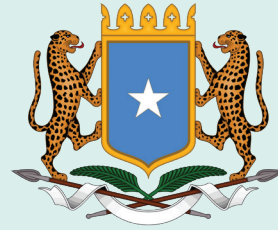




CENTRAL BANK OF SOMALIA

ANNUAL REPORT

2024



Economic, Monetary, and Financial
Analysis Division

Research & Statistics Department

Monetary, Financial & Regulatory
Policy Group

CENTRAL BANK OF SOMALIA

Annual Report

2024

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CBS BOARD OF DIRECTORS



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GOVERNOR / CHAIRMAN



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DEPUTY GOVERNOR



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Member



Dr. Aues Abo Scek
Member



Prof. Abdullahi Sh. Ali
Member



Faysal Abdullahi Warsame
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Mrs. Farhia Mohamed Yusuf
Member

SENIOR MANAGEMENT



Mr Abdirahman M. Abdulahi
Governor/Chairman



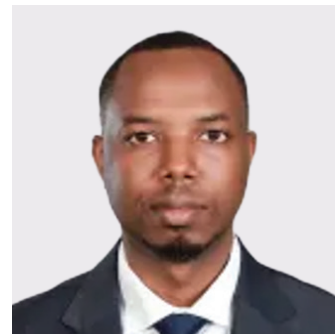
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Regulatory Policy Group**



Mr. Mohamed Mohamud Olow
**Director,
Office of the Governor**



Mr. Hussein Shuaib Osman
**Chief Audit Executive,
Internal Audit Office**

List of Acronyms

AACB	Association of African Central Banks
ACH	Automated Clearing House
AFESD	Arab Fund for Economic and Social Development
AFI	Alliance for Financial Inclusion
AMF	Arab Monetary Fund
AML	Anti-money Laundering
ASEAN	Association of Southeast Asian Nations
CBA	Currency Board Arrangement
CBS	Central Bank of Somalia
CDD	Customer Due Diligence
CFT	Combating Financing of Terrorism
DFS	Distributed File System
EAC	East African Community
ECF	Extended Credit Facility
FAO	Food and Agriculture Organization
FGS	Federal Government of Somalia
FMD	Financial Market Department
FMS	Federal Member States
FOB	Free on Board
FSNAU	Food Security Nutrition Analysis Unit
FSSR	Financial Sector Stability Review
GDP	Gross Domestic Product
HC	Human Capital
HIPC	Highly Indebted Poor Countries
HR	Human Resource
IAS	International Accounting Standards Committee
IBAN	International Bank Account Numbers
ICT	Information Communication technology
ID	National Identification
IFRS	International Financial Reporting Standards

IFSB	Islamic Financial Services Board
IIA	Institute of Internal Auditors
IMF	International Monetary Fund
IT	Information technology
KYC	Know Your Customer
MMS	Mobile Money Systems
MOF	Ministry of Finance
MTB	Money Transfer Businesses
MTRR	Medium-term Revenue Roadmap
NIRA	National Identification Registration Authority
NPS	National Payment System
PCMIS	Port Customs Management Information System
PFM	Public Financial Management
PMS	Performance Management System
QR	QR Code
RAMP	Reserve Advisory and Management Partnership
RTGS	Real-Time Gross Settlement
SFMIS	Somalia Financial Management Information System
SNBS	Somalia National Bureau of Statistics
SOMCAS	Somalia customs automated system
SOS	Somali Shilling
SPS	Somali Payment Switch
SSA	Sub-Saharan Africa
STARS	Somali Transaction and Reporting System
TA	Technical Assistant
UAE	United Arab Emirates
US	US Dollar
WB	World Bank
WEO	World Economic Outlook
WG	Working Group

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Part II section (5) of the central bank of Somalia Act 2012 the key mandate of the Central Bank of Somalia (CBS)

The Bank shall:

- a) Formulate implement and be responsible for monetary policy and implement the foreign exchange policy.
- b) Hold and manage the foreign exchange reserves of Somalia.
- c) License, regulate and supervise all banks and financial institutions to foster the liquidity, solvency, and proper functioning of a stable financial system.
- d) Formulate and implement such policies as to best promote the establishment, regulation, and supervision of efficient and effective payment, clearing and settlement systems.
- e) Where appropriate, administer payment, clearing and settlement systems.
- f) Act as banker and adviser to, and as fiscal agent for the government and public entities.
- g) Act as sole issuer of legal tender Somali currency notes and coins; and
- h) Shall compile, analyze, and publish the monetary, financial balance of payments statistics and other statistics covering various sectors of the national economy.

CBS Key Strategic Focus for the Next Five Years

(2025-2029)



Vision

To be a resilient and trusted Central Bank that fosters inclusive economic growth and ensures financial system stability for a prosperous Somalia



Mission

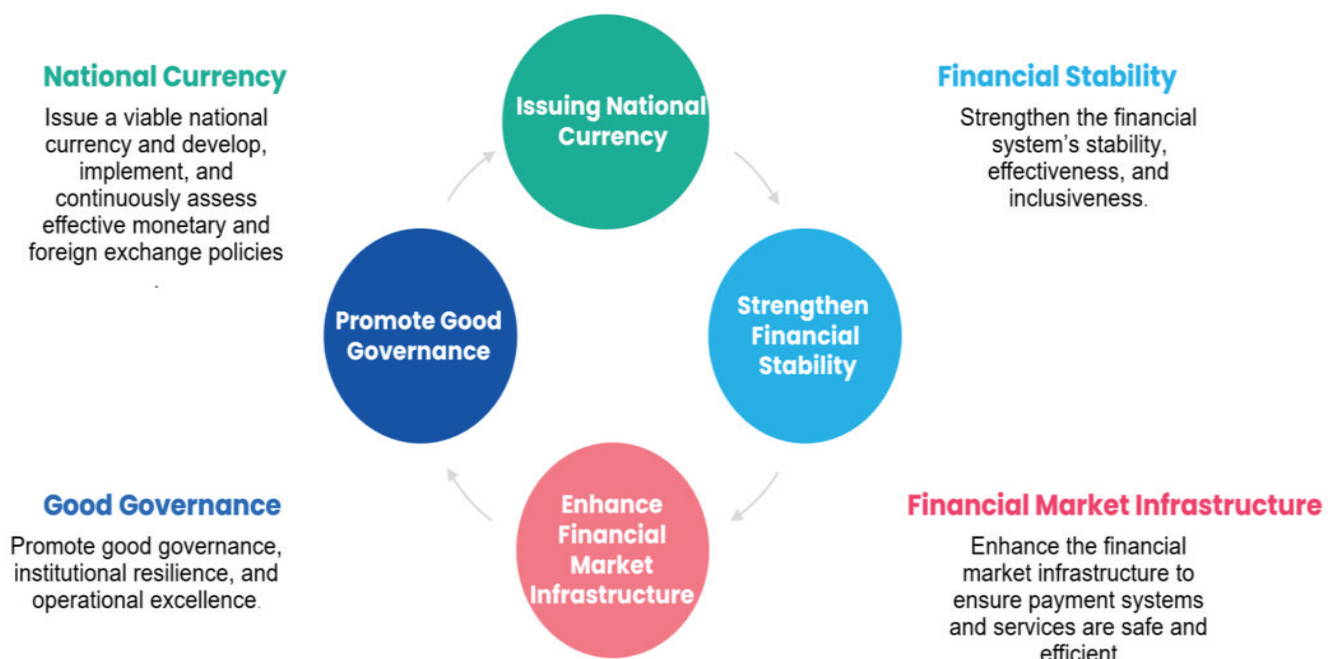
To achieve our primary goals of ensuring price stability and fostering a robust, modern, and sound financial system, which can serve as an engine of economic development.



Core Values

- i. Public Service and Orientation
- ii. Ethical Standards
- iii. Team Dynamics

Strategy Goals





Governor's Message

It is with great pride that I present the Central Bank of Somalia's Annual Report for 2024, a year marked by meaningful progress in fulfilling our mandate to promote financial stability, inclusion, and institutional resilience.

A key milestone was Somalia's transition into the post-HIPC era following the attainment of the HIPC Completion Point in December 2023. In 2024, the country sustained strong reform momentum, maintaining its engagement with the IMF and World Bank. Under the new Extended Credit Facility (ECF), Somalia met critical targets in public financial management, revenue mobilization, and financial sector development, demonstrating strong commitment to macroeconomic stability.

Institutionally, the Central Bank advanced key structural reforms, particularly in regulatory modernization, supervisory oversight, and payment system digitalization. We strengthened internal controls, enhanced AML/CFT compliance, and robust risk management systems to uphold financial integrity and operational soundness.

Significant strides were also made in currency reform agenda. Through the "Kalkaal" Currency Exchange Project, CBS laid the groundwork for the phased reintroduction of the national currency. The formal adoption of a Currency Board Arrangement (CBA) provided a transparent and rules-based framework for future currency issuance. Other preparations included new banknotes design, legal framework development, reestablishment of CBS branches in Federal Member States and extensive stakeholder consultations.

To support effective policymaking, CBS invested in economic data infrastructure and analytical capacity. Regular publication of macroeconomic indicators, such as balance of payments, monetary aggregates, and financial data, has improved transparency and informed national dialogue.

On the international front, CBS continued to strengthen its global partnerships. Through membership in the World Bank's RAMP and deeper engagement with the IFSB and AFI, CBS has advanced best practices in reserves management, Islamic finance, and financial inclusion.

The publication of this report coincides with the completion of the 2020-2024 Strategic Plan. A comprehensive review confirmed that most objectives were achieved or substantially met, underscoring CBS's leadership in rebuilding institutional capacity in a post-conflict context. In 2024 the Bank also received a clean audit opinion for the fifth consecutive year.

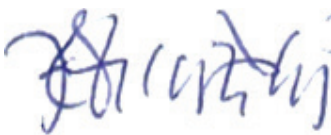
Looking ahead, our focus is on deepening financial sector development, broadening financial inclusion, modernizing monetary governance, and strengthening institutional resilience, guided by the CBS's new Strategic Plan (2025-2029) approved by the Board. These reforms are anchored in innovation, transparency, and service delivery.

At the centre of our reform agenda is investment in human capital, technology, and governance. Investments in staff development, IT infrastructure, and performance management are transforming CBS into a credible and policy-driven institution, responsive to the country's evolving needs.

Despite external headwinds, Somalia recorded real GDP growth of 4.1 percent in 2024, supported by higher agricultural output, stable remittance flow, stronger livestock exports, and a rebound in private sector credit. The banking sector continued to grow, with total assets reaching US\$2,020 million, up 13 percent from 2023, signalling stronger balance sheets and improved financial intermediation.

While challenges remain, from infrastructure gaps to global shocks, CBS remains firmly committed to delivering on its mandate and supporting national development.

In closing, I thank our dedicated staff, the Board of Directors, government counterparts, and development partners. Your continued support has enabled CBS to play a leading role in advancing a more inclusive and sustainable financial system for all Somalis.



Mr. Abdirahman Mohamed Abdullahi
Governor

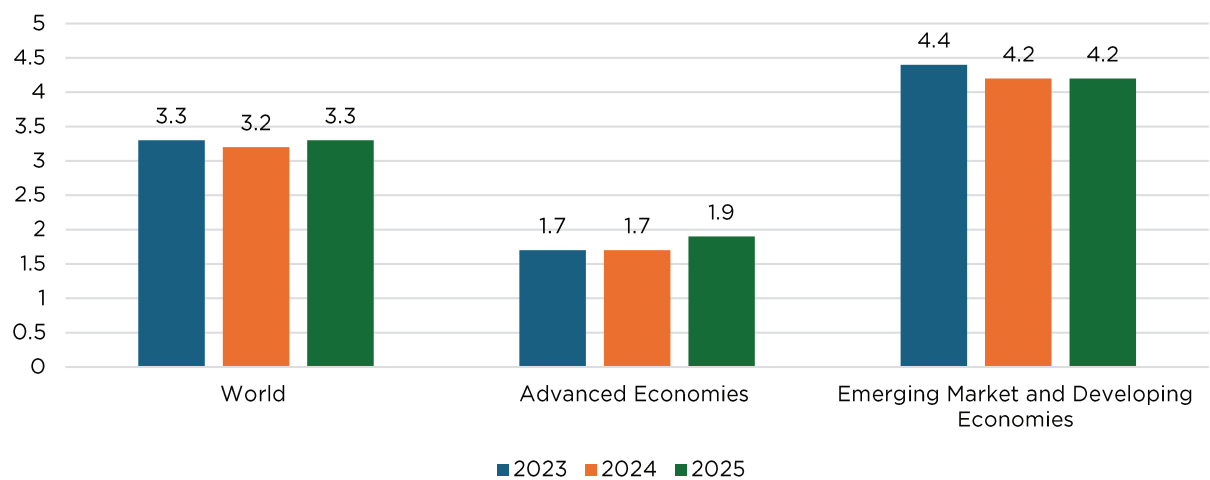
A large, stylized graphic of a globe dominates the background. It features a light blue grid of latitude and longitude lines on a darker blue background. The globe is partially cut off by the top and right edges of the frame. In the bottom right corner, there are horizontal stripes in various shades of blue, suggesting a horizon or a stylized ocean.

1

WORLD
ECONOMY

Global economic activity remained stable in 2024, though persistent structural weaknesses and newly emerging risks continued to weigh on the long-term outlook. The world economy appears to have entered a period of subdued expansion, with growth falling short of the average recorded between 2000 and 2019. The medium-term forecast is increasingly shaped by rising geopolitical tensions, unpredictable policy shifts, evolving trade dynamics, and the escalating threat of climate-induced disruptions. According to the IMF's World Economic Outlook (January 2025), global output growth is estimated to be 3.2 percent in 2024, with a slight increase to 3.3 percent expected in 2025.

Figure 1: Global Real GDP Growth (Percentage Change) 2023-2025

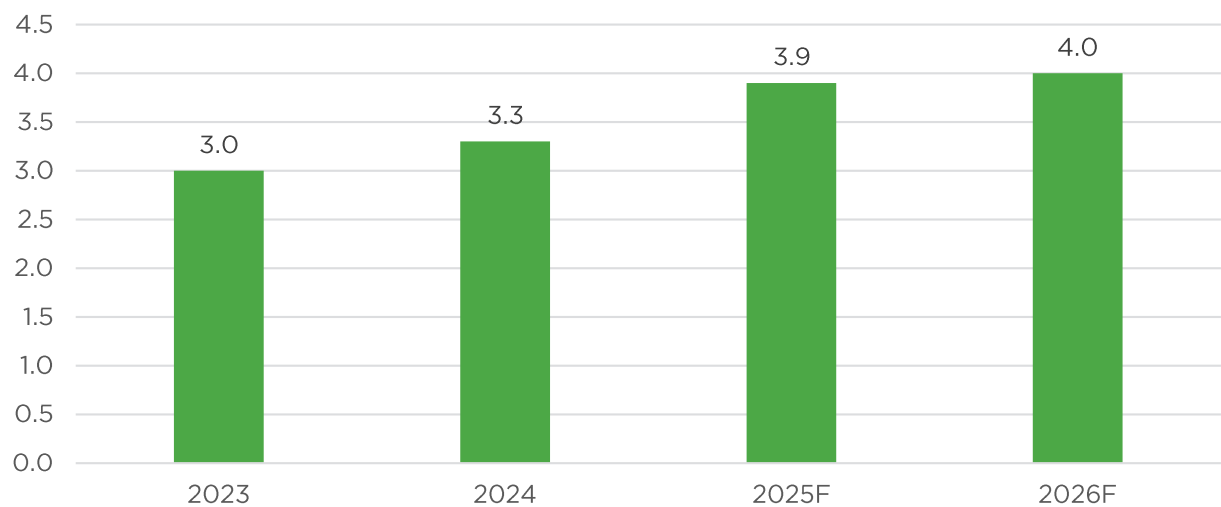


Source: IMF WEO January 2025

In 2024, advanced economies (AEs) are estimated to have grown by 1.7 percent, supported by steady economic expansion in the United States and a modest recovery in the Euro Area, though partially offset by a significant slowdown in Japan. This growth occurred despite the absence of major shifts in economic policy. In contrast, emerging markets and developing economies (EMDEs) continued to grow at a faster pace than AEs, although their estimated GDP growth slowed slightly from 4.4 percent in 2023 to 4.2 percent in 2024. This deceleration is expected to persist in 2025, gradually aligning with the region's estimated potential growth rate. Meanwhile, low-income developing countries (LIDCs) are estimated to have maintained stable growth of around 4.1 percent in 2024, driven by resilient domestic demand and ongoing investment.

