

General information

Board of directors	: Professor Kelfala M. Kallon Dr. Ibrahim Stevens Mr Sheikh A. Y. Sesay Ms Cecilia M. Demby Mr George Taylor Mr Sheikh R. Kamaraa Mrs Amy Myers PC Dr. Michael Shamsu Mustapha Ngebeh VI	- Governor (appointed 15 August 2018) - Deputy Governor (re-appointed 24 July 2019) - Deputy Governor (appointed 26 June 2020) - Re-appointed 18 October 2021 - Re-appointed 25 October 2021 - Re-appointed 31 October 2021 - Appointed 19 September 2019 - Appointed 13 January 2022
Senior management	: Professor Kelfala M. Kallon Dr. Ibrahim Stevens Mr Sheikh A. Y. Sesay Mr Ralph Ansumana Mrs. Hanifa Addai Ms Jenneh Jabati Mrs Mary M. Kargbo Mr Sullay Alhaji Mannah Mr Morlai Bangura Ms Hawa E. Kallon Mrs Veronica Finney Mr Mohamed S. Bah Mr Eugene Caulker Mr Alfred W. B. Samah Mr Alhaji Salihu Dukuray Mr Hilton Jarrett Mr Chrispin Dennison-George Ms Josephine Mansaray Mrs Feima Jabati	- Governor - Deputy Governor, Monetary Stability - Deputy Governor, Financial Stability - Director, Other Financial Institutions Supervision Department - Director, Management Information Systems Department - Director, Human Resources Department - Director, General Services Department - Director, Legal Affairs Department - Director, Research Department - Director, Secretary's Department - Director, Financial Markets Department - Director, Finance Department - Director, Financial Stability Department - Director, Banking Department - Deputy Director, Internal Audit Department - Deputy Director, Banking Supervision Department - Deputy Director, Governor's Office - Assistant Director, Risk Management Unit - Officer-in-Charge, Governor's Office (Procurement 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 2021.

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 2021 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 Le250 billion. Additional details of the Bank's capital are given in note 30 to the financial statements.

Results for the year

Loss for the period was **Le92.96 billion** (2020: loss of Le211.87 billion).

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 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 Committee

The Finance Committee advised the Board in fulfilling its oversight responsibilities relating to financial planning and reporting.

Board Human Resource Committee

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

Banking Supervision Technical Committee

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

Foreign 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

Report of the Directors *(continued)*

Foreign Assets Committee

The Foreign Assets Committee meets quarterly and has responsibility to deliberate on issues relating to foreign assets of the Bank's 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 to monitor ongoing projects implemented by the Bank and make 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 various forums where the staff meet and discuss issues that relate to them and their progress at the work place, these include unit meetings, and regular general meetings.

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

Directors and their interest

The following were Directors of the Bank as at 31 December 2021:

Professor Kelfala M. Kallon	- Governor/Chairman	- Governor (appointed 15 August 2018)
Dr. Ibrahim Stevens	- Deputy Governor Monetary Stability	- Deputy Governor (re-appointed 24 July 2019)
Mr Sheikh A. Y. Sesay	- Deputy Governor financial Stability	- Deputy Governor (appointed 26 June 2020)
Ms Cecilia M. Demby	- Director	- Re-appointed 18 October 2021
Mr George Taylor	- Director	- Re-appointed 25 October 2021
Mr Sheikh R. Kamaraa	- Director	- Re-appointed 31 October 2021
Mrs Amy Myers	- Director	- Appointed 19 September 2019
PC Dr. Michael Shamsu		
Mustapha Ngebeh VI	- Director	- Appointed 13 January 2022

Report of the Directors *(continued)*

Directors and their interest *(continued)*

Professor Kelfala M. Kallon was appointed Governor of the Bank on 15 August 2018 and in accordance with section 7(2) of the Bank of Sierra Leone Act 2019, to hold office for a term of five years before being eligible for re-appointment for another term only. Dr. Ibrahim L. Stevens was re-appointed on 24 July 2019 as Deputy Governor (Monetary Stability) and Sheik A. Y. Sesay was appointed on 26 June 2020 as Deputy Governor (Financial Stability).

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

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

Auditors

The auditors, Baker Tilly were appointed by the Auditor-General on 20th January 2022 to conduct the audit of the financial statements for the year ended 31 December 2021.

