**191,692**	190,957
OFID Debt Relief imprests account	**143**	143
Interest on one year treasury bills	**431,795**	589,787
Sundry liabilities	**6,149**	(29,102)
	629,779	751,785

An agreement on the settlement of the balance on the clearing account between Bank of China and Bank of Sierra Leone was signed on 13th 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 11,220,227.40 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 first instalment payment shall be made on 15th August 1994 and thereafter shall be effective every six months on 15th February and 15th August respectively. There has been no repayment during the year, the movement in the 2022 amount is as a result of exchange rate fluctuations.

Notes to the financial statements *(continued)*

28. Other liabilities (continued)

28b. Accrued charges and other liabilities

In thousands of New Leones	**2025**	2024
Accrued expenses	**35,899**	56,775
P.S. Bond in circulation	**-**	-
Retention monies	**1,895**	1,148
Provision for litigation	**20,830**	37,636
Trade and sundry creditors	**1,295**	2,912
Provision for currency issue expense	**-**	-
Deferred revenue	**441**	-
	60,360	98,471

28c. Provision for revaluation of pipeline liabilities

In thousands of New Leones	**2025**	2024
Balance at January	**137,451**	140,645
Revaluation gain/ (loss)	**6,251**	(3,194)
Balance at 31 December	**143,702**	137,451

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 obligation. 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 benefit

In thousands of New Leones	**2025**	2024
(a) Change in liability		
Balance at 1 January	**186,600**	144,527
Service cost	**60,036**	44,868
Interest cost	**-**	-
Plan amendment	**-**	-
Actuarial (gain)/loss other	**11,624**	9,395
Benefits paid	**(24,785)**	(12,190)
Balance at 31 December	**233,475**	186,600

Notes to the financial statements *(continued)*

29. End of service benefit (continued)

(b) Change in plan assets

In thousands of New Leones	**2025**	2024
Balance at 1 January	-	-
Actual return	-	-
Expected returns at 31 December	**-**	**-**
Contribution by participants	**(24,785)**	**(**12,703)
Employer	-	-
Other	-	-
Benefits paid	**(24,785)**	(12,703)
Foreign exchange rate effect	-	-
Balance at 31 December	**(24,785)**	(12,703)

In thousands of New Leones	**2025**	2024

(c) Funding level

Projected benefit obligation	**233,475**	186,600
Plan assets	-	-
Net obligation reported in the statement of financial position	**233,475**	186,600
Unrecognised actuarial gains/(losses)		
Balance at 1 January	-	-
Amortisation of opening balance	-	-
Corridor max	-	-
Balance to be amortised	-	-
Amortisation period	-	-
New gains/(losses)	-	-
Balance at 31 December	**-**	**-**

Notes to the financial statements *(continued)*

29. End of service benefit (continued)

(d) Balance sheet

In thousands of New Leones	**2025**	2024
Projected benefit obligation	**233,475**	186,600
Plan assets	**-**	**-**
Net obligation/(assets)	**233,475**	186,600
Unrecognised actuarial gains/(losses)	**-**	**-**
Unrecognised past service cost	**-**	**-**
Unrecognised transitional obligation	**-**	**-**
Unrecognised (asset ceiling)	**-**	**-**
Net obligation/(asset) to be in balance sheet	**233,475**	186,600

(e) Income statement

In thousands of New Leones	**2025**	2024
Service cost	**60,036**	44,868
Net Interest cost	**-**	-
- 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	**-**	**-**
Amount recognised in income statement	**60,036**	44,868
Other comprehensive income (OCI)		
Actuarial (gains)/loss	**11,624**	9,395
Return on plan asset not in P & L	**-**	**-**
Effect of asset celling not in P & L	**-**	**-**
Amount recognised in OCI	**11,624**	9,395
Initial adjustment to capital amount recognised	**-**	-
Cumulative amount recognised in OCI	**11,624**	9,395

Notes to the financial statements *(continued)*

29. End of service benefit (continued)

(f) Reconciliation of financial position

In thousands of New Leones	**2025**	2024
Opening value	**186,600**	144,527
Employee contribution	**(24,785)**	(12,190)
Plan amendment	**-**	-
Amount recognised in income statement	**60,036**	44,868
Amount recognised in OCI	**11,624**	9,395
Closing value	**233,475**	186,600

(g) *Key valuation assumptions*

	2025	2024
Discount rate (p.a)	**16%**	24%
Salary increase rate (p.a)	**13%**	19%
Inflation rate (p.a)	**12%**	19%

(h) Sensitivity information

1% Increase in medical inflation	Increase in defined benefit obligation (amount) Increase in defined benefit obligation (percentage)
	Increase in service cost and interest cost (amount) Increase in service cost and interest cost (percentage)
1% decrease in medical inflation	Decrease in defined benefit obligation (amount) Decrease in defined benefit obligation (percentage)
	Decrease in service cost and interest cost (amount) Decrease in service cost and interest cost (percentage)

30. Share capital

In thousands of New Leones	**2025**	2024
Authorised:	**250,000**	250,000
Issued and fully paid		
Balance at 1 January	**125,000**	125,000
Subscribed during the year	**-**	**-**
	125,000	125,000

Section 38(1) of the Bank of Sierra Leone Act 2019 requires the Bank of Sierra Leone to maintain a minimum paid up capital of Le 125 million. The paid-up capital shall be subscribed and held exclusively by the Government of Sierra Leone.