Africa's economic performance in 2024 reflected a modest but fragile recovery amid a challenging global environment. According to AfDB, Africa's GDP growth is estimated at about 3.3 percent for 2024, up slightly from 3.0 percent in 2023. This pickup was supported by strong public spending and recovering domestic demand. However, macroeconomic imbalances continued to constrain economic stability. Inflation remained stubbornly high, averaging 18.7 percent continent-wide in 2024, driven by food supply disruptions, currency depreciation, and the lingering impact of fuel and subsidy reforms in several countries.

Figure 2: Africa Real GDP Growth (Percentage Change) 2023-2026



Source: African economic outlook report, 2025

East Africa led with strong growth at 4.3 percent in 2024, driven by public investment and resilient domestic demand; West Africa followed at 4.5 percent, buoyed by new hydrocarbon projects and expanding agriculture; Central Africa slowed slightly to 4.0 percent, amid falling oil output and conflict-related disruptions; North Africa recorded moderate growth of 2.6 percent, constrained by weak exports and inflation; while Southern Africa remained the slowest-growing region at 1.9 percent, hampered by structural challenges and climate shocks, highlighting a continent recovering unevenly but steadily amidst global uncertainty.

Growth in Sub-Saharan Africa (SSA) is anticipated to strengthen to 3.8 percent in 2024, driven largely by improved economic performance in industrial commodity-exporting countries, particularly the region’s largest economies.

Table 1. Overview of the World Economic Outlook Projections (Percent change, unless noted otherwise)

	Estimate		Projections	
	2023	2024	2025	2026
World Output	3.3	3.2	3.3	3.3
Advanced Economies	1.7	1.7	1.9	1.8
United States	2.9	2.8	2.7	2.1
Euro Area	0.4	0.8	1.0	1.4
Germany	-0.3	-0.2	0.3	1.1
France	1.1	1.1	0.8	1.1
Italy	0.7	0.6	0.7	0.9
Spain	2.7	3.1	2.3	1.8
Japan	1.5	-0.2	1.1	0.8
United Kingdom	0.3	0.9	1.6	1.5
Canada	1.5	1.3	2.0	2.0
Other Advanced Economies 3/	1.9	2.0	2.1	2.3
Emerging Market and Developing Economies	4.4	4.2	4.2	4.3
Emerging and Developing Asia	5.7	5.2	5.1	5.1
China	5.2	4.8	4.6	4.5
India 4/	8.2	6.5	6.5	6.5
Emerging and Developing Europe	3.3	3.2	2.2	2.4
Russia	3.6	3.8	1.4	1.2
Latin America and the Caribbean	2.4	2.4	2.5	2.7
Brazil	3.2	3.7	2.2	2.2
Mexico	3.3	1.8	1.4	2.0
Middle East and Central Asia	2.0	2.4	3.6	3.9
Saudi Arabia	-0.8	1.4	3.3	4.1
Sub-Saharan Africa	3.6	3.8	4.2	4.2
Nigeria	2.9	3.1	3.2	3.0
South Africa	0.7	0.8	1.5	1.6
<i>Memorandum</i>				
World Growth Based on Market Exchange Rates	2.8	2.7	2.9	2.8
European Union	0.6	1.0	1.4	1.7
ASEAN-5 5/	4.0	4.5	4.6	4.5
Middle East and North Africa	1.8	2.0	3.5	3.9
Emerging Market and Middle-Income Economies	4.5	4.2	4.2	4.2
Low-Income Developing Countries	4.1	4.1	4.6	5.4
World Trade Volume (goods and services) 6/	0.7	3.4	3.2	3.3
Advanced Economies	0.0	2.2	2.1	2.5
Emerging Market and Developing Economies	2.0	5.4	5.0	4.6
Commodity Prices				
Oil 7/	-16.4	-1.9	-11.7	-2.6
Nonfuel (average based on world commodity import weights)	-5.7	3.4	2.5	-0.1
World Consumer Prices 8/	6.7	5.7	4.2	3.5
Advanced Economies 9/	4.6	2.6	2.1	2.0
Emerging Market and Developing Economies 8/	8.1	7.8	5.6	4.5

Source: IMF, January 2025

1.1 Global Trade

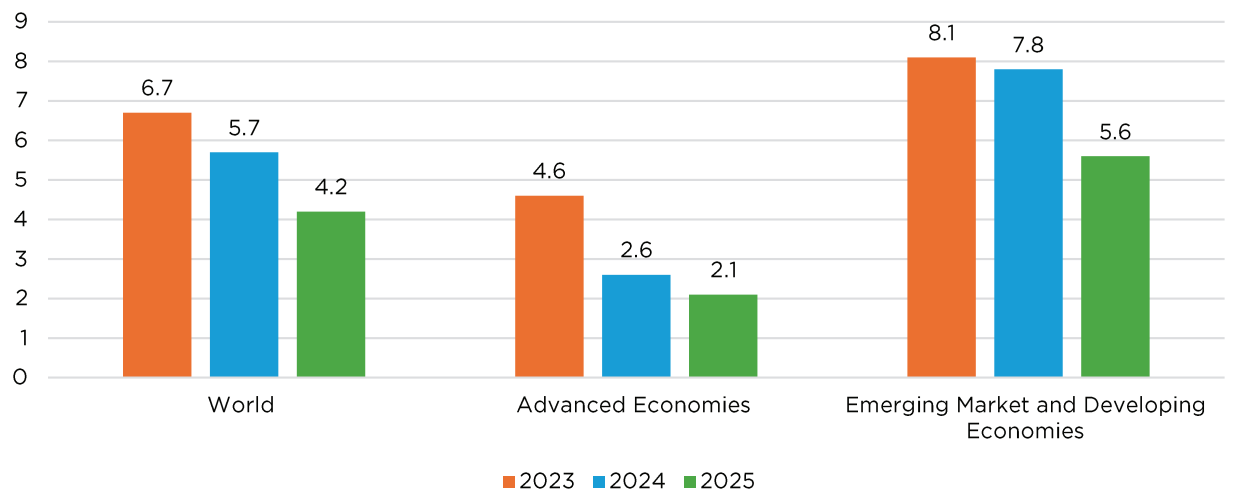
According to UNCTAD’s Global Trade Update (March 2025), global trade in goods and services recorded a strong recovery in 2024, expanding by approximately 3.7 percent and reaching an all-time high of nearly US\$33 trillion. This growth was primarily driven by the robust performance of services trade, which grew by 9 percent and contributed around US\$700 billion to the total. In contrast, goods trade posted a more modest increase of 2 percent, adding approximately US\$500 billion over the year. Developing economies outperformed advanced economies in 2024. Trade in developing countries rose by 4 percent annually, driven especially by East and South Asia, while developed economies experienced stagnation and even quarterly contractions of 2 percent in both imports and exports during the fourth quarter. At the same time, widening global trade imbalances were observed, with the United States continuing to register the largest trade deficit and China recording the highest surplus. The European Union also returned to a trade surplus after previous deficits, largely due to elevated energy prices.

However, the global trade outlook for 2025 is clouded by growing geopolitical tensions, protectionist trade measures, and policy uncertainty, especially linked to evolving tariff strategies among major economies. Despite these risks, potential tailwinds such as easing global inflation and China’s economic stimulus could support trade flows in the near term.

1.2 Global Inflation and Commodity Prices

Global headline inflation is projected to have eased from 6.7 percent in 2023 to 5.7 percent in 2024, with forecasts indicating a further decline to 4.2 percent in 2025, according to the IMF’s World Economic Outlook published in January 2025. The report attributes this easing to softer commodity prices, improved supply chain conditions, and the lingering effects of tight monetary policy, although policy-related uncertainties may still influence inflation outcomes.

Figure 3: Global Inflation Rate (Percentage Change) 2023-2025



Source: IMF WEO January 2025

In advanced economies, inflation has fallen below targets as energy prices declined through 2024 and food prices stabilized, falling by 2 percentage points from an estimated 4.6 percent in 2023 to 2.6 percent in 2024. On the other hand, inflation in EMDEs has continued to decline, coming within a percentage point of pre-pandemic levels by late 2024, estimated to decrease from 8.1 percent in 2023 to 7.8 percent in 2024, with a further drop to 5.6 percent in 2025. Global food commodity prices declined in 2024 as supply growth rebounded. The global food price index averaged 122.0 points for the year, reflecting a 2.1 percent decrease from 2023. This decline was primarily driven by significant drops in cereal and sugar prices.

Looking ahead, the disinflation trend is expected to persist, with only minor deviations from the IMF's earlier forecasts published in October 2024. As labor markets gradually soften and energy prices decline further, headline inflation is likely to continue converging toward central bank targets. Nonetheless, inflation in the United States is projected to remain slightly above the 2 percent objective in 2025, while inflation in the Euro Area is expected to remain more subdued. In China, low inflation is likely to persist. As a result, divergence in expected interest rate paths between the U.S. and other major economies is anticipated to widen.

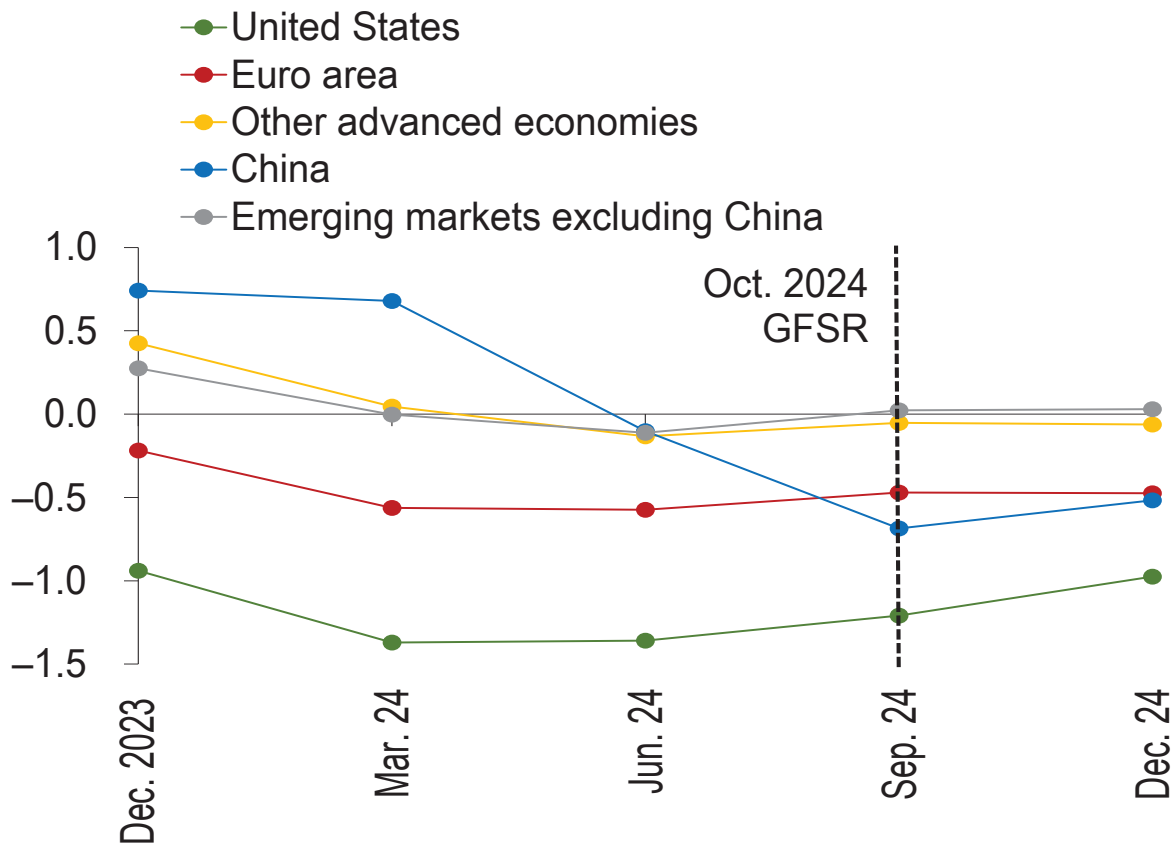
1.3 Global Financial Stability

Global financial conditions have generally eased slightly since mid-2024, driven by interest rate cuts from major advanced economy central banks, most notably in the United States. In the Euro area, real interest rates have also become somewhat accommodative, reflecting a more subdued economic outlook. However, this improvement was partially reversed in the second half of 2024, as financial conditions tightened in emerging markets and developing economies. In the second half of 2024, financial conditions in EMDEs weakened due to slower-than-expected disinflation in some countries, uncertainty surrounding potential shifts in U.S. trade policies. EMDEs currencies experienced increased volatility, with several depreciating significantly against the U.S. dollar in the fourth quarter, driven by a wave of capital outflows from EMDEs debt and equity markets. This shift in monetary policy has helped galvanize investment flows, particularly into riskier assets, as investors seek higher returns amid improved liquidity and reduced borrowing costs; however, rising economic and geopolitical uncertainty increases the likelihood of adverse shocks, exposing fragilities.



EMDEs currencies experienced increased volatility, with several depreciating significantly against the U.S. dollar in the fourth quarter, driven by a wave of capital outflows from EMDEs debt and equity markets.

Figure 4: Financial Conditions Indices (Standard deviations from the mean)



Source: IMF WEO January 2025

1.4 Implications for the Domestic Economy

Despite ongoing challenges such as shifting global trade dynamics, the Red Sea crisis, and rising geopolitical tensions, Somalia's domestic economy demonstrated notable resilience in 2024. As global inflation eased, domestic inflation remained relatively stable, staying within single digits throughout the year. Somalia's major trading partners continued to be the United Arab Emirates (UAE), Oman, Saudi Arabia, China, India, and Türkiye. Among these, the UAE, Oman, and Saudi Arabia remained Somalia's top export destinations. The UAE's economic growth is estimated to hold steady at 4.0 percent in 2024, while Oman and Saudi Arabia are estimated to see modest increases of 1.3 percent and 1.7 percent, respectively. On the import side, China, India, and Türkiye remained the largest sources of goods. However, China's growth rate is anticipated to slow to 5.0 percent in 2024. India's growth is estimated to ease to 6.8 percent, and Türkiye is projected to experience a third consecutive year of deceleration, with growth falling to 3.2 percent. Somalia's domestic economy continued to show resilience, with real GDP growth estimated at 4.1 percent in 2024 and projected to remain at the same level in 2025.



2

DOMESTIC ECONOMY





Despite challenges and risks arising from climate change and rising global geopolitical conflicts and tensions, Somalia's macroeconomic performance remained stable in 2024, and the domestic economy is projected to experience moderate growth.

The domestic economy remained largely resilient in 2024, despite challenges and risks arising from climate change and rising global geopolitical conflicts and tensions. The real GDP growth is estimated to moderate in 2024 with a growth of 4.1 percent and is projected to slow further to 4.0 percent in 2025, reflecting the expected negative impact of foreign aid cuts on economic activity, and the adverse impact of climate shocks.