Approval of the financial statements

The financial statements were approved by the Board of Directors on 17th November 2022


.....
pp Governor


.....
Director


.....
Secretary

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 2021, 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 2021 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	
<p>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.</p> <p>The amount of the benefit payable depends on the length of service and the level of earnings when the event occurs.</p> <p>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.</p> <p>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.</p>	<p>We evaluated the design and tested the implementation of key controls over the valuation of staff benefit scheme.</p> <p>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.</p> <p>We tested the accuracy and completeness of data provided by management to its pension valuation experts.</p> <p>We tested the validity of the underlying obligations per existing Bank's policy.</p> <p>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.</p>
Impairment of financial assets	
<p>We identified the impairment of financial assets representing a significant risk of material misstatement and a key audit matter.\</p> <p>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.</p>	<p>We focused our testing of impairment on loans, receivables and investment in securities on the assumptions of management and in line with IFRS 9.</p> <p>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.</p>

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
<p>The ECL model involves the application of considerable level of judgment and estimation in determining inputs for ECL calculation such as:</p> <ul style="list-style-type: none"> - 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. 	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> - 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
	<ul style="list-style-type: none"> - 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 the 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.

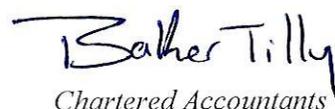
Report on Other Legal and Regulatory Requirements

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.

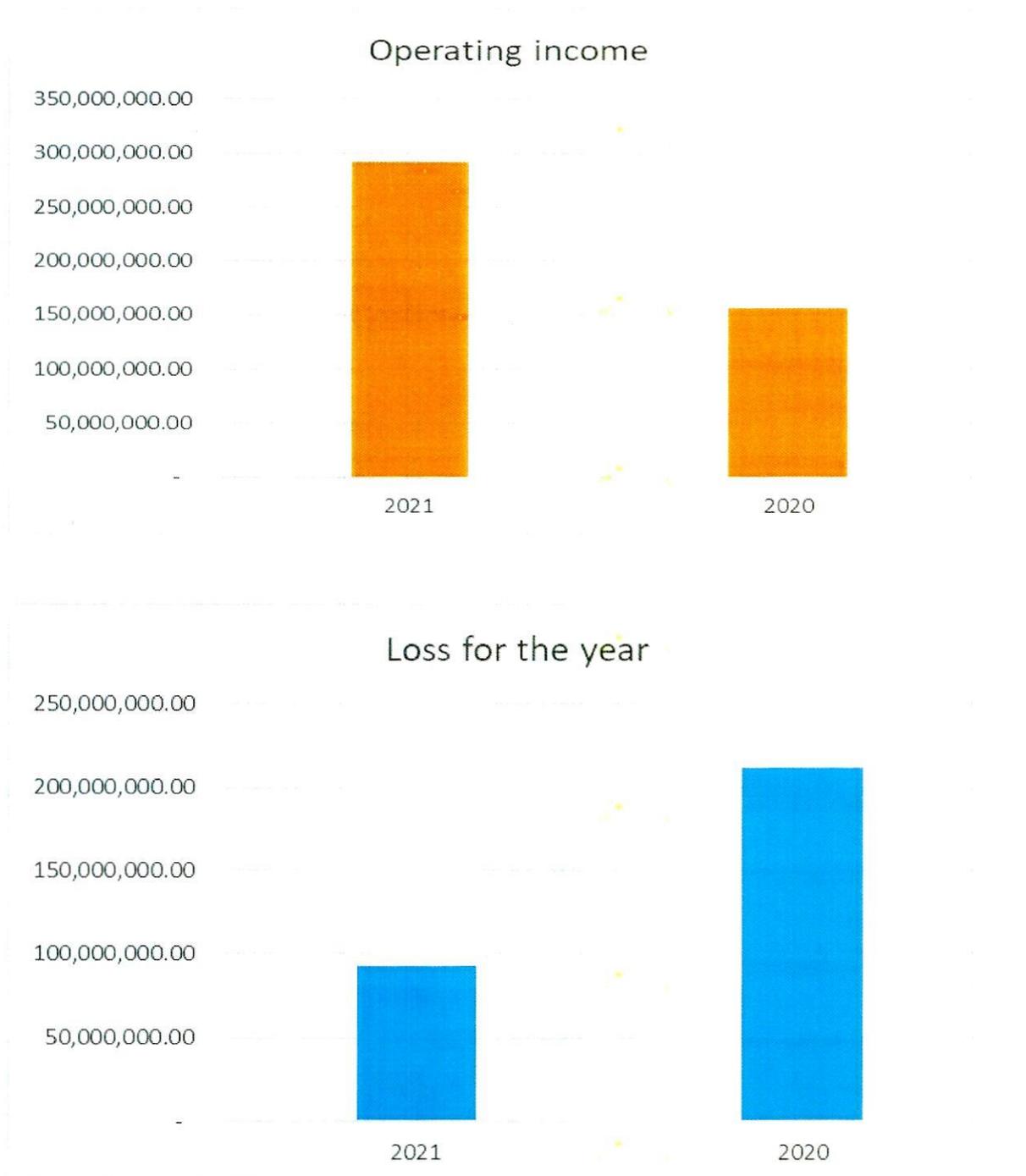
The Engagement Partner on the audit resulting in this Independent auditor's report is **Agnes N. Sawyerr**.