Notes to the financial statements *(continued)*

31. Reserves and retained earnings

In thousands of New Leones	**2025**	2024
General reserves (31a)**	**21,910**	(849,475)
Revaluation reserve (31b)	**594,947**	595,326
Other reserves (31c)	**(29,102)**	(17,478)
Total reserves as at 31 December	**587,755**	(271,627)

(a) General reserve

In thousands of New Leones	**2025**	2024
Balance at start of the year	(**849,475)**	(1,826,843)
Net profit for the year	**956,422**	948,347
Prior year adjustment*	(**85,037)**	29,021
	21,910	(849,475)
Securities reserves	-	**-**
Balance at 31 December	**21,910**	(849,475)

*Prior year adjustment relates to prior year unutilised accrued charges and interest overstated on 1Year TB.

Notes to the financial statements *(continued)*

31. Reserves and retained earnings (continued)

(b) Revaluation reserves

In thousands of New Leones	**2025**	2024
Balance at start of the year and end of the year	**595,326**	32,793
Revaluation reserve	**(379)**	562,533
Balance at 31 December	**594,947**	595,326

The Bank maintains a property revaluation reserve to which is transferred revaluation gains on revaluing its properties

(c) Actuarial gains/(loss)

In thousands of New Leones	**2025**	2024
Balance at start of the year	**(17,478)**	(8,083)
Actuarial loss on end of service benefit	**(11,624)**	(9,395)
Actuarial gain on end of service benefit	**-**	-
	(29,102)	(17,478)

32 Contingencies and commitments

32a. Contingent Liabilities

In thousands of New Leones	**2025**	2024
Guarantees and Endorsement	**9,714**	6,576
	9,714	6,576

The loans in the guarantees and endorsements accounts 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 years. The Bank holds only little information on the terms of the arrangements.

32b. Capital commitments

In thousands of New Leones	**2025**	2024
Capital expenditure	**23,831**	71,036
African Export Import Bank	**125,542**	96,352
	149,373	167,388

Notes to the financial statements *(continued)*

32 Contingencies and commitments (continued)

32c. Pending law suits, legal proceedings and claims

The Bank has pending litigations against it in relation to its 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 **NLE20.83** million excluding interest 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 share 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 2025, total net advances to the Government was **NLE600.66 million** (2024: NLE 331.95 million).

The Board of Directors (including the Governor and Deputy Governor) received remuneration amounting to **NLE 28.25 million** (2024: NLE 24.06 million).

34. Significant subsequent events

1. Utilization of SDR allocation by the government

The Government continues to drawdown on the SDR allocation granted by the IMF in 2021 totalling SDR198 million (US$282 million). Although no utilization was observed in 2024, there was a drawdown to the tune of SDR44.00 million in 2025. As at end December 2025, the total stock of SDR allocation held by the Bank of Sierra Leone amounted to SDR121.52 million. The current proportion held by the Government and the Bank of Sierra Leone is 60 percent and 40 percent respectively.

2. Update on the technical memorandum of understanding under the current ECF program with the IMF

Following the approval by the IMF Board on October 31, 2024, on the 38-month arrangement under the Extended Credit Facility in the amount of SDR 186.663 million (about US$248.5 million). The Executive Board's decision enabled an immediate disbursement of SDR 34.999 million (about US$ 46.6 million).

The approval of the IMF Executive Board in December 2025 paved way for the immediate disbursement of SDR 58.3 million (about US$79.8 million), bringing total disbursements under the ECF arrangement to SDR 93.3 million (about US$127.8 million) after the completion of the first and second reviews of Sierra Leone's arrangement under the Extended Credit Facility.

Notes to the financial statements *(continued)*

34. Significant subsequent events *(continued)*

3. Holdings of ten-year bond

Following a Memorandum of Understanding between the Government of Sierra Leone and the Bank of Sierra Leone (the Bank) to issue ten-year amortized bond(s) totalling NLe 1,154,042 million at a coupon rate of 8%, payable semi-annually for the purpose of recapitalization of the Bank, the first tranche of 10-year amortized bond of NLe307.53 million was issued on 31st March 2026 at an interest rate of 8.00%, payable semi-annually.

The remaining NLe846.508 million of the total approved amounts is expected to be issued in three tranches of NLe288.511 million, NLe288.511 million and NLe269.487 million at the end of June, September and December 2026, respectively. This will significantly increase the Bank's assets' position and improve its income in 2026.

35. 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 is 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 Board Audit Committee is responsible for monitoring the Bank's compliance with financial accounting policies and pronouncements, keep under review the appropriateness of the accounting policies and internal control systems, consider external auditor's 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 Audit. The Head of Audit undertakes both regular and ad-hoc reviews and audits of management controls and procedures, the results of which are reported to the Audit Committee.