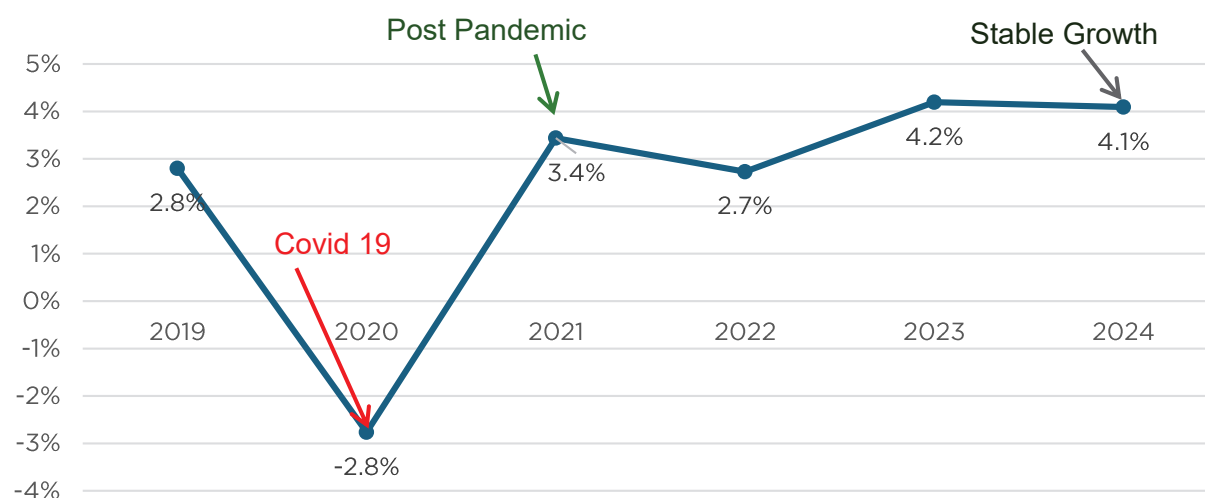
Despite challenges and risks arising from climate change and rising global geopolitical conflicts and tensions, Somalia's macroeconomic performance remained stable in 2024, and the domestic economy is projected to experience moderate growth. The headline inflation rate remained in the single digits, slowing to an estimated 5.6 percent in 2024 from 6.1 percent in 2023. The current account deficit widened to 14 percent of GDP in 2024, up from 12 percent in 2023, mainly due to higher import demand despite strong growth in livestock and agricultural exports. Somalia's domestic revenue performance is higher than expected in 2024, demonstrating strong growth and resilience. Domestic revenue increased by 12 percent, reaching US\$369 million in 2024. This growth reflects ongoing efforts to diversify tax sources including rental & sales tax and expand the tax base in customs.

In the post-HIPC era, the Federal Government of Somalia (FGS) has been actively engaging with its creditors to restructure and settle outstanding debts as part of its broader economic recovery and fiscal sustainability efforts. As part of these efforts, the Central Bank of Somalia is going to adopt a currency board arrangement and intend to reintroduce the Somalia Shilling (SOS). The new SOS notes will provide an important liquidity function by facilitating payments for small value transactions and will promote financial inclusion for the most vulnerable and low-income people. On the fiscal front, the Ministry of Finance is driving domestic revenue mobilization reforms. Recently, the Government implemented sales tax electronic system, which has significantly streamlined tax collection processes, improving efficiency and transparency in revenue generation.

The FGS joined the East African Community (EAC) bloc by the Summit of EAC Heads of State on 24th November 2023 to become the 8th partner state of the EAC, and a full member on 4th March 2024. This new membership provides Somalia the opportunity to enhance the country's regional integration and attract regional investments into Somalia, particularly in sectors like agriculture, fisheries and infrastructure as well as access to a larger regional market, facilitating easier trade with EAC member countries.

Somalia's economy in 2024 demonstrated continued resilience and expansion, driven by strong domestic demand, remittances and grants appear to have financed higher levels of household consumption and continued rebound in exports. Real GDP grew by 4.1 percent in 2024, reflecting broad-based growth across household consumption, investment, and export.

Figure 5: Real GDP Growth Rate 2019-2024



Source: SNBS, 2024

Somalia's GDP is estimated to reach US\$11,066 million in 2024, with a per-capita GDP of US\$737. Household final consumption is the largest expenditure component of GDP with a share of 132 percent followed by 103 percent of imports of goods and services. Household consumption and imports exceeded the entire GDP level (over 100 percent of GDP). This reflects that Somali households consume more goods and services than the country produces, relying heavily on imports to fill the gap.

Table 2: Real Gross Domestic Product by Expenditure, in Millions of US Dollars, 2020-2024

Expenditure items	2020	2021	2022	2023	2024
Household Final Consumption	11,828	12,111	12,683	13,394	14,569
Government Final Consumption	601	677	759	775	900
Gross Fixed Capital Formation	1,751	1,835	2,413	2,762	3,344
Exports of Goods and Services	1,356	1,587	1,804	2,558	3,639
of which: Livestock	505	523	558	1,023	917
Minus: Imports of Goods and Services	5,934	6,277	7,456	8,860	11,386
GDP in Purchasers' Prices	9,602	9,932	10,203	10,631	11,066
GDP per capita, US Dollars	594	635	664	694	737
Gross National Expenditure	14,202	14,623	15,855	16,932	18,813

Source: SNBS, 2024

Household final consumption remained the largest driver of economic activity, accounting for 132 percent of GDP. It increased to US\$14,569 million in 2024 from US\$13,394 million in 2023. This 9 percent growth illustrates strong household spending supported by rising remittance inflows and improved purchasing power.



The agricultural sector is the cornerstone of Somalia's economy, integral to income generation, job creation, food security, and foreign exchange earnings.

Government final consumption accounted for approximately 8 percent of GDP in 2024, rising to US\$900 million from US\$775 million in 2023

reflecting 16 percent year-on-year increase. This growth reflects improved fiscal space, enhanced delivery of public services, and more effective budget execution. The increase was primarily driven by higher spending on employee compensation and the government goods and services, signaling expanded operational expenditures across government entities. Notably, recurrent expenditure accounted for US\$877 million, representing 97 percent of total government spending in 2024.

Gross fixed capital formation increased to US\$3,344 million in 2024, representing 30 percent of GDP.

This reflects a rise of 21 percent, from the 2023 level of US\$2,762 million. The growth was driven by sustained infrastructure development, expansion in real estate, and rising private sector investment. Investment in construction remained strong, while investment in equipment and machinery has gained momentum in recent years. This investment boom was a major engine of GDP growth, creating jobs and further boosting demand for imports of capital goods and inputs.

Export of goods and services is the fastest-growing component, as Somalia's foreign trade continued the recovery path.

The value of exported goods and services in 2024 showed an increase of 42 percent compared to 2023. The top exports of Somalia are livestock, crops & vegetable oil, and forest products.

Imports of goods and services exceeded 100 percent of GDP in 2024,

highlighting Somalia's heavy reliance on foreign goods to meet domestic demand. In real terms, imports grew by 29 percent, driven by significant increases in food, clothing and footwear, plant products, medical supplies, and construction materials. The total value of imported goods reached US\$9,179.74 million, marking a 32 percent increase from US\$6,955.46 million in 2023.

2.1 Agriculture

The agricultural sector is the cornerstone of Somalia's economy, integral to income generation, job creation, food security, and foreign exchange earnings. Agriculture continues recovering from the 2021-2022 drought and agricultural exports have been gaining market share in 2024. Primary agricultural products are coarse grains, pulses, oil seed crops, and horticultural crops (i.e., fruits and vegetables). The major agricultural subsectors are crops, livestock, and fishery.

2.1.1 Crop Production

Crop production has been gradually recovering from the effects of prolonged droughts marked by five consecutive seasons of below-average rainfall and the El Niño-induced floods of 2021-2022. However, during the 2024 Gu and Deyr seasons, production slowed due to below-average rainfall, resulting in lower yields compared to 2023. The 2024 Gu' season, crop production has declined in both the southern and northern regions, primarily due to erratic rainfall and extended periods of dry spells. In the southern regions,

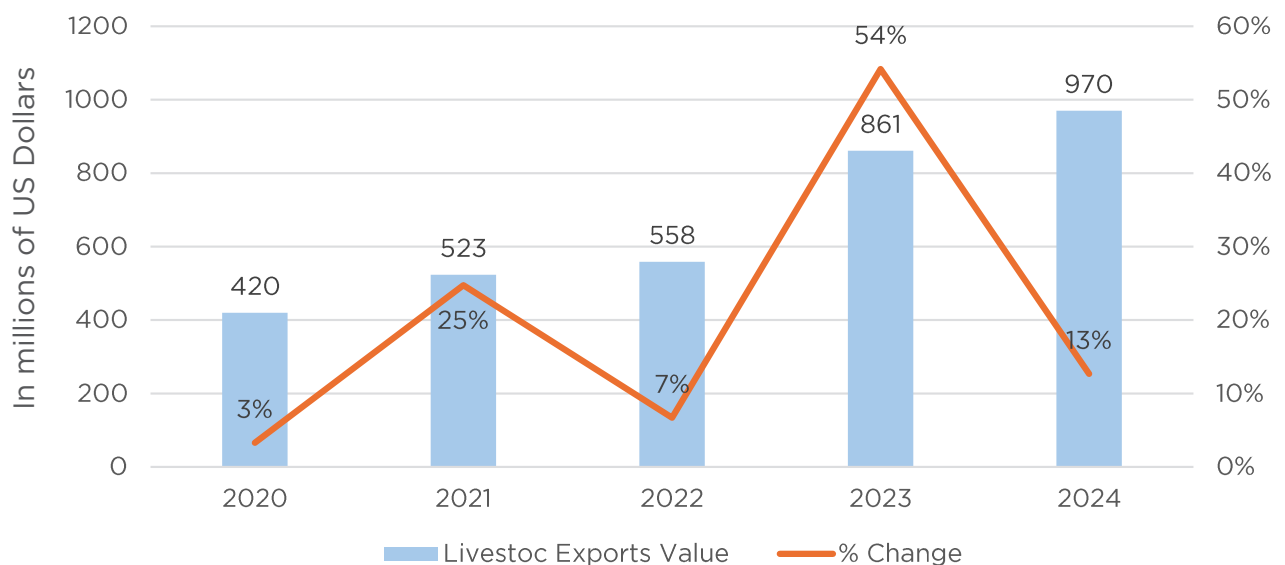
cereal production is estimated at 64,400 tons, including an off-season harvest of 14,100 tons anticipated in late September to early October 2024. This figure is 25 percent lower than the 2023 production. Similarly, Cereal production in the northern regions is estimated at 12,500 tons, reflecting a 13 percent decline compared to 2023. On the other hand, during the 2024 Deyr season, crop production in southern regions is estimated to be 52,200 metric tons. This figure is 36 percent lower than the 2023 production.

2.1.2 Livestock Exports

Livestock exports have been a cornerstone of Somalia's economy, significantly contributing to both rural livelihoods and national income. Despite facing numerous challenges, including climate change, Somalia's livestock sector holds immense potential for growth and development. The sector accounts for approximately 9 percent of the country's GDP, and the economy heavily relies on livestock for export earnings. The livestock exports comprise camels, goats, sheep, and cattle, with the Middle East being the leading primary markets. The sector supports millions of pastoralists and farmers, making it a critical element of food security and poverty alleviation in the region.

Somalia's export sector remains heavily reliant on livestock, which accounted for approximately 62 percent of total exports in 2024. Livestock exports grew by 13 percent, rising from US\$860.8 million in 2023 to US\$969.9 million in 2024. Although this growth rate is lower, compared to the previous year, the overall upward trend underscores sustained foreign demand. Notably, livestock exports continue to increase, reflecting a strong demand in foreign markets along with diversification of livestock exports markets beyond Saudi Arabia and outside of the Hajj period.

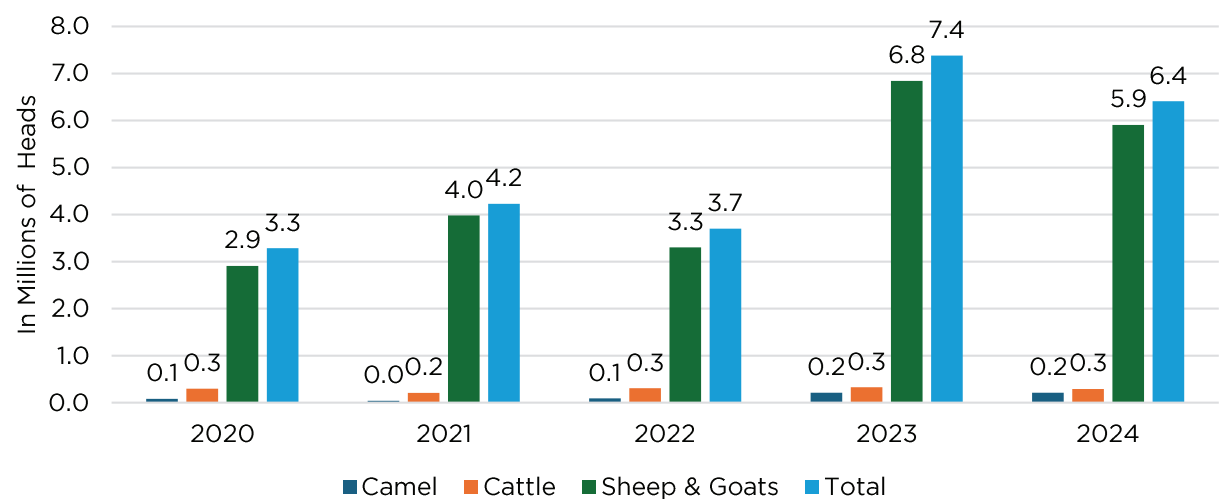
Figure 6: Total Value of Livestock Export 2020-2024



Source: MoF, FSNAU and CBS valuations and adjustments, 2024

In 2024, the total volume of livestock exports exceeded 6.4 million heads, comprising more than 5.9 million heads of goats and sheep, followed by 291,692 heads of cattle, and 212,616 heads of camels. Similarly, the overall export value increased compared to the previous year.

Figure 7: Total Head of Livestock Export 2020-2024



Source: FAO-FSNAU & CBS estimates and valuations, 2024

2.1.3 Fishery Export

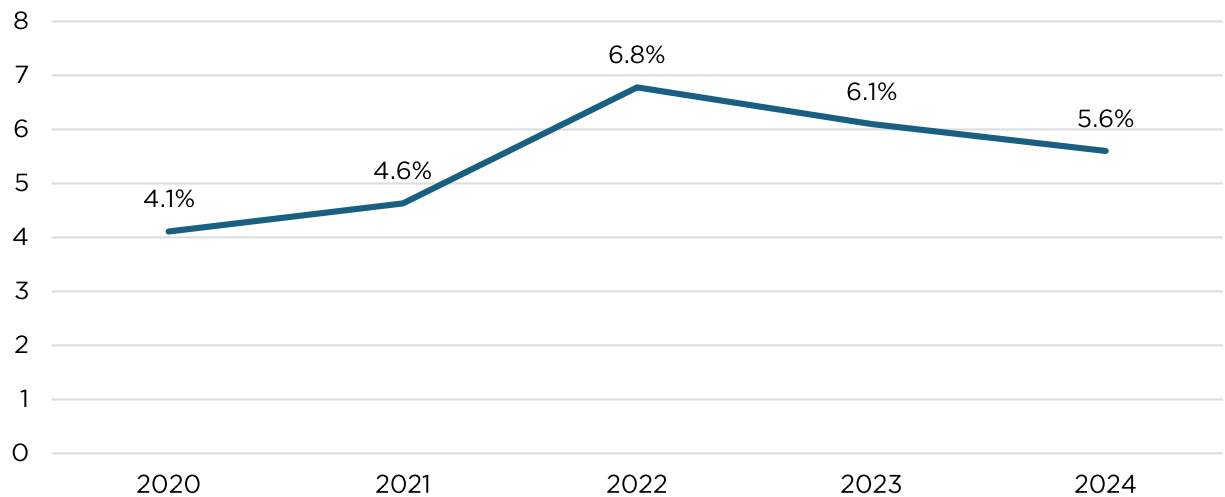
Somalia’s fishery sector has remained modest since the onset of the civil war in the 1990s. Fisheries play an important role in the economy of coastal communities by expanding food supply, generating employment, and improving nutrition levels. Somalia’s fisheries sector, including both small-scale and industrial fishers, produces fresh fish for domestic consumption and export markets. The marine fisheries of Somalia hold a significant position in the national economy, as the country has one of the longest coastlines in Africa, approximately 3,333 km stretching from the western passage of the Gulf of Aden to the Indian Ocean, up to the border with Kenya. Over the last three years, Somalia has exported a total of US\$143.1 million worth of fish. In 2024 alone, fish exports increased significantly, contributing over US\$76.8 million to the economy.