Freetown


Chartered Accountants

Date: 17 November 2022

Financial highlights

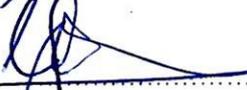


Statement of financial position

as at 31 December

<i>In thousands of Leones</i>	Note	2021	2020
Assets			
Cash and cash equivalents	16	5,255,295,827	5,031,309,220
Funds held with International Monetary (IMF)	17	8,856,908,469	5,303,979,749
Loans and advances to others	18a	12,197,994	13,090,185
Due from Government of Sierra Leone	18b	3,637,653,853	2,807,968,092
COVID-19 special credit facility to banks	18c	588,702,815	489,227,889
Investment in equity	19	84,243,862	67,600,814
Investment securities	20	1,088,819,756	824,523,797
Property, plant and equipment	21	212,851,606	204,109,082
Other assets	22	333,658,297	85,579,979
Total assets		20,070,332,479	14,827,388,807
Liabilities			
Amounts due to International Monetary Fund (IMF)	23	14,238,167,493	9,633,349,356
Deposits from Government	24	361,128,030	224,594,702
Deposits from Banks	25	841,676,022	1,227,493,377
Deposits from others	26	56,379,145	95,279,599
Currency in circulation	27	3,822,413,539	3,009,347,915
Other liabilities	28	411,169,671	263,613,334
End of service benefit	29	101,760,295	58,900,766
Total liabilities		19,832,694,195	14,512,579,049
Equity			
Share capital	30	125,000,000	125,000,000
General reserve	31(a)	91,018,210	165,720,755
Revaluation reserves	31(b)	32,792,919	32,792,919
Other reserves	31(c)	(11,172,845)	(8,703,916)
Total equity attributable to equity holders of the Bank		237,638,284	314,809,758
Total liabilities and equity		20,070,332,479	14,827,388,807

These financial statements were approved by the Board of Directors on 17 November 2022

	pp) Governor
) Director
) 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

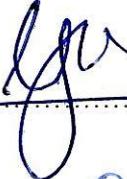
<i>In thousands of Leones</i>	Note	2021	2020
Interest and similar income	8	176,483,071	216,113,009
Interest expenses and similar charges	8	(1,283,022)	(4,632,581)
Net interest income		<u>175,200,049</u>	<u>211,480,428</u>
Fees and commission income	9	4,182,434	4,069,040
Fees and commission expense	9	(278,883)	(269,846)
Net fee and commission income		<u>3,903,551</u>	<u>3,799,194</u>
Net exchange gain/(loss)	10	109,121,478	(63,110,875)
Other income	11	3,616,392	3,959,106
Operating income		<u>291,841,470</u>	<u>156,127,853</u>
Personnel expenses	12	(181,901,394)	(127,635,864)
Currency issue expenses	13	(138,701,820)	(93,957,044)
Depreciation and amortisation	21	(5,411,900)	(5,216,887)
Release/(Impairment loss) on loans and advances	14(a)	21,036,824	(53,445,000)
Other expenses	14	(79,820,428)	(87,746,726)
Loss for the year		<u>(92,957,248)</u>	<u>(211,873,668)</u>
Other comprehensive income			
Defined benefit plan actuarial (loss)/gain		(2,468,929)	(3,089,646)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		<u>(95,426,177)</u>	<u>(214,963,314)</u>

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)*

<i>In thousands of Leones</i>	Note	2021	2020
Loss attributable to:			
Equity holders of the Bank		(92,957,248)	(211,873,668)
Loss for the year		<u>(92,957,248)</u>	<u>(211,873,668)</u>
Total comprehensive income attributable to:			
Equity holders of the Bank		(95,426,177)	(214,963,314)
Total comprehensive loss for the year		<u>(95,426,177)</u>	<u>(214,963,314)</u>

These financial statements were approved by the Board of Directors on... 17th November 2022