Notes to the financial statements *(continued)*

35. Financial risk management (continued)

(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 credit risk exposure including default risk.

The Bank grants advances mainly to the Government of Sierra Leone in its capacity as the Government's banker. The Bank of Sierra Leone Act 2019 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.

(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 a 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 other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. Management then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to customers, to ensure that sufficient liquidity is maintained within the Bank as a whole. 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.

Notes to the financial statements *(continued)*

35. Financial risk management (continued)

(c) Market risks

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) 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.

(d) 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.

(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 interpreted the process for managing risk into the Bank'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;

Notes to the financial statements *(continued)*

35. Financial risk management (continued)

(e) Operational risks (continued)

- Risk awareness and sensitization;
- Develop and update Risk Register.
- Manage policies, framework and processes of the risk management function of the Bank.

Compliance with Bank standards is supported by a programme of independent periodic reviews undertaken by the Head, Risk Management Unit. The results of internal risk reviews are discussed and clarified with departmental heads and the clarified reports are submitted to senior management.

36. Basis of measurement

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

37. Changes in accounting policies

New and amended IFRS Standards that are effective for the current year.

Classification of liabilities as Current and Non-current **clarifies a criterion in IAS 1 Presentation of Financial statements** for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

Non-current Liabilities with Covenants **amends IAS 1 Presentation of Financial Statements**. The amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The amendments also respond to stakeholders' concerns about the classification of such a liability as current or non-current.

Lease Liability in a sale and lease back **amends IFRS 16** by adding subsequent measurement requirements for sale and leaseback transactions.

Supplier Finance Arrangements **amends IAS 7 Statements of Cash Flows** to require an entity to provide additional disclosures about its supplier finance arrangements. The amendments also added supplier finance arrangements as an example within the liquidity risk disclosure requirements of **IFRS 7 Financial Instruments: Disclosures**

International Tax Reform-Pillar Two Models Rules **amends IAS 12 Income Taxes**. The amendments introduce a temporary exemption to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The amendments also introduce targeted disclosure requirements for affected entities.

The Interest Rate Benchmark Reform – Phase 2 (Amendment to IFRS 9, IAS 39, IFRS 4 and IFRS 16) relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting. These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using the current IFRS requirements.

Notes to the financial statements *(continued)*

37. Changes in accounting policies (continued)

The interest rate benchmarks refer to interest reference rate (interbank offered rate (IBORs) such as LIBOR, EURIBOR and TIBOR, and represent the cost of obtaining unsecured funding, in a particular combination of currency and maturity and in a particular interbank term lending market.

The Bank adopts the standards as required by the Bank of Sierra Leone Act 2019 but some of the adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Notes to the financial statements *(continued)*

38. 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 that follow.

(a) Foreign currency 73
(b) Interest income and expenses 73
(c) Fees and commission 74
(d) Net exchange gains/losses 74
(e) Lease payments made 75
(f) Income tax expense 75
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(h) Cash and cash equivalents 87
(i) Loans and advances 88
(j) Investment securities 88
(k) Property plant and equipment 89
(l) Leased assets – lease 90
(m) Impairment of non-financial assets 90
(n) Deposits 90
(o) Provisions 90
(p) Financial guarantees 90
(q) Employee benefits 91
(r) Share capital and reserves 92
(s) Amounts repayable under Repurchase Agreement (REPOs)/ Reverse REPOS 92
(t) Currency in circulation 93
(u) Special drawing rights and International Monetary Fund (IMF) related transactions 93
(v)) Gold 93
(w) Comparative 93

(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 retranslated to the functional currency at the exchange rate at that date.

Foreign currency differences arising from retranslation are recognised in the profit and loss account as required by the Bank of Sierra Leone Act 2019.

(b) Interest income and expense

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

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

Notes to the financial statements *(continued)*

38. Significant accounting policies (continued)

(b) Interest income and expense (continued)

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 commission

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 relates 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 conversion of foreign monetary assets and liabilities.

For all foreign payment instructions executed by the Bank of Sierra Leone, the following exchange rates on the value date of transaction are applicable:

i. For foreign payments on behalf of Government and Government Departments, the selling exchange rate of the transactions is applied;
ii. For foreign payments on behalf of Commercial Banks the rate agreed between Bank of Sierra Leone and the Commercial Banks is applied;
iii. For Bank of Sierra Leone transactions, the mid exchange rate of the transaction currency is applied and,
iv. For inward customer transfer, the buying exchange rate of the transactions date is applied

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:

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.

Notes to the financial statements *(continued)*

38. Significant accounting policies (continued)

(d) Net exchange gains/losses (continued)

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 or payable is also part of the Fund's holdings of currency and is also subject to maintenance of value obligations. 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. Foreign exchange gains and losses arising from translation or from annual revaluation are recognised in the profit or loss account.

(e) Lease payments made

There are no contractual agreements in which the Bank is a lessee. However, the Bank leased a part of its buildings to the National Minerals Agency. Payments received under this lease contract are treated as operating lease and are recognized as an income during the term of the lease.