2.2 Domestic Inflation

As global inflation continued to ease, domestic inflation remained reasonably stable, staying in single digits throughout 2024. Headline inflation remained in single digits and declined to an estimated 5.6 percent in 2024, down from 6.1 percent in 2023, although the pace of deceleration has slowed compared to the previous year. The decline in inflation was primarily driven by easing food prices, reflecting the impact of declining international food prices. Given Somalia’s heavy reliance on food imports which reached an estimated US\$2,517.71 million in 2024, lower global prices helped reduce domestic food cost pressures, contributing significantly to the overall slowdown in inflation.

Additionally, a significant drop in water, housing, electricity & gas prices, driven by the decline in global energy prices during 2024. This current inflation rate is in the line with Association of African Central Banks (AACB) convergence criteria of less than or equal to 7 percent and a range of 3-7 percent until 2038.

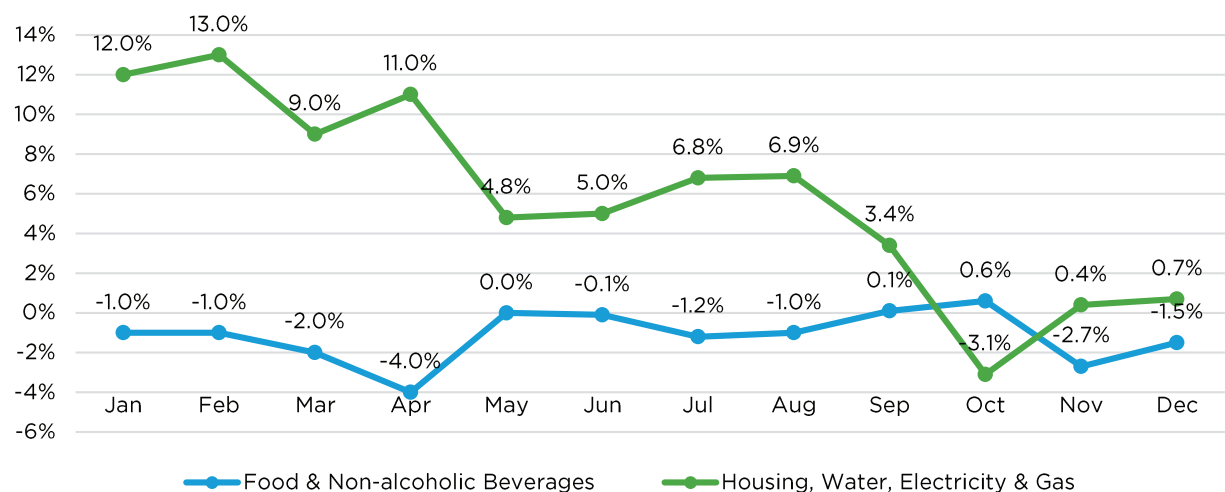
Figure 8: Recent Trends in Domestic Inflation (Monthly (Y-o-Y) Percent change) 2020-2024



Source: SNBS, 2024

Over the past five years (2020-2024), domestic inflation in Somalia has fluctuated due to a combination of internal and external factors. Internally, variations in agricultural output, particularly crop production, have influenced price levels. Externally, changes in the prices of imported goods have also transmitted inflationary pressures into the domestic economy. During this period, the average inflation rate stood at approximately 5.44 percent. As households spend more than 72 percent of their budget on food and housing, food accounts for 55.5 percent of the total consumption, followed by housing with a share of 16.5 percent of household expenditure.

Figure 9: Monthly (YoY) Inflation Rate of Most Significant Expenditure in Consumer Baskets 2024



Source: SNBS and CBS calculation, 2024

Table 3: Monthly (YoY) Inflation (Percent Change) (2020-2024)

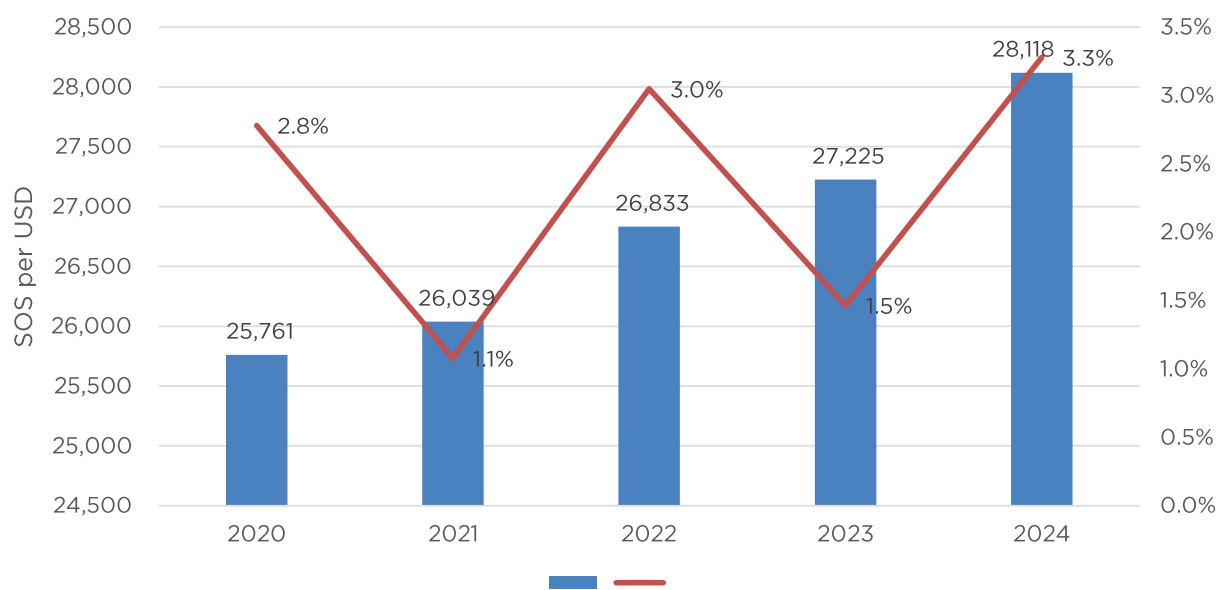
Year/Month	2020	2021	2022	2023	2024
January	3.21	5.00	6.84	5.57	6.19
February	3.06	5.04	6.45	5.43	5.65
March	5.20	5.08	6.08	5.68	5.86
April	4.28	4.22	6.45	6.16	5.20
May	4.24	3.83	6.67	6.59	4.18
June	4.30	3.22	6.98	6.64	5.31
July	4.09	4.76	7.74	5.98	5.54
August	4.05	4.25	7.57	5.82	5.93
September	3.93	4.59	7.22	5.45	6.13
October	3.75	4.85	6.91	6.21	5.83
November	4.37	5.03	6.36	7.05	5.20
December	4.84	5.67	6.06	6.60	5.57

Source: SNBS, 2024

2.3 Exchange Rate Developments

The Somali shilling (SOS) experienced a slight depreciation against the US dollar in 2024, although it exhibited mixed performance, fluctuating between appreciation and depreciation throughout the year. In 2024, the Shilling depreciated by 3.3 percent against the US Dollar, to record SOS 28,117.83 per US Dollar, up from SOS 27,225.31 per US Dollar in 2023. This depreciation rate is in line with the Association of African Central Banks (AACB) convergence criteria of depreciation/appreciation in the nominal exchange rate not exceeding 10 percent.

Figure 10: Exchange rate Movements in 2020-2024: Yearly Appreciation (-)/ Depreciation (+)



Source: CBS, 2024

The CBS has not issued any currency since 1991, resulting in the country becoming a de facto dollarized economy. However, currency reform remains a top priority for CBS. So far, CBS has completed practically all the critical actions/benchmarks laid out by the currency reform roadmap. The CBS is going to adopt a currency board arrangement and intended to reintroduce the Somalia Shilling (SOS). The new SOS notes will provide an important liquidity function by facilitating payments for small value transactions and will promote financial inclusion for the most vulnerable and low-income people.

Table 4: Exchange Rate Trend (2020-2024)

Year/Month	2020	2021	2022	2023	2024
Jan	25,517	26,186	26,069	27,604	28,038
Feb	25,077	25,992	25,384	26,163	28,034
Mar	25,397	26,015	26,027	26,252	28,032
Apr	25,979	25,922	26,492	27,055	28,027
May	25,932	26,020	26,382	27,313	28,035
Jun	25,903	26,023	26,988	27,063	28,022
Jul	25,928	26,014	26,976	27,047	28,043
Aug	25,720	26,026	27,061	27,049	28,043
Sep	25,801	26,033	27,064	27,071	26,976
Oct	25,957	26,057	27,507	27,730	28,092
Nov	25,853	26,090	28,018	28,037	29,035
Dec	26,070	26,091	28,020	28,029	29,038
Year Average	25,761	26,039	26,833	27,225	28,118
Appr (-) Depr (+)	2.8	1.1	3.0	1.5	3.3

Source: CBS, 2024



3

PUBLIC FINANCE DEVELOPMENT

3.1 Implementation of Fiscal Policy

In 2024, the FGS demonstrated significant progress in domestic revenue mobilization while maintaining prudent expenditure controls. The actual revenue and grants reached US\$912.7 million by the end of the year, representing approximately 88 percent of the budgeted target (US\$1,041 million). This performance reflects a solid outcome considering Somalia's continued structural reform of strengthening domestic resource mobilization, increasing transparency, and enhancing public financial management. Such reforms were crucial in broadening the revenue base of the country along with progressing towards long-term sustainable economic development.

To comply with structural reform, the government implemented the medium-term revenue roadmap (MTRR 2025-2027), which enhances tax policy along with broadening the tax base and improving customs and taxpayer compliance.

The fiscal reform strategy has been centered around modernizing customs operations. The implementation of the port customs management information system (PCMIS), as well as the subsequent Somalia customs automated system (SOMCAS), has greatly improved efficiency and transparency in customs processes.

In enhancing the country's domestic revenue base, the FGS, for instance, introduced a sales tax of 5 percent on goods, and the tax took effect in August 2024.

With an aim to diversify further government revenue, the FGS charged special purpose fees for licenses to operate telecommunications, air navigation services, and tuna fishing to further fishery operators. The increased economic activities have resulted in additional revenue while providing improved regulatory control over important economic activities.

Through these comprehensive frameworks, Somalia has experienced an improvement in its overall revenue performance. In 2024, the domestic revenue recorded an increase of 12 percent, amounting to US\$369 million up from US\$329.5 million recorded in 2023. This increase was attributed to the improved collections from income taxes, sales taxes, and customs duties.



The actual revenue and grants reached US\$912.7 million by the end of the year, representing approximately 88 percent of the budgeted target (US\$1,041 million).

Table 5: Summary of Revenue and Expenditure 2020-2024 (In Millions of US Dollars)

	2020	2021	2022	2023	2024	
	Actual	Actual	Actual	Actual	Initial Budget	Actual
Total Revenue and Grants	496.8	376.5	722.0	738.0	1,040.8	912.7
Total Domestic Revenue	211.2	229.6	262.8	329.5	346.2	369.4
Tax revenue	139.5	162.8	181.7	224.6	241.4	267.0
Non-tax revenue	71.7	66.8	81.1	104.9	104.8	102.3
Total External Grants	285.6	147.0	459.2	408.5	694.6	543.4
Grants Bilateral	15.0	2.5	37.1	0.8	68.1	29.7
Grants Multilateral	270.6	144.5	422.1	407.7	626.5	513.7
Total Expenditure	485.3	473.9	731.4	720.3	1,079.3	905.2
Total Recurrent Expenditure	466.7	457.8	718.2	705.9	1,016.2	876.7
Compensation of employees	227.0	250.1	259.6	292.2	361.6	341.6
Use of goods and services	80.7	106.1	140.8	138.2	327.6	204.5
Social benefit	14.4	39.9	188.9	130.6	87.7	153.8
Interest & Other Charges	2.2	14.6	12.7	13.2	9.8	7.5
Subsidies	80.3	45.9	5.0	5.4	13.2	9.0
Grants	62.1	39.9	111.2	126.3	216.4	160.3
Total Capital Expenditure	18.6	16.1	13.2	14.4	63.1	28.5
Consumption of fixed capital	18.6	16.1	13.2	14.4	63.1	28.5
Financing Gap / Surplus (-) or (+)	11.6	(97.3)	(9.4)	17.7	(38.5)	7.5

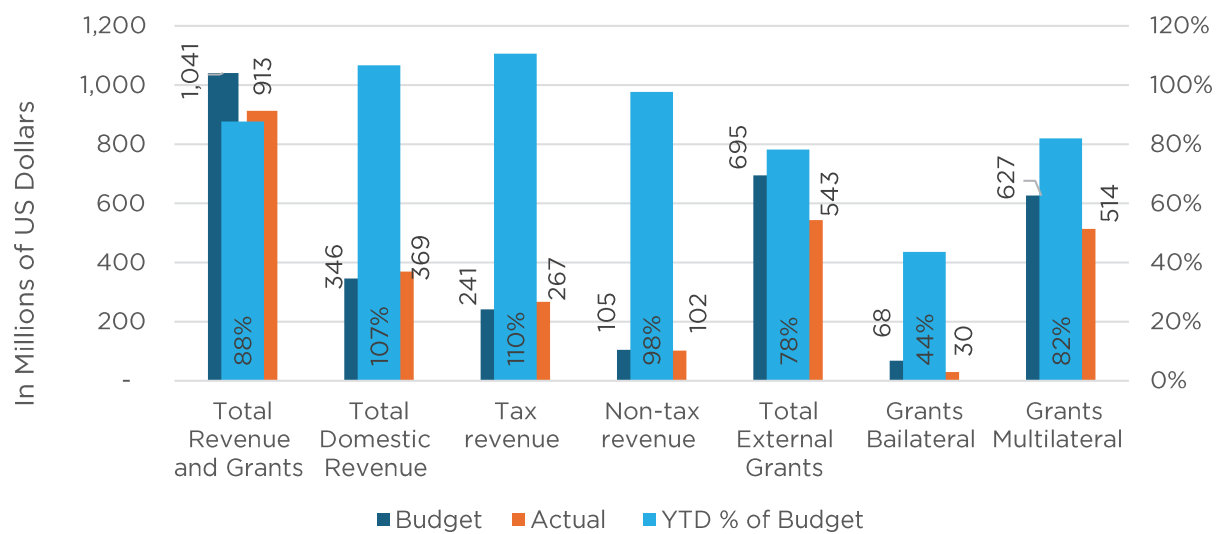
Source: MoF, 2024

3.2 Domestic Revenue and Grants

During the fiscal year 2024, the FGS total receipts amounted to US\$913 million, which is 12 percent lower than the approved budget target of US\$1,040.8 million resulting in a shortfall of US\$128 million. Despite this deviation from budgeted expectations, total receipts marked a 24 percent increase compared to 2023, underscoring continued momentum in fiscal expansion and improved revenue administration. Domestic revenue reached US\$369 million, exceeding the budgeted estimate by 7 percent and surpassing the previous year's collection by 12 percent. This performance demonstrates ongoing progress in domestic resource mobilization and reflects the early gains from recent tax policy reforms and enforcement measures introduced under the Medium-Term Revenue Strategy. However, external donor grants amounted to US\$543 million, falling 22 percent below the 2024 budget projection and 33 percent higher than the actual grants received in 2023.

While overall revenue performance in 2024 demonstrated growth compared to the previous year, the under-execution of grants reinforces the need for continued improvements in aid coordination and predictability, as well as enhanced fiscal planning to mitigate external funding risks.