)	Governor
)	Director
)	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 2021

In thousands of Leones

	Share capital	Property revaluation reserve	General reserve	Other reserves	Total
Balance at 1 January 2021	125,000,000	32,792,919	165,720,755	(8,703,916)	314,809,758
Total comprehensive income for the year					
Net loss for the year	-	-	(92,957,248)	-	(92,957,248)
Securities reserves	-	-	-	-	-
Other comprehensive income					
Fair value reserve (non-interest bearing securities)	-	-	-	-	-
Actuarial gain/ (loss)	-	-	-	(2,468,929)	(2,468,929)
Prior year adjustment	-	-	18,254,703	-	18,254,703
Total other comprehensive income for the year	125,000,000	32,792,919	91,018,210	(11,172,845)	237,638,284
Total comprehensive income and other transfers					
Subscribed during the year	-	-	-	-	-
Deposit for shares	-	-	-	-	-
Total contribution by and distribution to owners	-	-	-	-	-
Balance at 31 December 2021	125,000,000	32,792,919	91,018,210	(11,172,845)	237,638,284

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

Statement of changes in equity (continued)
for the year ended 31 December 2021

<i>In thousands of Leones</i>	Share capital	Property revaluation reserve	General reserve	Other reserves	Total
Balance at 1 January 2020	125,000,000	32,792,919	377,594,423	(5,614,270)	529,773,072
Total comprehensive income for the year					
Net loss for the year	-	-	(211,873,668)	-	(211,873,668)
Securities reserves	-	-	-	-	-
Other comprehensive income					
Fair value reserve (non-interest bearing securities)	-	-	-	-	-
Actuarial gain	-	-	-	(3,089,646)	(3,089,646)
Prior year adjustment	-	-	-	-	-
Total other comprehensive income for the year	125,000,000	32,792,919	165,720,755	(8,703,916)	314,809,758
Total comprehensive income and other transfers					
Subscribed during the year	-	-	-	-	-
Deposit for shares	-	-	-	-	-
Total contribution by and distribution to owners	-	-	-	-	-
Balance at 31 December 2020	125,000,000	32,792,919	165,720,755	(8,703,916)	314,809,758

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

<i>In thousands of Leones</i>	Note	2021	2020
Cash flows from operating activities			
Profit/ (loss) for the year		(92,957,248)	(211,873,668)
Adjustment for:			
Depreciation and amortisation	21	5,411,900	5,216,887
Impairment losses on loans and advances		-	-
Net interest income	8	(175,200,049)	(211,480,428)
Fixed asset write-off		-	-
Profit on disposals		-	-
Fixed assets adjustments	21a	-	8
Actuarial (loss)/gain on defined benefit obligation	29d	(2,468,929)	(3,089,646)
Prior year adjustment		18,254,703	-
Changes in:		(246,959,623)	(421,226,847)
Loans and advances to others		892,191	(1,889,869)
Due from Government of Sierra Leone		(829,685,761)	(1,182,338,851)
Advances to banks		(99,474,926)	(489,227,889)
Other assets		(248,078,318)	245,956,707
Currency in circulation		813,065,624	701,404,620
Government deposit		136,533,328	7,750,863
Other deposits		(38,900,454)	22,076,741
Deposits from banks		(385,817,355)	787,186,616
Other liabilities		147,556,337	20,615,894
End of service benefit		42,859,529	10,671,106
		(708,009,428)	(299,020,909)
Interest received	8	176,483,071	216,113,009
Interest paid	8	(1,283,022)	(4,632,581)
Net cash generated from operating activities		(532,809,379)	(87,540,481)
Cash flows from investing activities			
(Purchase)/disposal of Investment Securities		(264,295,959)	333,650,911
Acquisition of medium term bond		(16,643,048)	(2,712,247)
Acquisition of property and equipment		(14,154,424)	(8,650,871)
Proceeds from sale of property, plant and equipment		-	-
Net cash generated from/(used in) investing activities		(295,093,431)	322,287,793
Cash flows from financing activities			
Net change in funds from the IMF		1,051,889,417	853,981,459
Additional capital subscribed		-	-
Net movement in reserves		-	-
Net cash from financing activities		1,051,889,417	853,981,459
Net increase in cash and cash equivalents		223,986,607	1,088,728,771
Cash and cash equivalents at 1 January		5,031,309,220	3,942,580,449
Cash and cash equivalent at 31 December	16	5,255,295,827	5,031,309,220

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 function is to:

- 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 *17 November*... 2022.

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 2021 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.