(f) Income tax expense

In accordance with section 66 of the Bank of Sierra Leone Act 2019, 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 on the date of origination or purchase recognizes loans, debt and equity securities, deposits and subordinated debentures at the fair value of the consideration paid. For non-revolving facilities, origination date is the date the facility is disbursed while origination date for revolving facilities is the date the line is availed. Regular purchases and sales of financial assets are recognized on the settlement date. All other financial assets and liabilities are initially recognized on the trade date at which the Bank becomes a party to the contractual provisions of the instrument.

(ii) Classification and Measurement

Initial measurement of a financial asset or liability is at fair value plus transaction costs that are directly attributable to its purchase or issuance. For instruments measured at fair value through profit or loss, transaction costs are recognized immediately in profit or loss. Financial assets include both debt and equity instruments. The Bank applied IFRS 9 and classifies its financial assets in the following measurement categories:

- Amortised cost
- Fair Value through Other Comprehensive Income (FVOCI)
- Fair Value through Profit or Loss (FVTPL)

Classification and subsequent measurement of debts instruments depend on:

- The Business Model for managing the assets; and
- The cash flow characteristics of the assets.

Notes to the financial statements *(continued)*

38. Significant accounting policies (continued)

(g) Financial assets and liabilities (continued)

Business Model Assessment

Business model assessment involves determining whether financial assets are managed in order to generate cash flows from collection of contractual cash flows, selling financial assets or both. The Bank assesses business model at a portfolio level reflective of how groups of assets are managed together to achieve a particular business objective.

For the assessment of business model the Bank takes into consideration the following factors:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual cashflows from interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of assets in a portfolio is evaluated and reported to key decision makers within the Bank's business lines;
- the risks that affect the performance of assets held within a business model and how those risks are managed;
- how compensation is determined for the Bank's business lines' management that manages the assets; and
- the frequency and volume of sales in prior periods and expectations about future sales activity.

Management determines the classification of the financial instruments at initial recognition.

The business model assessment falls under three categories:

1. Financial assets held with the sole objective to collect contractual cash flows;
2. Financial assets held with the objective of both collecting contractual cash flows and selling; and

   The Bank may decide to sell financial instruments held under the first category with the objective to collect contractual cash flows without necessarily changing its business model in one or more of the following instances;

   - When the Bank sells financial assets to reduce credit risk or losses because of an increase in the assets' credit risk.
   - Where these sales are infrequent even if significant in value. A Sale of financial assets is considered infrequent if the sale is one-off during the Financial Year.
   - Where these sales are insignificant in value both individually and in aggregate, even if frequent.
   - When these sales are made close to the maturity of the financial assets and the proceeds from the sales approximates the collection of the remaining contractual cash flows.

Notes to the financial statements *(continued)*

38. Significant accounting policies (continued)

(g) Financial assets and liabilities (continued)

Cash flow characteristics assessment

The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic lending arrangement. Contractual cash flows are consistent with a basic lending arrangement if they represent cash flows that are solely payments of principal and interest ((SPPI) on the principal amount outstanding.

Principal is defined as the fair value of the instrument at initial recognition. Principal may change over the life of the instruments due to repayments. Interest is defined as consideration for the time value of money and the credit risk associated with the principal amount outstanding and for other basic lending risks and costs (liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and features that modified consideration of the time value of money (e.g. periodical reset of interest rates).

The considerations concern, in particular, contingent liabilities and the housing and vehicle loan schemes provided to eligible staff members. The Bank holds a portfolio of long-term fixed rate loans for which it has the option to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The right to reset the rates of the loans based on the revision in market rates are part of the contractually agreed terms on inception of the loan agreement, therefore the borrowers are obligated to comply with the reset rates without any option of repayment of the loans at par at any reset date. The Bank has determined that the contractual cash flows of these loans are solely payments of principal and interest because the option varies with the interest rate in a way that is considered a consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

a) Financial assets measured at amortised cost

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortized cost using the effective interest rate method. Amortized cost is calculated taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the

Notes to the financial statements *(continued)*

38. Significant accounting policies (continued)

(g) Financial assets and liabilities (continued)

Cash flow characteristics assessment (continued)

a) Financial assets measured at amortised cost (continued)

effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or liability. Amortization is included in Interest income in the Statement of Comprehensive Income. Impairment on financial assets measured at amortized cost is calculated using the expected credit loss approach.