Figure 11: Revenue and Grants 2024 (Actual Vs Budgeted)



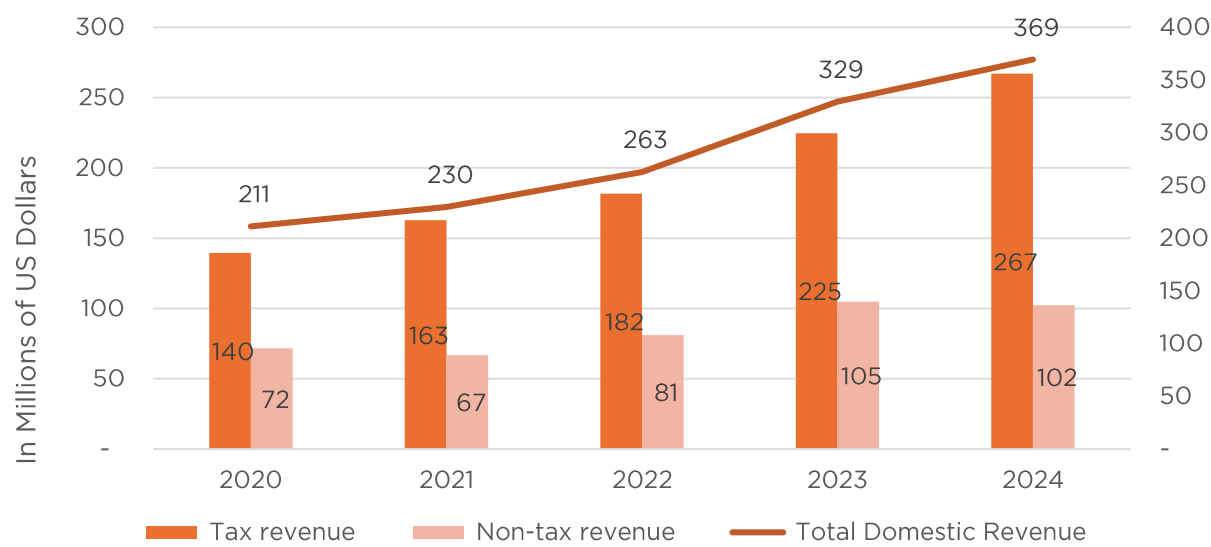
Source: MoF, 2024

3.2.1 Domestic Revenue

During the fiscal year 2024, the FGS raised US\$369 million in domestic revenues, exceeding the approved budget estimate of US\$346 million by 7 percent equivalent to US\$23 million. This marks a 12 percent increase in comparison to US\$329.5 million collected in 2023. The positive outcome reflects continued progress in tax compliance and the sustained implementation of revenue-enhancing measures. For the fiscal year of 2024, tax revenue stood at US\$267 million, accounting for 29 percent of the total FGS revenue. This figure exceeded the budget target by 11 percent and reflects a 19 percent increase over the 2023 tax revenue outcome. In addition, non-tax revenue stood at US\$102 million, representing 11 percent of total revenue. Although slightly below the target by 2 percent, it demonstrates relatively stable performance.

The overall trends highlight the effectiveness of Somalia's domestic resource mobilization strategy, particularly in tax policy administration. However, the slight decline (2 percent) in non-tax revenue compared to 2023 suggests an opportunity for policy attention to broaden and diversify non-tax revenue sources moving forward.

Figure 12: Domestic Revenue Performance: 2020 - 2024



Source: MoF, 2024

3.2.2 External Grants

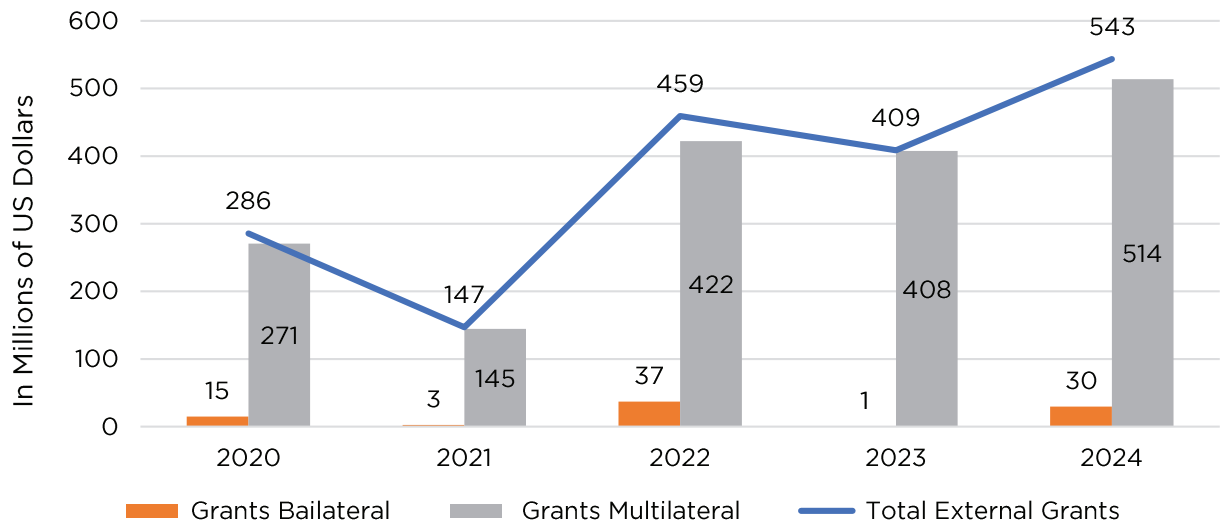
In 2024, the FGS received US\$543 million in external donor grants, reflecting a 22 percent shortfall relative to the budgeted US\$695 million and a 33 percent increase compared to the US\$409 million received in 2023. Donor grants remained a critical source of financing, accounting for approximately 60 percent of total fiscal receipts.

In 2024, bilateral grants reached US\$30 million, significantly higher than the US\$0.8 million recorded in 2023. However, this still represented a 56 percent shortfall from the budgeted US\$68 million, reflecting continued challenges in bilateral donor commitments. Multilateral grants which continue to comprise most of the external financing amounted to US\$514 million, equivalent to 95 percent of the total grants received. This was 18 percent below the 2024 target of US\$627 million, and 26 percent higher than the US\$408 million received in 2023.

The underperformance of external grants in 2024 reinforces the inherent risks of aid dependency and the importance of aligning donor flows with government planning cycles. To address these constraints, it is essential for the FGS to deepen engagement with development partners, strengthen aid coordination mechanisms, and institutionalize medium-term donor financing frameworks that align with national budget priorities.

The fiscal impact of reduced grant inflows was partially mitigated by the overperformance of domestic revenues. However, improving the predictability and timeliness of donor disbursements remains critical to sustaining the government’s reform momentum and service delivery objectives.

Figure 13: External Grant Trends and Composition (2020–2024)



Source: MoF, 2024

3.3 Government Expenditure

In 2024, the actual public expenditure amounted to US\$905.2 million, which represents 84 percent of the approved budget of US\$1,079.3 million. This reflects an under-spending of US\$174.1 million. However, total spending increased by 26 percent compared to US\$720.3 million spent in 2023, indicating continued expansion in the fiscal outline and a stronger execution rate than previous years.

Recurrent expenditure amounted to US\$876.7 million, 97 percent of total spending. This was 14 percent below the budget of US\$1,016.2 million, resulting in a shortfall of US\$139.5 million. The largest component of recurrent expenditure was employee compensation, which totaled US\$341.6 million, representing 38 percent of recurrent expenditure and achieving 94 percent execution against its target. Spending on goods and services, however, was significantly lower at US\$204.5 million, representing only 62 percent of the budgeted US\$327.6 million, a shortfall of over US\$120 million.

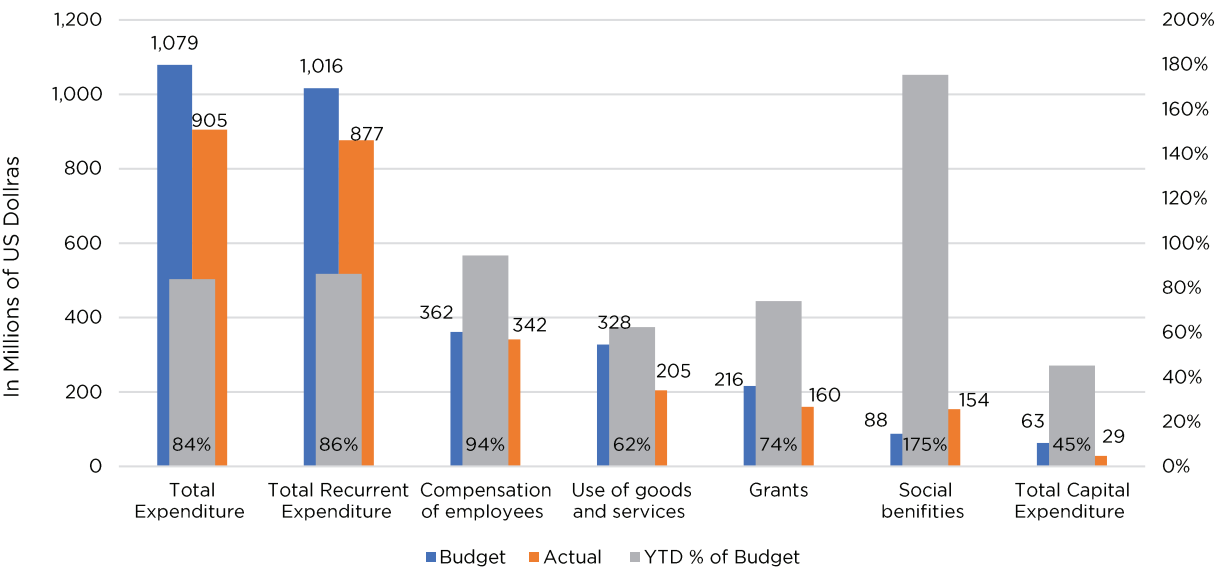
Social benefits expenditure reached US\$153.8 million, surpassing the approved allocation of US\$87.7 million by 75 percent. This increase reflects enhanced social assistance and humanitarian programs in response to ongoing socio-economic challenges. Grants, including transfers to Federal Member States, amounted to US\$160.3 million, falling 26 percent short of the US\$216.4 million budgeted. Spending on subsidies and interest payments showed stable performance, with actual disbursements of US\$9.0 million and US\$7.5 million, respectively both below their approved levels.

Capital expenditure in 2024 stood at US\$28.5 million, reflecting a 98 percent increase over 2023 spending of US\$14.4 million. Despite this improvement, only 45 percent of the allocated US\$63.1 million was utilized, highlighting persistent challenges in the execution of development budgets. Capital investment continues to represent a minimal share of the budget, at just 3 percent of total spending, highlighting systemic challenges in project implementation, planning, and public investment management.

The fiscal year concluded with a small surplus of US\$7.5 million, a significant improvement compared to the projected deficit of US\$38.5 million. This positive balance was primarily driven by stronger-than-expected domestic revenue performance and the under-execution of expenditure, especially in capital and operational spending categories.

These expenditure trends reinforce the need to rebalance the budget structure toward development priorities. The recurrent-heavy composition of spending poses long-term sustainability concerns, while the persistent underperformance in capital execution suggests critical gaps in investment capacity. Addressing these challenges will require reforms to public financial management systems, improved procurement efficiency, and stronger monitoring of both budget alignment and implementation at the sectoral level.

Figure 14: The Performance of Government Fiscal Spending 2024 (Actual Vs Budgeted)



Source: MoF, 2024

3.4 Federal Member States

3.4.1 Federal Member States' Revenue Performance in 2024

The fiscal year 2024 marked notable progress in revenue mobilization across most Federal Member States (FMS), with four out of five states registering year-on-year increases in total revenue and grants. This overall upward trend reflects the gradual strengthening of subnational public financial management systems and improved revenue administration.

Puntland State of Somalia recorded the highest revenue outturn at US\$120.9 million, representing a 25 percent increase over 2023. This growth was driven by both a 14 percent rise in domestic revenue which accounted for 80 percent of Puntland's total revenue base and external grants, which is doubled from US\$11.6 million to US\$23.8 million, signaling enhanced donor confidence and effective intergovernmental coordination. This is followed by Galmudug State, which also saw fiscal expansion, with total revenue increasing to US\$27.5 million, a 22 percent rise over the previous year. This was underpinned by a 26 percent growth in domestic revenues, alongside a 20 percent increase in donor grants. The state's performance suggests improvements in both internal resource mobilization and donor engagement.

Similarly, the Southwest State recorded moderate fiscal growth, with total revenue and grants reaching US\$23.1 million, an increase of 14 percent compared to US\$20.4 million in 2023. This upward trend was driven primarily by an improvement in domestic resource mobilization.

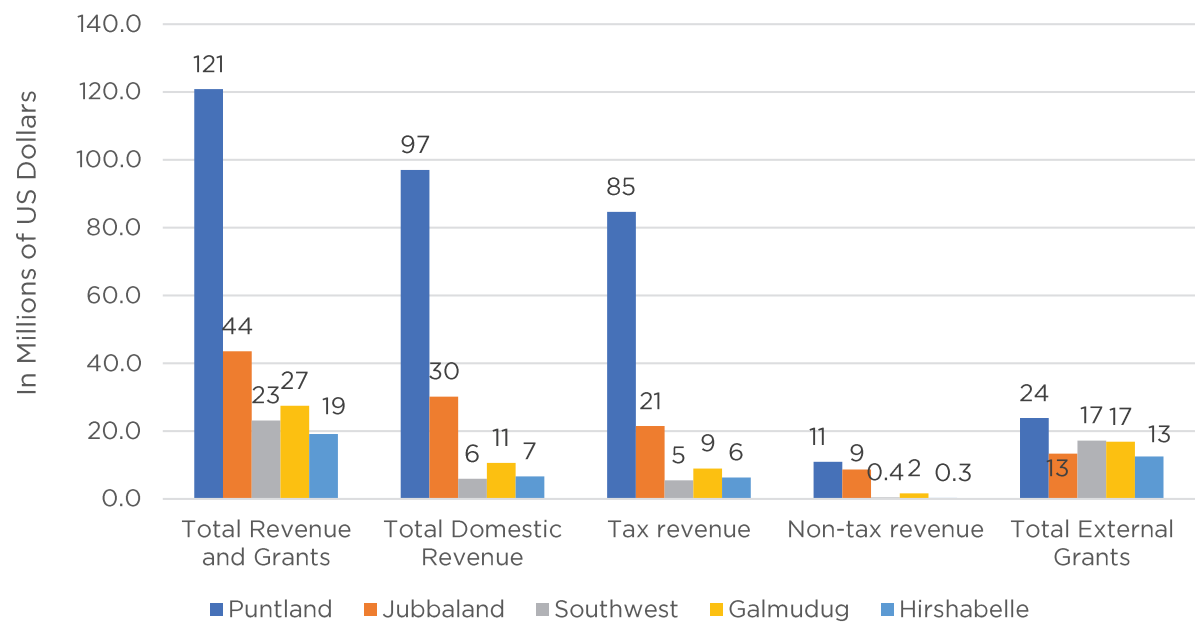
Hirshabelle, while maintaining the smallest revenue envelope among the FMSs, achieved the highest growth rate in domestic revenue, which rose by 64 percent from US\$4 million to US\$6.6 million. This performance reflects significant gains in tax enforcement and local administrative capacity. Overall, Hirshabelle's revenue expanded by 25 percent, supported by a consistent flow of multilateral grants.

In contrast, Jubbaland experienced a contraction of 9 percent in total revenue, making it the only FMS to record a decline in 2024. The shortfall was driven by a sharp 26 percent drop in external grants, despite the 2 percent increase in domestic revenue. This decline underscores the continued vulnerability of grant dependent states to fluctuations in donor disbursements and reinforces the critical importance of diversifying revenue sources and building resilient, autonomous fiscal systems at the subnational level.



The fiscal year 2024 marked notable progress in revenue mobilization across most Federal Member States (FMS), with four out of five states registering year-on-year increases in total revenue and grants.

Figure 15: Federal Member States Revenue and Grants 2024



Source: MoF, 2024

3.4.2 Federal Member States’ Expenditure Performance in 2024

Expenditure trends across the FMSs in 2024 broadly aligned with revenue movements, with varying levels of fiscal discipline and execution capacity. Puntland registered the largest expenditure volume at US\$118.6 million, resulting in a fiscal surplus of US\$2.2 million. This is a 21 percent increase over 2023. The rise in spending was concentrated on compensation of employees and goods and services, while capital expenditure also expanded from US\$12.6 million to US\$18 million. Galmudug increased its expenditure to US\$27.4 million (up 14.2 percent), largely in line with its revenue growth. The state’s financing gap narrowed to near balance, reflecting improved budget management and better alignment between revenue availability and spending. Southwest State expenditure amounted to US\$22.1 million, similar to 2023 levels, despite increased revenues. The resulting fiscal surplus of US\$1.0 million underscores effective spending restraint and strong cash management practices. The increase in employee compensation and operational costs was balanced by lower capital investment.

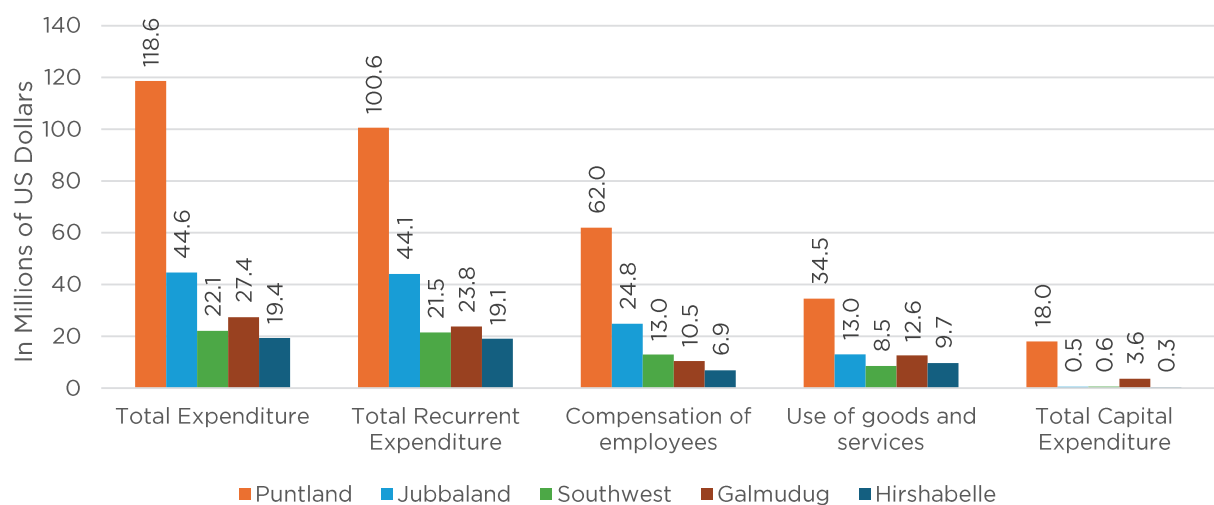
The total expenditure of Hirshabelle state increased by 23 percent, reaching US\$19.4 million, in line with its revenue growth. This allowed the financing gap to remain minimal (US\$0.2 million), confirming improved fiscal planning and execution discipline. Jubbaland, facing reduced revenue, adjusted its expenditure downward by 12 percent, to US\$44.6 million. While the financing gap remained negative (US\$1.1 million), the reduction from 2023’s US\$2.7 million shortfall suggests tighter fiscal control in response to resource constraints.

Table 6: Summary of FMS Revenue and Expenditure 2024 (In Millions of US Dollars)

	Puntland	Jubaland	Southwest	Galmudug	Hirshabele
Total Revenue and Grants	120.9	43.5	23.1	27.5	19.1
Total Domestic Revenue	97.0	30.1	5.9	10.6	6.6
Tax revenue	84.6	21.5	5.5	9.0	6.3
Non-tax revenue	10.9	8.7	0.4	1.6	0.3
Social contributions	1.4	0.0	0.0	0.0	0.0
Total External Grants	23.8	13.4	17.2	16.9	12.5
Grants Bilateral	0.0	0.0	0.0	0.0	0.0
Grants Multilateral	23.8	13.4	17.2	16.9	12.5
Total Expenditure	118.6	44.6	22.1	27.4	19.4
Total Recurrent Expenditure	100.6	44.1	21.5	23.8	19.1
Compensation of employees	62.0	24.8	13.0	10.5	6.9
Use of goods and services	34.5	13.0	8.5	12.6	9.7
Social binarities	1.9	0.1	0.0	0.0	0.0
Interest & Other Charges	0.0	0.0	0.0	0.0	0.0
Subsidies	0.0	0.0	0.0	0.0	0.0
Grants	0.4	0.0	0.0	0.3	2.4
Other expenses	1.8	6.1	0.0	0.3	0.1
Total Capital Expenditure	18.0	0.5	0.6	3.6	0.3
Consumption of fixed capital	18.0	0.5	0.6	3.6	0.3
Financing Gap / Surplus (-) or (+)	2.2	-1.1	1.0	0.1	-0.2

Source: MoF, 2024

Figure 16: Federal Member States Expenditure 2024



Source: MoF, 2024



4

EXTERNAL
SECTOR

4.1 Balance of Payments

Somalia's Balance of Payments (BoP) position over the past years reflects a fragile yet evolving external sector, shaped by persistent trade deficits, high reliance on remittances, and growing engagement with international partners. The BoP structure reveals a persistently negative current account, largely driven by structural trade imbalances and a limited domestic production base. Despite a widening goods and services deficit in recent years, the current account has been consistently supported by strong inflows in the secondary income account primarily remittances which remain the most reliable source of external financing for the Somali economy.

The capital account recorded steady inflows, largely from international donors and development partners. These non-debt-creating transfers have played an essential role in funding public investment, strengthening institutions, and supporting reconstruction. Together with remittances, they have helped maintain external stability while external debt levels have declined significantly under international debt relief frameworks. Somalia continues to face considerable vulnerabilities due to its dependence on imports, limited export diversification, and exposure to external shocks such as geopolitical developments, climate events, and fluctuations in remittance flows.

In this context, the Balance of Payments provides a vital framework for assessing the sustainability of Somalia's external transactions and guiding macroeconomic policy. Strengthening the BoP requires a multi-pronged strategy focused on export promotion, local production capacity, financial sector integration, and continued engagement with development partners.

4.1.1 Current Account

Somalia's current account remains structurally in deficit, reflecting the country's persistent external vulnerabilities and dependence on merchandise goods and services. In 2024, the current account deficit widened to US\$1,622.1 million, up from US\$1,280.9 million in 2023, a deterioration of approximately 27 percent. This widening of the deficit pushed the current account shortfall to over 13 percent of nominal GDP, one of the highest in the recent period.

In 2024, the merchandise trade deficit reached US\$5,688.0 million, up from US\$4,161.4 million the previous year, showing a 37 percent increase. This expansion was largely due to an increase in imports, which grew to US\$7,717.7 million, reflecting higher demand for consumer goods, especially food, fuel, and construction inputs. While import demand remains strong, it also reflects an expanding economic base and urbanization.

At the same time, exports of goods rose significantly, increasing by 54 percent from US\$1,010 million in 2023 to US\$1,556.2 million in 2024. Export growth was mainly driven by the livestock sector and some high-value crops, supported by favorable external demand and gradual improvements in compliance and trade logistics. Although the export base is still narrow, the year's progress suggests room for future scaling through targeted investment and market access strategies.

Somalia's secondary income inflows remained a cornerstone of external resilience. In 2024, net inflows reached US\$6,493.5 million, up by 60 percent from US\$4,051.5 million in 2023. Remittance receipts grew to US\$7,424.1 million, providing essential support to households across the country and enabling consumption smoothing, private investment, and social stability.

These inflows financed a significant share of approximately 80 percent of the goods and services deficit. This underlines the critical role of the Somali diaspora in supporting livelihoods and the broader economy. Sustaining this support while encouraging greater use of formal channels and investments into productive sectors will be key for inclusive growth.

4.1.2 Capital Account

The country's capital account recorded a 22 percent increase in 2024 to US\$1,895 million (16 percent of GDP), up from US\$1,553 million in 2023. Foreign direct investment amounted to US\$718 million (6 percent of GDP), reflecting inflows from select investment projects and ongoing engagement with the Somali diaspora and external partners.

Table 7: Balance of Payment, 2018-2024 (Millions of US Dollars)

BPM6 Concept	2018	2019	2020	2021	2022	2023	2024
A. Current Account	-912	-709	-557	-3823	-836	-1281	-1622
Goods	-2096	-2274	-2364	-2911	-3925	-4161	-5688
Goods: Exports FOB	571	662	549	717	704	1009	1556
Goods: Imports FOB	-3144	-3437	-3412	-4216	-5614	-6121	-7718
Services	-1,163	-1,316	-907	-4,120	-1,315	-1,382	-2,671
Service: Credit	710	738	419	-3,319	766	1,394	3,014
Service: Debit	-1,874	-2,054	-1,326	-801	-2,081	-2,776	-5,686
Balance on goods and Service	-3,259	-3,590	-3,272	-7,032	-5,240	-5,543	-8,359
Primary income	112	208	169	154	115	211	243
Primary income: credit	137	238	207	212	345	453	497
Primary income: debit	-26	-30	-38	-58	-230	-243	-253
Balance on goods, Service and Primary income	-3,148	-3,382	-3,103	-6,877	-5,125	-5,332	-8,116
Secondary income	2,236	2,674	2,546	3,054	4,290	4,051	6,494
Secondary income, n.i.e.: credit	2,613	3,163	3,186	3,909	5,328	5,048	7,424
Secondary income: debit	-377	-489	-640	-855	-1,038	-997	-931
B. Capital Account, n.i.	146	189	1,109	1,352	1,107	1,553	1,895
Capital account, n.i.e.: credit	146	189	1,109	1,352	1,107	1,553	1,895
Capital account: debit	0	0	0	0	0	0	0
Net lending (+) / net borrowing (-) (balance from current and capital account)	-765	-519	553	-2,471	271	272	273
C. Financial Account, n.i.e.	-4	40	-381	-501	-101	-468	-793
Net lending (+) / net borrowing (-) (balance from financial account)	4	-40	381	501	101	468	793
Foreign direct investment	0	0	-408	-512	-636	-677	-718
Portfolio investment	0	0	0	0	0	0	0
Financial Derivatives, Net	0	0	0	0	0	0	0
Other investment	14	-37	789	1013	737	1145	1511
D. Net errors and omissions	790	479	-117	3127	-187	260	549
E. Overall Balance	-21	0	-55	-154	16	-64	-30
F. Reserves and Related Items	21	0	55	154	-16	64	30
Reserve assets	21	0	55	154	-16	64	30
Exceptional Financing	0	0	0	0	0	0	0
Nominal GDP	7,873	8,655	8,628	9,484	10,203	10,957	11,699
External public debt	5,235	5,311	4,529	4,486	4,440	2,818	1,515

Source: MoF, SNBS and CBS estimates, 2024

Table 8: Balance of Payment, 2022-2024 (Percent of GDP, unless otherwise indicated)

BPM6 Concept	2022	2023	2024
A. Current Account	-8	-12	-14
Goods	-38	-38	-49
Goods: Exports FOB	7	9	13
Goods: Imports FOB	-55	-56	-66
Services	-13	-13	-23
Service: Credit	8	13	26
Service: Debit	-20	-25	-49
Balance on goods and Service	-51	-51	-71
Primary income	1	2	2
Primary income: credit	3	4	4
Primary income: debit	-2	-2	-2
Balance of goods, Service and Primary income	-50	-49	-69
Secondary income	42	37	56
Secondary income, n.i.e.: credit	52	46	63
Secondary income: debit	-10	-9	-8
B. Capital Account, n.i.	11	14	16
Capital account, n.i.e.: credit	11	14	16
Capital account: debit	0	0	0
Net lending (+) / net borrowing (-) (balance from current and capital account)	3	2	2
C. Financial Account, n.i.e.	-1	-4	-7
Net lending (+) / net borrowing (-) (balance from financial account)	1	4	7
Foreign direct investment	-6	-6	-6
Portfolio investment	0	0	0
Financial Derivatives, Net	0	0	0
Other investment	7	10	13
D. Net errors and omissions	-2	2	5
E. Overall Balance	0	-1	0
F. Reserves and Related Items	0	1	0
Reserve assets	0	1	0
Exceptional Financing	0	0	0
Nominal GDP	100	100	100
External public debt	44	26	13

Source: MoF, SNBS and CBS estimates, 2024

4.2 External Public Debt

In 2024, Somalia marked a historic turning point in its economic recovery journey by achieving the Completion Point under the Heavily Indebted Poor Countries (HIPC) Initiative. This milestone, officially reached on December 13, 2023, is the conclusion of over a decade of persistent reforms and policy efforts across public financial management, macroeconomic stability, and governance. With this achievement, Somalia secured irrevocable debt relief amounting to approximately US\$4.5 billion, equivalent to over 90 percent of its external debt stock. As a result, the country's external debt-to-GDP ratio fell dramatically from about 64 percent of GDP in 2018 to less than 6 percent by the end of 2023, significantly improving the fiscal outlook and unlocking space for critical development investments.



Somalia successfully completed the requirements under the IMF Extended Credit Facility (ECF) and implemented key HIPC triggers.

The debt relief under the HIPC framework involved a wide range of multilateral, bilateral, and commercial creditors. Of critical importance was the agreement reached with the Paris Club of bilateral creditors, which wrote off nearly 99 percent of Somalia's eligible bilateral debt, including the cancellation of over US\$2 billion. In a notable bilateral step, the United States Government cancelled US\$1.14 billion in debt obligations in November 2024, further consolidating Somalia's path toward full re-engagement with the international financial system.

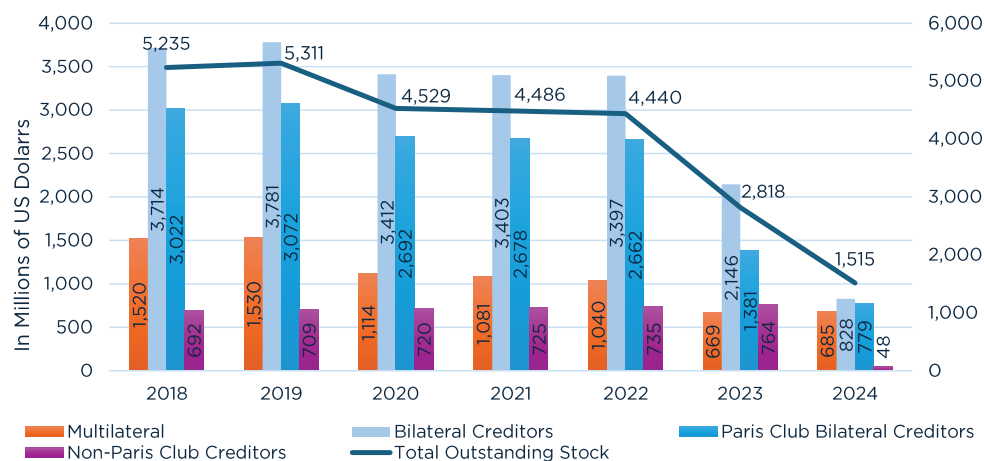
The debt relief was not merely a financial transaction it was the result of deep institutional reforms and rigorous policy implementation. Somalia successfully completed the requirements under the IMF Extended Credit Facility (ECF) and implemented key HIPC triggers. This included enacting robust Public Financial Management (PFM) law, enhancing the transparency of budget processes, rolling out electronic procurement and cash management systems, and publishing audited government accounts for the first time in decades. Moreover, Somalia strengthened its Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) framework, modernized its financial infrastructure, and expanded digital financial services, including QR-code-based payment systems and a centralized invoice tracking mechanism. These reforms were supported by the Central Bank's technical coordination and debt recording systems, enabling accurate, verifiable debt data, a critical prerequisite for international debt relief negotiations.

4.2.1 Debt Composition

In 2024, debt relief significantly improved Somalia's fiscal position. External debt service obligations, which had constrained fiscal space for years, were substantially reduced, allowing the government to reallocate resources toward education, health, security, and infrastructure. Additionally, investor and donor confidence improved, and Somalia became eligible for new concessional financing terms. Importantly, the Government of Somalia committed to avoiding new unsustainable debt accumulation by strengthening debt management systems and adopting prudent borrowing strategies.

Looking ahead, the benefits of debt relief are expected to be profound. With debt burdens reduced and reforms continuing, real GDP growth is projected to rise to 4 percent in 2024 and 2025, underpinned by stronger domestic revenues, donor inflows, and increased private sector activities. The government's ability to finance inclusive development, improve service delivery, and build resilience against external shocks has been greatly enhanced. However, sustaining these gains will require continued macroeconomic discipline, improvements in revenue mobilization, and deeper integration of fiscal and monetary policy frameworks.