Loans and debt securities measured at amortized cost are presented net of the allowance for credit losses (ACL) in the statement of financial position.

b) Financial assets measured at FVOCI

Financial assets are measured at FVOCI if they are held within a business model whose objective is to hold for collection of contractual cash flows and for selling financial assets, where the assets' cash flows represent payments that are solely payments of principal and interest. Subsequent to initial recognition, unrealized gains and losses on debt instruments measured at FVOCI cost are recorded in other comprehensive Income (OCI), unless the instrument is designated in a fair value hedge relationship. When designated in a fair value hedge relationship, any changes in fair value due to changes in the hedged risk is recognized in Non-interest income in the Statement of Comprehensive Income. Upon derecognition, realized gains and losses are reclassified from OCI and recorded in Non-interest income in the Statement of Comprehensive Income. Foreign exchange gains and losses that relate to the amortized cost of the debt instrument are recognized in the Statement of Comprehensive Income. Premiums, discounts and related transaction costs are amortized over the expected life of the instrument to interest income in the Statement of Comprehensive Income using the effective interest rate method.

c) Equity Instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. All equity instruments are measured at FVTOCI according to IFRS 9.

d) Financial Liabilities at amortised cost

Financial liabilities that are not classified at fair value through profit or loss fall into this category and are measured at amortised cost using the effective interest rate method. Financial liabilities measured at amortised cost are deposits from banks or customers, other borrowed funds, debt securities in issue for which the fair value option is not applied, convertible bonds and subordinated debts.

Notes to the financial statements *(continued)*

38. Significant accounting policies (continued)

(g) Financial assets and liabilities (continued)

iii) Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets. A change in the Bank's business model will occur only when the Bank either begins or ceases to perform an activity that is significant to its operations such as:

- Significant internal restructuring or business combinations; for example an acquisition of a private asset management company that might necessitate transfer and sale of loans to willing buyers; this action will constitute changes in the business model and subsequent reclassification of the loan held from category 1 to Category 2;

- Disposal of a business line i.e. disposal of a business segment;

- Any other reason that might warrant a change in the Bank's business model as determined by management based on facts and circumstances.

The following are not considered to be changes in the business model:

- A change in intention related to particular financial assets (even in circumstances of significant changes in market conditions);

- A temporary disappearance of a particular market for financial assets;

- A transfer of financial assets between parts of the Bank with different business models.

iv) *Modification of financial assets and liabilities*

a) Financial assets

When the contractual terms of a financial asset are modified, the Bank evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognised at fair value. Any difference between the amortized cost and the present value of the estimated future cash flows of the modified asset or consideration received on derecognition is recorded as a separate line item in profit or loss as 'gains and losses arising from the derecognition of financial assets measured at amortized cost'.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Bank recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss as part of impairment charge for the year.

Notes to the financial statements *(continued)*

38. Significant accounting policies (continued)

(g) Financial assets and liabilities (continued)

iv) *Modification of financial assets and liabilities (continued)*

a) Financial assets (continued)

In determining when a modification to terms of a financial asset is substantial or not to the existing terms, the Bank will consider the following non-exhaustive criteria:

Quantitative criteria

A modification would lead to derecognition of existing financial asset and recognition of a new financial asset, i.e. substantial modification, if:

- The discounted present value of the cash flows under the new terms, including any fees received net of any fees paid and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset.

In addition to the above, the Bank shall also consider qualitative factors as detailed below.

Scenarios where modifications will lead to derecognition of existing loan and recognition of a new loan, i.e. substantial modification, are:

- The exchange of a loan for another financial asset with substantially different contractual terms and conditions such as the restructuring of a loan to a bond; conversion of a loan to an equity instrument of the borrower;
- Roll up of interest into a single bullet payment of interest and principal at the end of the loan term;
- Conversion of a loan from one currency to another currency;

Another factor to be considered:

- Extension of maturity dates

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized in profit or loss (see above) and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset;

- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition.

Notes to the financial statements *(continued)*

38. Significant accounting policies (continued)

(g) Financial assets and liabilities (continued)

iv) *Modification of financial assets and liabilities (continued)*

b) Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. The Bank derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

De-recognition of financial instruments

The Bank derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the statement of financial position as 'Assets pledged as collateral', if the transferee has the right to sell or re-pledge them.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

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

v) Impairment of Financial Assets

In line with IFRS 9, the Bank assesses the under listed financial instruments for impairment using the Expected Credit Loss (ECL) approach:

- Amortized cost financial assets;
- Debt securities classified as at Amortised cost;
- Off-balance sheet loan commitments; and
- Financial guarantee contracts.

Equity instruments and financial assets measured at FVTOCI are not subjected to impairment under the standard.

Notes to the financial statements *(continued)*

38. Significant accounting policies (continued)

(g) Financial assets and liabilities (continued)

v) Impairment of Financial Assets (continued)

Expected Credit Loss Impairment Model

The Bank's allowance for credit losses calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either over the following twelve months or over the expected life of a financial instrument depending on credit deterioration from inception. The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts.

The Bank adopts a three-stage approach for impairment assessment based on changes in credit quality since initial recognition.

- Stage 1 – Where there has not been a significant increase in credit risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity is used;

- Stage 2 – When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument;

- Stage 3 – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

The guiding principle for the ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments since initial recognition. The ECL allowance is based on credit losses expected to arise over the life of the asset (life time expected credit loss), unless there has been no significant increase in credit risk since origination.

Measurement of expected credit losses

The probability of default (PD), exposure at default (EAD), and loss given default (LGD) inputs used to estimate expected credit losses are modelled based on macroeconomic variables that are most closely related with credit losses in the relevant portfolio.

Notes to the financial statements *(continued)*

38. Significant accounting policies (continued)

(g) Financial assets and liabilities (continued)

v) Impairment of Financial Assets (continued)

Measurement of expected credit losses (continued)

Details of these statistical parameters/inputs are as follows:

- PD – The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life, if the facility has not been previously derecognized and is still in the portfolio.

- 12-month PDs – This is the estimated probability of default occurring within the next 12 months (or over next 12 months (or over the remaining life of the financial instrument if that is less than 12 months). This is used to calculate 12-month ECLs.

- Lifetime PDs – This is the estimated probability of default occurring over the remaining life of the financial instrument. This is used to calculate lifetime ECLs for 'stage 2' and 'stage 3' exposures. PDs are limited to the maximum period of exposure required by IFRS 9.
- EAD – The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

- LGD – The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

To estimate expected credit loss for off-balance sheet exposures, the credit conversion factor (CCF) is usually computed. CCF is a modelled assumption which represents the proportion of any undrawn exposure that is expected to be drawn prior to a default event occurring. It is a factor that converts an off-balance sheet exposure to its credit exposure equivalent. In modelling CCF, the Bank considers its account monitoring and payment processing policies including its ability to prevent further drawings during periods of increased credit risk. CCF is applied on the off-balance sheet exposures to determine the EAD and the ECL impairment model for financial assets.

The major financial assets for which the ECL is calculated are short-term Treasury Bills and medium and long-term Bonds issued by the State of Sierra Leone with maturities ranging up to 6 years as per 2025-year end. These securities are held by the Central Bank of Sierra Leone. Total exposure increased from Le359.65 million to Le525.78 million from 2024 year end to 2025 year end respectively.

At the time of the ECL calculation, Sierra Leone was not rated (NR) and hence did not have traded credit instruments in the international market with an observable rating.

Notes to the financial statements *(continued)*

38. Significant accounting policies (continued)

(g) Financial assets and liabilities (continued)

v) Impairment of Financial Assets (continued)

Measurement of expected credit losses (continued)

Consequently, ratings from similar countries were used and adjusted to reflect specific features of Sierra Leone.

The following table shows the Loan loss allowance as of year end 2024 and 2025 as well as the change in 2024 and 2025 which were taken to profit and loss.

Expected Credit Losses (ECL)	**31.12.2025**	31.12.2024
Expected credit loss allowance (NLE)	**530,562**	359,657
Relative to exposure outstanding (%)	**0.003%**	0.001%
Increase/(decrease) in expected credit loss allowance (NLE)	**(170,904)**	(61,707)

Forward-looking information

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward - looking information requires significant judgement.

Macroeconomic factors

The Bank relies on a broad range of forward-looking information as economic inputs, such as: GDP growth, unemployment rates, central bank base rates, inflation rates and foreign exchange rates. The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays may be made as temporary adjustments using expert credit judgement.

Assessment of significant increase in credit risk (SICR)

At each reporting date, the Bank assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The assessment considers borrower-specific quantitative and qualitative information without consideration of collateral, and the impact of forward-looking macroeconomic factors. The common assessments for SICR on retail and non-retail portfolios include macroeconomic outlook, management judgement, and delinquency and monitoring.

Notes to the financial statements *(continued)*

38. Significant accounting policies (continued)

(g) Financial assets and liabilities (continued)

v) Impairment of Financial Assets (continued)

Definition of Default and Credit Impaired Financial Assets

The Bank defines a financial instrument as being in default which is fully aligned with the definition of credit-impaired financial assets, when it meets one or more of the following criteria:

Quantitative criteria (default)

The borrower is more than 90 days past due on its contractual payments.

Qualitative criteria

At each reporting date, the Bank assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for a security because of financial difficulties;
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses;
- Others include death, insolvency, breach of covenants, etc.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six month.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, loans that are more than 90 days past due are considered impaired except for certain specialized loans (Project Finance, Object Finance and Real Estate Loans as specified by the Central Bank of Sierra Leone) in which the Bank has rebutted the 90 Days Past Due presumptions in line with the BSL Prudential Guidelines.

Notes to the financial statements *(continued)*

38. Significant accounting policies (continued)

(g) Financial assets and liabilities (continued)

v) Impairment of Financial Assets (continued)

Qualitative criteria (continued)

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Bank considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields;
- The rating agencies' assessments of creditworthiness;
- The country's ability to access the capital markets for new debt issuance;
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness;
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to the country, as well as the intention reflected in public statements of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of allowance for ECL in the statement of financial position

Loan allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- Loan commitments and financial guarantee contracts: generally, as a provision;
- Where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- Debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Notes to the financial statements *(continued)*

38. Significant accounting policies (continued)

(g) Financial assets and liabilities (continued)

vi) *Write-off*

The Bank writes off an impaired financial asset (and the related impairment allowance), either partially or in full. There are no reasonable expectation of recovery set out in IFRS 9, paragraph 5.4.4. After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure shall be recommended for write-off (either partially or in full):

- continued contact with the customer is impossible;
- recovery cost is expected to be higher than the outstanding debt;
- The Bank's recovery method is foreclosing collateral and the value of the collateral is such that there is reasonable expectation of recovering the balance in full.