Figure 17: External Debt Stock and Creditor Composition Trends (2018-2024)



Source: IMF, MoF, 2024

Table 9: External Public Debt (2018-2024) In Millions of US Dollars

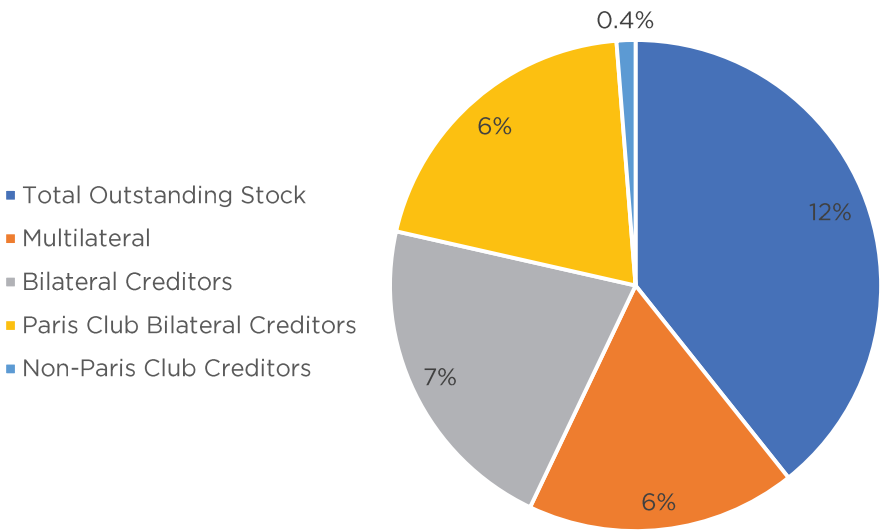
Creditors	Prel. 2018	Prel. 2019	Prel. 2020	Prel. 2021	Prel. 2022	Prel. 2023	Prel. 2024	% Change% Δ 2024	2024% of GDP
Total Outstanding Stock	5,235	5,311	4,529	4,486	4,440	2,818	1,515	-46	12
Multilateral	1,520	1,530	1,114	1,081	1,040	669	685	2	6
Bilateral Creditors	3,714	3,781	3,412	3,403	3,397	2,146	828	-61	7
Paris Club Bilateral Creditors	3,022	3,072	2,692	2,678	2,662	1,381	779	-44	6
Non-Paris Club Creditors	692	709	720	725	735	764	48	-94	0.4

Source: MoF, 2024

At the end of 2024, Somalia's total debt stock stood at US\$1,515.36 million. Multilateral creditors made up 46 percent of this portfolio, amounting to US\$685.10 million. The largest multilateral lenders include the Arab Monetary Fund (AMF), the Arab Fund for Economic and Social Development (AFESD), and the International Monetary Fund (IMF). Debt owed to bilateral creditors reached US\$827.58 million, with a 94 percent held by non-Paris Club creditors primarily Arab institutions such as the Abu Dhabi Fund, the Government of Iraq, Kuwait, and the Saudi Fund for Development. The only remaining Paris Club creditors are Spain and Russia, whose claims consist of blocked funds and short-term obligations.

A significant portion of Somalia’s outstanding debt remains in arrears, particularly to non-Paris Club and certain multilateral creditors, which together represent roughly 69 percent of the total debt stock. The government remains committed to engaging these creditors to seek comparable debt treatment.

Figure 18: External Public Debt in 2024 (Percentage Change Share of GDP) in Millions of US Dollars



Source: IMF, MoF, 2024



5

FINANCIAL SECTOR DEVELOPMENT



The resilience of the banking sector was evidenced by total assets reaching US\$2,020 million by the end of 2024, driven by rising deposits, increased private sector credit, and strengthened investor confidence.

The Central Bank of Somalia (CBS) has recently made significant steps in modernizing the country's financial sector through a series of strategic initiatives aimed at strengthening service delivery, enhancing regulatory compliance, and advancing financial inclusion. A key achievement in this regard is CBS's accession to the World Bank's Reserve Advisory and Management Partnership (RAMP). This collaboration provides CBS with vital technical assistance to improve the management of foreign exchange reserves, bolster liquidity oversight, and mitigate financial risks which are key measures in reinforcing monetary stability.

These advancements are particularly timely as Somalia prepares for the reintroduction of the Somali Shilling (SOS) a critical milestone for restoring full monetary sovereignty. Furthermore, CBS has deepened its commitment to Islamic finance and financial inclusion by joining key global standard-setting bodies such as the Islamic Financial Services Board (IFSB) and the Alliance for Financial Inclusion (AFI). The resilience of the banking sector was evidenced by total assets reaching US\$2,020 million by the end of 2024, driven by rising deposits, increased private sector credit, and strengthened investor confidence. Digital banking advancements and inclusive finance initiatives also played a vital role in broadening access to financial services and stimulating economic participation.

As of 2024, Somalia's financial sector comprised thirteen (13) domestic commercial banks, one (1) foreign bank branch, fifteen (15) money transfer businesses, and five (5) mobile money operators. The sector also included twelve (12) registered non-life insurers, twenty-two (22) non-deposit-taking microfinance institutions, and six (6) exchange bureaus. However, in the absence of a comprehensive legal framework, strong oversight of the non-bank financial institutions remains weak, limiting the Central Bank of Somalia's ability to accurately assess the size and activities of the broader non-banking financial sector. In response to this, CBS prioritized regulatory reforms to address structural gaps in the financial system. Progress was made on three key legislative instruments: the National Payment Bill to facilitate secure and efficient payments, the Takaful Bill to formalize Islamic insurance practices, and the Revised Financial Institutions Bill intended to expand the Bank's regulatory and supervisory scope in line with financial sector development needs. These changes were especially important for the non-bank financial sector, where oversight had previously been limited. Progress was also made in improving identity verification, CBS worked with the National Identification and Registration Authority (NIRA) and the Somali Bankers Association to begin rolling out a national ID system an essential step in addressing gaps in Know Your Customer (KYC) compliance and enabling future services such as credit registries.

5.1 Commercial Banks

Somalia's banking sector recorded significant asset growth over the past year, signalling a strengthening financial landscape and confidence within the sector. Total banking assets increased from US\$1,795 million in 2023 to US\$2,020 million in 2024 representing a 13 percent increase. This upward trend reflects expanded credit to the private sector, increased investment activity, and overall improvement in financial sector performance. The growth also points to enhanced trust from domestic investors, creating favourable conditions for continued economic development.

Financing assets also showed strong momentum, rising by 17 percent to US\$473 million, up from US\$404 million the previous year. Within the credit portfolio, trade financing maintained the largest share of private sector credit accounting 36 percent, increasing sharply to US\$168.9 million in 2024 from US\$118.4 million in 2023 representing 43 percent annual growth. This trend reflects increased commercial activity and demand for short-term financing.

Real estate loans ranked second, comprising 23 percent of private sector credit, with loan volumes rising to US\$110.9 million in 2024 showing 45 percent increase compared to 2023, signalling increased property-related investments. In parallel, investment assets reached US\$324 million, up from US\$301.8 million in the previous year, marking a 7 percent increase.

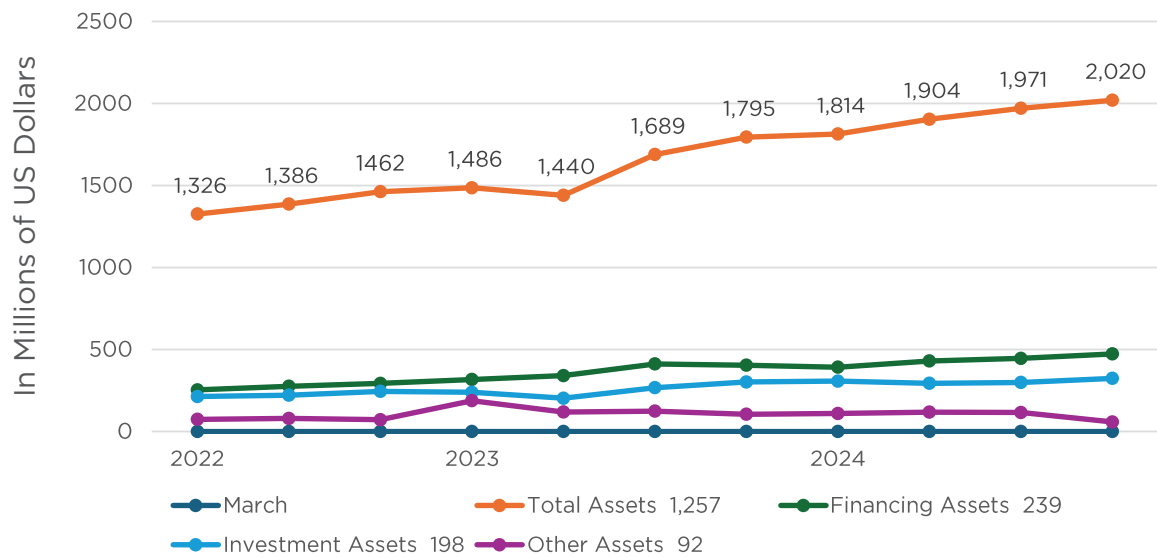
Table 10: Consolidated Balance Sheet for Commercial Banks in Millions of US Dollars (2022Q1 – 2024Q4)

	2022				2023				2024			
	March	Jun	Sep	Dec	March	June	Sept	Dec	March	June	Sept	Dec
Total Assets	1,257	1,326	1,387	1,463	1,486	1,440	1,689	1,795	1,814	1,904	1,971	2,020
Financing Assets	239	254	276	293	314	341	412	404	392	430	446	473
Investment Assets	198	213	221	245	239	224	267	302	336	294	299	324
Other Assets	92	74	80	72	188	117	124	105	90	118	116	58
Total Liabilities	1,060	1,114	1,171	1,247	1,268	1,219	1,400	1,506	1,520	1,609	1,669	1,716
Customer Deposits	975	1,019	1,030	1,164	1,171	1,113	1,297	1,431	1,463	1,555	1,599	1,652
Microfinance Loan	2	-	3	3	3	3	3	4	6	4	3	3
Other Liabilities	69	75	53	57	63	57	81	52	35	33	47	39
Total Shareholder's Equity	197	212	215	215	218	221	290	289	294	295	302	305

Source: CBS, 2024

Commercial banks' total liabilities rose to US\$1,715.6 million in 2024, up from US\$1,506.1 million in 2023, reflecting a 14 percent year-on-year increase. A major driver of this growth was the increase in customer deposits, which rose by 15 percent over the year from US\$1,431 million to US\$1,652 million. This shows that more people are choosing to save and transact through formal banking channels, a sign of strengthening trust in financial institutions. Customer deposits continued to constitute the dominant share of liabilities, accounting for 96 percent of the total.

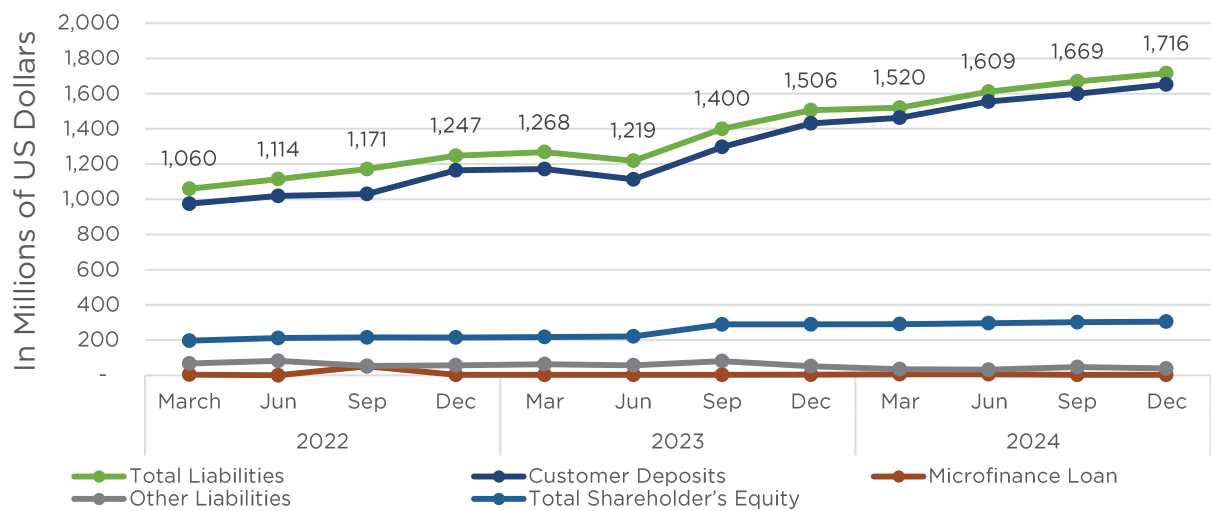
Figure 19: Consolidated Balance Sheet for Commercial Banks (Assets) (2022 – 2024)



Source: CBS, 2024

This strong deposit base was primarily driven by demand deposits, with contributions from both individuals and commercial entities. Individual demand deposits made up 49 percent of total customer deposits, while corporate demand deposits comprised 44 percent, underscoring a balanced and growing reliance on deposit mobilization across both household and business sectors. The consistent rise in liabilities suggests that banks are playing a bigger part in supporting economic activity. With more funds available, they are better positioned to offer credit and financial services across the country. These developments point to a healthier, more inclusive financial sector that is steadily contributing to Somalia’s long-term development.

Figure 20: Consolidated Balance Sheet for Commercial Banks (Liabilities) (2022– 2024)



Source: CBS, 2024

5.2 Remittances

Remittances continue to play a vital role in Somalia's economic stability, serving both as a financial lifeline for many households and a key driver of economic activity. These funds support millions of families by providing access to essential goods and services, while also encouraging entrepreneurship and creating job opportunities. Beyond helping individual households, remittances bring in important foreign currency, which contributes to stabilizing exchange rates, increasing consumer spending, and strengthening overall financial resilience.

In 2024, improvements in Somalia's financial sector further enhanced the impact of remittances. The growth of mobile money services, better regulatory oversight, and increased financial inclusion have made the transfer process safer, faster, and more reliable. These developments have encouraged more people to move away from informal cash transfers toward formal financial institutions, helping to build a stronger banking system.

Total inward transfers to Somalia reached US\$6,230 million (52 percent of GDP) in 2024, reflecting a 10 percent increase from US\$5,669.8 million (46 percent of GDP) in 2023 and marking the highest annual inflow on record. This sustained growth underlines the resilience of Somalia's external sector and the increasing role of formal financial channels in facilitating remittances, business transactions, and development financing.

Individual remittances remained the dominant inflow category, rising from US\$2,181.3 million in 2023 to US\$2,719.1 million in 2024 reflecting a 25 percent year-on-year increase. This growth highlights the continued support of the Somali diaspora and indicates greater utilization of regulated money transfer mechanisms, supported by improvements in payment infrastructure and compliance systems. Business-related inflows more than doubled in 2024, increasing sharply from US\$1,085.8 million in 2023 to US\$2,315.2 million. This significant jump signals expanding investment flows.