All credit facility write-offs shall require endorsement at the appropriate level, as defined by the Bank. Credit write-off approval shall be documented in writing and properly initialled by the approving authority.

A write-off constitutes a derecognition event. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of the amount due. Whenever amounts are recovered on previously written-off credit exposures, such amount recovered is recognised as income on a cash basis only.

vii) Offsetting financial instruments

Netting, where financial assets and liabilities are offset and the net amount reported in the statement of financial position, occurs if, and only if, there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize an asset and settle the liability simultaneously. In many cases, even though master netting agreements are in place, the lack of an intention to settle on a net basis results in the related assets and liabilities being presented gross in the statement of financial position. During the financial year 2020 there was no offsetting of financial instruments.

(h) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand and balances with other foreign Central Banks, commercial banks, supranational organizations and non-banking financial institutions.

These 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.

Notes to the financial statements *(continued)*

38. Significant accounting policies (continued)

(i) Loans and 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 cost plus incremental direct transaction costs and subsequently accounted for depending on their classification as either held-to-collect or fair value through profit or loss.

(i) Amortized cost

Financial assets at amortized cost comprises cash and cash equivalents, advances to Banks, loans and advances to others. They are subsequently measured at amortized cost using the effective interest method less any impairment losses. Interest income from these financial assets is determined using the effective interest method and reported in profit or loss as interest income.

(ii) Fair value through other comprehensive income (FVOCI)

The Bank elects to classify its investments in equity at FVOCI. The election is to present in other comprehensive income changes in fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument—by—instrument basis on initial recognition and is irrevocable. Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognized in profit or loss. Dividends are recognized in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognized in OCI. Cumulative gains and losses recognized in OCI are transferred to retained earnings on disposal of an investment.

Financial liabilities

The Bank classifies its financial liabilities as measured at amortised cost.

Notes to the financial statements *(continued)*

38. Significant accounting policies (continued)

(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

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.

(iv) Revaluation

Revaluation should be carried out regularly, so that the carrying amount of an asset does not differ materially from its fair value at the balance sheet date. When an item is revalued, the entire class of assets to which that asset belongs is revalued. Where assets carrying amount is increased because of revaluation, the increase is credited to property revaluation reserve unless it represents the reversal of a revaluation decrease of the same asset previously recognised in profit or loss.

A decrease arising because of a revaluation should be recognised as an expense to the extent that it exceeds any amount previously credited to the revaluation surplus relating to the same asset.

When a revalued asset is disposed of, any revaluation surplus may be transferred directly to retained earnings or it may be left in equity under the heading property revaluation reserve.

Notes to the financial statements *(continued)*

38. Significant accounting policies (continued)

(l) Leased assets – Lease

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.

(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 its cash-generating unit exceeds its recoverable amount. The recoverable amount is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rates that reflect current market assessments of the time value of money and the risk specific to the asset.

A previously recognized impairment loss is reversed where there has been a change in circumstances or in the basis of estimation used to determine the recoverable value, but only to the extent that the asset's net carrying amount does not exceed the carrying amount of the asset that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Deposits

Deposits are initially measured at fair value, with fair value plus 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 cash flows 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.

(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.

Notes to the financial statements *(continued)*

38. Significant accounting policies (continued)

(p) Financial guarantees (continued)

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 crystalised or becomes probable that it will crystalise.

(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 and 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). 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 an 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 financial position 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. For a description of the financial assumptions see note 29.

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

Notes to the financial statements *(continued)*

38. Significant accounting policies (continued)

(q) Employee benefits (continued)

(iii) 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 either: 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 balance sheet date are discounted to present value.

(r) Share capital and reserves

(i) 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 38(1) of the Bank of Sierra Leone Act 2019 requires the Bank of Sierra Leone to maintain a minimum paid up capital of Le125 billion. The paid-up capital shall be subscribed and held exclusively by the Government of Sierra Leone.

(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 withdraws liquidity from the financial market (REPO) or injects liquidity into the market (Reverse REPO). The Bank engages in the above with commercial banks only.

When the Bank withdraws 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 withdrawn 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 usually in form of Treasury Bills or Bonds. The bank earns interest on this lending. The injected liquidity stays with the borrowing bank until maturity.

(j) 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 Bank.

(i) REPOs continue to be recognised in the statement of financial position and are measured in accordance with the terms of the agreement.

(ii) The difference between sales and repurchase price is treated as interest expenditure and is recognised in the profit or loss.

Notes to the financial statements *(continued)*

38. Significant accounting policies (continued)

(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 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 (IMF) Related transactions

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

(v) Gold

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) Comparative

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

Notes to the financial statements *(continued)*

39. Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2025 and earlier application is permitted; however, the Bank has not early adopted the new and amended standards in preparing these financial statements.

These Accounting Standards are relevant, however, even if an entity does not intend to adopt a requirement early. Paragraph 30 of IAS 8 Basis of Preparation of Financial Statements requires an entity to disclose 'information relevant to assessing the possible impact that application of the new IFRS [Accounting Standard] will have on the entity's financial statements in the period of initial application'. The table shows amendments and Accounting Standards that have an effective date after 1 January 2025.

Table–Accounting Standards and amendments issued, but not effective, as at 1 January 2025

Standard/ amendment	When issued	Effective date (early application is possible unless otherwise noted)	Standards/ Interpretatio	Standard withdrawn
IFRS 18 Presentation and Disclosure in Financial Statement	April 2024	1 January 2027	IFRS 1, IFRS 3, IFRS 5, IFRS 6, IFRS 7, IFRS 8, IFRS 9, IFRS 12, IFRS 13, IFRS 14, IFRS 15, IFRS 16, IFRS 17, IAS 2, IAS 7, IAS 8, IAS 10, IAS 12, IAS 16, IAS 19, IAS 20, IAS 21, IAS 24, IAS 28, IAS 29, IAS 32, IAS 33, IAS 34, IAS 38, IAS 40, IAS 41, IFRIC 1, IFRIC 14, IFRIC 17, IFRIC 19, IFRIC 23, SIC-32	IAS 1
IFRS 19 Subsidiaries without Public Accountability: Disclosures	May 2024	1 January 2027	IFRS 1, IFRS 5, IFRS 13, IFRS 17, IFRS 18, IAS 32, IAS 34, IFRIC 14	
Amendments to the Classification and Measurement of Financial Instruments Amendments to IFRS 9 and IFRS 7	May 2024	1 January 2026	IFRS 7, IFRS 9, IFRS 19	

Notes to the financial statements *(continued)*

39. Standards issued but not yet effective*(continued)*

Table–Accounting Standards and amendments issued, but not effective, as at 1 January 2025				
Standard/ amendment	**When issued**	**Effective date (early application is possible unless otherwise noted)**	**Standards/ Interpretatio**	**Standard withdrawn**
Annual Improvements to IFRS Accounting Standards—Volume 11	July 2024	1 January 2026	IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7	
Contracts referencing Nature-dependent Electricity Amendments to IFRS 9 and IFRS 7	December 2024	1 January 2026	IFRS 7, IFRS 9	

The following summaries briefly describe the changes to be introduced by each of the Standards listed in the preceding table 'Accounting Standards and amendments issued, but not effective, as at 1 January 2025'.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements was issued in April 2024 to replace IAS 1 Presentation of Financial Statements. IFRS 18 aims to improve financial reporting by: requiring additional defined subtotals in the statement of profit or loss; requiring disclosures about management-defined performance measures; and adding new principles for the aggregation and disaggregation of items. The IASB did not reconsider all aspects of IAS 1 when developing IFRS 18, but instead focused on the statement of profit or loss. The IASB retained some paragraphs from IAS 1 in IFRS 18 and moved some paragraphs from IAS 1 to IAS 8 Basis of Preparation of Financial Statements and IFRS 7 Financial Instruments: Disclosures.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 Subsidiaries without Public Accountability: Disclosures was issued in May 2024. IFRS 19 permits some subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements. These entities apply the requirements in other IFRS Accounting Standards except for their disclosure requirements. Instead, these entities apply the requirements in IFRS 19

Amendments to the Classification and Measurement of Financial Instruments

Amendments to the Classification and Measurement of Financial Instruments was issued in May 2024 in response to feedback received as part of the post-implementation review of the classification and measurement requirements in IFRS 9 Financial Instruments and related requirements in IFRS 7 Financial Instruments: Disclosures.
The amendments specify:

Notes to the financial statements *(continued)*

39. Standards issued but not yet effective*(continued)*

Amendments to the Classification and Measurement of Financial Instruments (continued)

- when a financial liability settled using an electronic payment system can be deemed to be discharged before the settlement date;

- how to assess the contractual cash flow characteristics of financial assets with contingent features when the nature of the contingent event does not relate directly to changes in basic lending risks and costs; and

- new or amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs.

Annual Improvements to IFRS Accounting Standards—Volume 11 Annual Improvements to IFRS Accounting Standards—Volume 11 contains the following amendments.

Accounting Standard	Subject of amendments
IFRS 1 First-time Adoption of International Financial Reporting Standards	Hedge accounting by a first-time adopter
IFRS 7 Financial Instruments: Disclosures	Gain or loss on derecognition
Guidance on implementing IFRS 7 Financial Instruments: Disclosures	Introduction
	Disclosure of deferred difference between fair value and transaction price
	Credit risk disclosures
IFRS 9 Financial Instruments	Derecognition of lease liabilities
	Transaction price
FRS 10 Consolidated Financial Statements	Determination of a ‘de facto agent
AS 7 Statement of Cash Flows	Cost method

Contracts Referencing Nature-dependent Electricity

Contracts Referencing Nature-dependent Electricity amends IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to more faithfully reflect the effects of contracts referencing nature-dependent electricity on an entity’s financial statements.