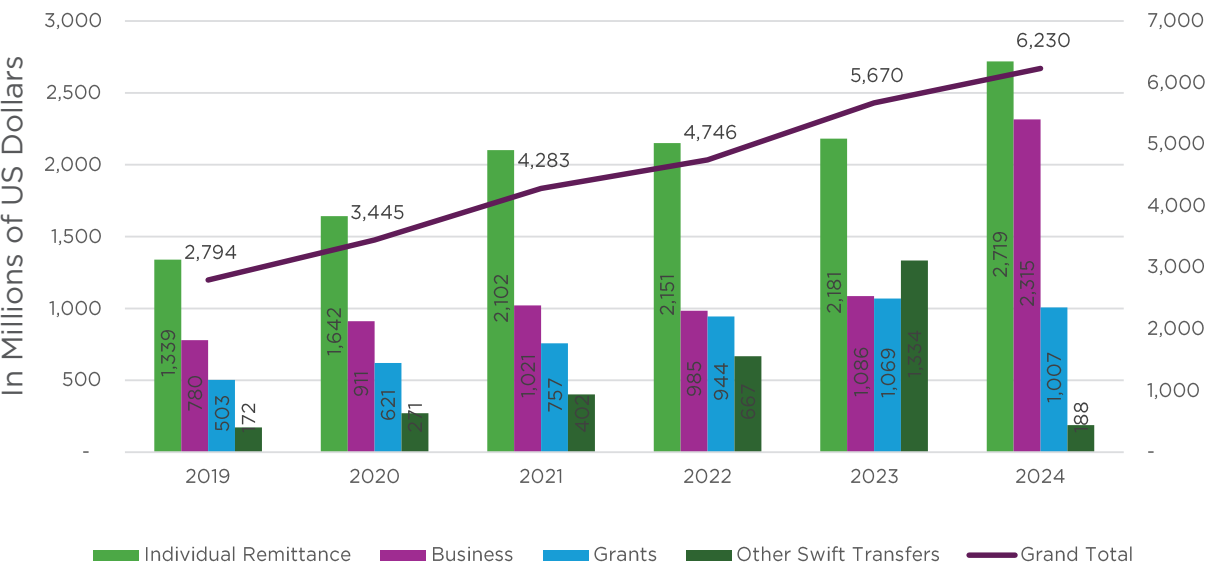
NGO transfers remained relatively stable, registering US\$1,007.2 million in 2024 compared to US\$1,068.6 million in 2023. Although slightly lower than the previous year, the volume remains significant and reflects continued engagement by development partners, particularly in the areas of humanitarian aid and institutional capacity-building.

Table 11: Total Inward Transfers in Millions of US Dollars (2019– 2024)

Inflows	2019	2020	2021	2022	2023	2024
Individual Remittance	1,339.3	1,642.0	2,101.8	2,150.9	2,181.3	2,719.1
Business	779.7	911.4	1,021.3	984.5	1,085.8	2,315.2
NGO Transfers	502.7	620.7	757.4	943.6	1,068.6	1,007.2
Other Swift Transfers ¹	172.4	271.1	402.0	667.1	1,334.1	188.5
Grand Total	2,794.2	3,445.2	4,282.6	4,746.1	5,669.8	6,230.0

Source: CBS, 2024

Figure 21: Total Inward Transfers (2019-2024)



Source: CBS, 2024

5.3 National Payment System

The National Payment System (NPS) continues to be a cornerstone of Somalia’s financial modernisation, providing a reliable and efficient platform for digital transactions. By enabling greater connectivity among banks, the NPS has streamlined payment processes across the country, bridging gaps between different payment methods.

Its robust performance has strengthened regulatory oversight, increased transparency, and helped curb fraud, while aligning with international anti-money laundering (AML) and counter-terrorism financing (CFT) standards. This has contributed to a safer and more dependable financial environment.

The NPS’s growing capacity to manage increasing transaction volumes and adapt to technological advances positions it as a vital tool for Somalia’s long-term economic resilience. It supports efforts to build a more inclusive, innovative, and digitally enabled financial sector.

¹ This sharp drop in 2024 reflects reclassification of previously uncategorized inflows into more specific and defined channels following regulatory and reporting improvements implemented by the Central Bank.

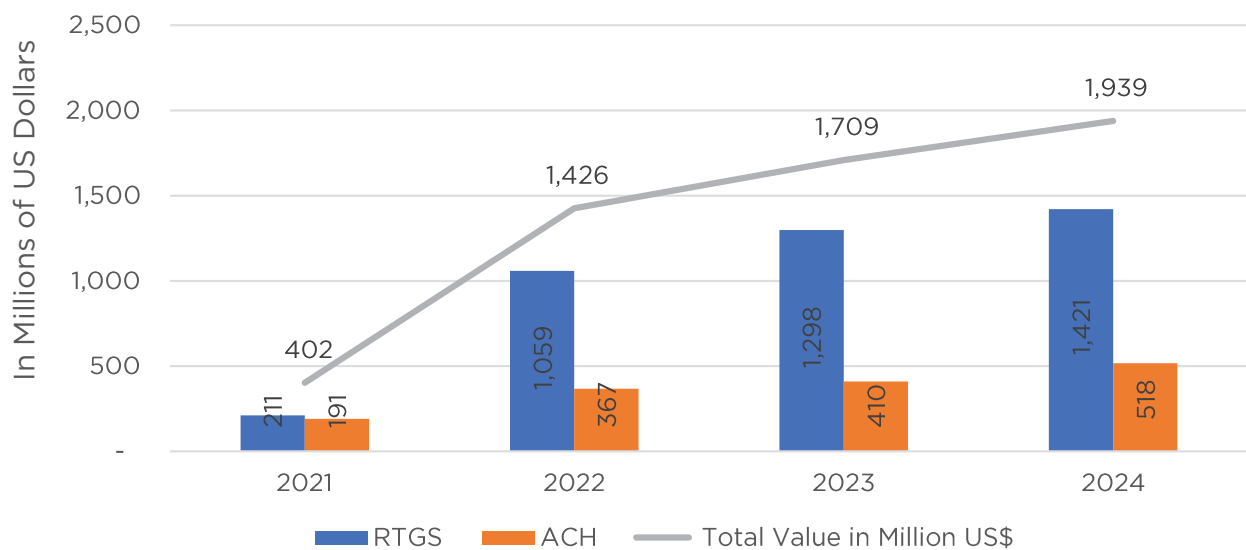
In 2024, the NPS processed 1,277,216 transactions worth US\$1,939 million. While this marked a 20 percent increase in transaction volume, the total value increased by 13 percent compared to the previous year. Real-Time Gross Settlement (RTGS) transactions accounted for three-quarters of the total transaction value, reaffirming their dominant role in the system. These trends reflect the growing significance of the NPS within Somalia's financial ecosystem and highlight its continued contribution to sector growth and modernisation.

Table 12: National Payment System Report (2021-2024)

	2021	2022	2023	2024
RTGS	211	1,059	1,298	1,421
ACH	191	367	410	518
Total Value in Million US\$	402	1,426	1,709	1,939
Total Transactions	439,301	922,904	1,062,103	1,277,216

Source: CBS, 2024

Figure 22: National Payment System (2021-2024)



Source: CBS, 2024



6

MONETARY POLICY

Over the course of 2024, Somalia made measurable improvement in revitalizing its monetary policy framework, marking a pivotal year in the country's economic reform journey. The Central Bank of Somalia (CBS), with support from international partners such as the International Monetary Fund (IMF) and the World Bank (WB), focused on restoring monetary sovereignty, enhancing financial stability, and laying the groundwork for sustainable economic growth.

6.1 Currency Reform

For over three decades, Somalia has operated without officially issued national currency, leading to a proliferation of counterfeit currencies and a heavily dollarized economy. This absence of credible national currency hindered effective monetary policy implementation and excluded large segments of the population from formal financial services. In a landmark initiative, the CBS has prioritized the reintroduction of the Somali Shilling (SOS) as a cornerstone of its Strategic Plan for 2025–2029. This move aims to restore monetary sovereignty, enhance financial inclusion, and facilitate small-value transactions essential for daily economic activities.

The currency exchange project involves replacing old and counterfeit notes with newly designed SOS banknotes. This reform is not merely a monetary adjustment, but a socio-economic intervention designed to empower citizens marginalized by the dollarized economy. By providing a secure and accessible local currency, the CBS seeks to integrate these populations into the formal financial system, thereby enhancing economic participation and stability.

This historic endeavor signifies not only the revival of a national symbol but also a commitment to economic resilience and self-determination. The reintroduction of the Somali Shilling marks a proud moment for the CBS, reflecting its dedication to restoring trust in the national currency and fostering inclusive economic growth.



By providing a secure and accessible local currency, the CBS seeks to integrate these populations into the formal financial system, thereby enhancing economic participation and stability.

6.2 Transition to a Currency Board Framework

In tandem with the reintroduction of the Somali Shilling, the CBS is preparing to implement a Currency Board Arrangement (CBA) to provide a stable and predictable policy environment. A CBA will anchor the SOS to a stable foreign currency, maintaining a fixed exchange rate and ensuring that the monetary base is fully backed by foreign reserves. This arrangement is expected to enhance confidence in the national currency across Somalia while maintaining a dual currency regime with the U.S. dollar. CBS has also joined the World Bank's Reserve Advisory and Management Partnership (RAMP) to enhance its reserve management capabilities and ensure the successful implementation of the currency reform. This partnership is expected to provide CBS with the necessary tools and expertise to manage foreign exchange reserves effectively.

The implementation of the CBA is being supported by the International Monetary Fund (IMF) through capacity development initiatives and the Extended Credit Facility (ECF) arrangement. Key measures have been included as structural benchmarks under the ECF arrangement, such as the commitment to submit amendments to the CBS Act to Parliament by end-December 2025. These amendments are necessary to enable the CBS to operate under a CBA framework and ensure the credibility of the new currency.

To protect the integrity of the CBA, the CBS is undertaking several complementary policy measures: in terms of fiscal discipline, Somalia achieved a significant milestone by reaching the Heavily Indebted Poor Countries (HIPC) Initiative Completion Point in December 2023, resulting in a reduction of external debt from 64 percent of GDP in 2018 to less than 6 percent by the end of 2023. To bolster operational independence, CBS is pursuing legal reforms, including amendments to the CBS Act, aimed at enhancing its autonomy in conducting monetary policy without undue influence. In the realm of financial sector development, the CBS has undertaken a two-year capacity-building program to strengthen regulatory oversight and develop the insurance sector, particularly focusing on the takaful market. Furthermore, to improve data quality, CBS is focusing on enhancing the quality, frequency, and timeliness of macroeconomic and financial data to inform policy decisions.

This strategic move underscores the CBS's dedication to restoring monetary sovereignty, enhancing financial inclusion, and fostering economic stability in Somalia.

7

CORPORATE GOVERNANCE

7.1 Board of Directors

The Central Bank of Somalia (CBS), established under The Central Bank Act Law No. 130 of 22 April 2012, and is governed by a Board of Directors that serves as the supreme policy-making organ of the Bank. The Board is composed of seven members: the Governor (who serves as the Chair), the Deputy Governor (Vice Chair), and five non-executive directors.

The Governor, as the Chief Executive Officer and Chair of the Board, holds the authority to convene meetings and lead discussions on strategic decisions. In the Governor’s absence, the Deputy Governor assumes these responsibilities. The CBS Act grants the Board authority to delegate specific duties to its committees, individual members, or Bank staff, except for the formulation of core monetary policy, which remains a non-delegable responsibility.

The Board maintained a high level of engagement in 2024 with a deliberate focus on institutional strengthening, both in governance and technical capacity. As part of its forward-looking agenda, the Board placed emphasis on enhancing CBS’s corporate governance culture by promoting awareness and accountability across all levels of the organization. The Bank’s top leadership operated within a governance framework that prioritizes both accountability and autonomy balancing policy discretion with adherence to statutory mandates and international best practices. Board oversight extended to risk management as well, with a focus on identifying operational and strategic risks, ensuring continuity of operations, and protecting the reputation of the institution.

In 2024, the Board was supported by four standing committees: the Audit Committee, Licensing and Supervision Committee, Currency Committee, and Human Resource Committee. These committees ensure that specialized aspects of the Bank’s functions are effectively overseen.

Table 13: Board Members of the Central Bank of Somalia

Board of Directors	Abdirahman M. Abdullahi	Governor, Chairman of the Board
	Dr. Ali Yasin Shiekh Ali	Deputy Governor, Deputy Chairperson of the Board
	Dr. Aues Abo Scek	Member
	Faysal A. Warsame	Member
	Prof. Abdullahi Sh. Ali	Member
	Prof. Hussein A. Warsame	Member
	Farhiya Mohamed Yusuf	Member

Source: CBS, 2024

7.2 Board Meetings

Throughout the year ended 31 December 2024, the Board held nine formal meetings, complemented by several sessions of its committees. The Board, together with its committees, engaged in comprehensive deliberations on a broad spectrum of strategic and operational matters. The committee played a pivotal role in evaluating key issues and presenting informed recommendations for the Board's approval. Notable agenda items considered during the year included the following:

- National Payment System
- Laws and Regulations of the Financial Institutions.
- Bank human resource plan including key HR Reforms
- Currency Project and Asset Recovery:
- Licensing and oversight of the financial institutions,
- Budget and Financial Management,
- Internal and external Audit

Table 14: The Attendance and Appointment Dates of the Board Directors for the Fiscal Year 2024

Board Member	Position	Board Meetings 2024								
		20-Feb	27-Apr	25-May	25-Jun	13-Jul	7-Sep	6-Oct	18-Nov	20-Dec
Abdirahman M. Abdullahi	Governor/Chairman of the Board	☑	☑	☑	☑	☑	☑	☑	☑	☑
Dr Ali Yasin Shiekh Ali	Deputy Governor	☑	☑	☑	☑	☑	☑	☑	☑	☑
Dr. Aues Abo Scek	Member	☑	☑	☑	☑	☑	☑	☑	☑	☑
Faysal A. Warsame	Member	☑	☑	☑	☑	☑	☑	☑	☑	☑
Prof. Abdullahi Sh. Ali	Member	☑	☑	☑	☑	☑	☑	☑	☑	☑
Prof. Hussein A. Warsame	Member	☑	☑	☑	☑	☑	☑	☑	☑	☑
Farhiya Mohamed Yusuf	Member	☑	☑	☑	☑	☑	☑	☑	☑	☑

Source: CBS, 2024

7.3 Governance and Reform Roadmap

In 2024, Somalia achieved notable milestones in its ongoing economic reform agenda through strengthened partnerships with the International Monetary Fund (IMF) and the World Bank. These efforts were pivotal in reinforcing macroeconomic stability, enhancing institutional capacity, and deepening the country's integration into the international financial system. The year also marked Somalia's continued progress under the Heavily Indebted Poor Countries (HIPC) Initiative. Following the December 2023 HIPC Completion Point, Somalia entered a new-three-year Extended Credit Facility (ECF) program of post-debt relief engagement (Dec 2023 – Dec 2026), with emphasis shifting toward sustainable debt management and development financing. The IMF provided ongoing technical assistance in building macro-fiscal frameworks, reserve management, and policy formulation.

Under the ECF arrangement with the IMF, Somalia continued to meet key benchmarks in public financial management, domestic revenue mobilization, and monetary policy modernization.

On institutional level, in 2024, The Central Bank of Somalia (CBS), maintained compliance with structural performance criteria especially in areas related to central bank independence, financial sector supervision, and governance reforms. The (CBS) undertook significant strides to enhance its institutional governance and operational effectiveness, the Bank reinforced its commitment to sound corporate governance, transparency, and accountability.

Among the core reform priorities was the strengthening of internal controls and compliance mechanisms. The Bank advanced efforts to align with Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) standards, supported by improved coordination across departments and national stakeholders. Additionally, CBS continued to modernize its monetary and regulatory frameworks, enhancing its capacity to supervise financial institutions and oversee payment systems.

In a significant milestone, the Central Bank of Somalia (CBS) launched its new Strategic Plan for 2025–2029, marking a bold step forward in its institutional transformation journey. This comprehensive strategy outlines CBS's renewed commitment to issuing viable national currency, strengthening monetary and foreign exchange policy frameworks, enhancing financial stability and inclusion, modernizing payment systems, and promoting operational excellence and good governance. The new strategy also places strong emphasis on institutional capacity-building, including human resource development, staff training, and the creation of a professional and performance-driven work environment. Moreover, it reinforces CBS's dedication to transparency, data dissemination, and active engagement with stakeholders across government, development partners, and the financial sector. The launch of this forward-looking strategy reflects the Bank's growing leadership in Somalia's economic reform agenda and its readiness to meet the challenges of a dynamic and evolving financial landscape.

7.4 Progress and Achievements Under the CBS 2020–2024 Strategic Framework

The Central Bank of Somalia (CBS) successfully concluded the implementation of its Strategic Plan for the period 2020–2024, marking a transformative phase in its institutional and operational development. A final performance assessment indicates that 82 percent of the strategic objectives were either fully achieved (55 percent) or made substantial progress (27 percent). These outcomes highlight CBS's sustained efforts toward strengthening its governance, regulatory capacity, and monetary and financial oversight functions in a challenging post-conflict environment.

Under the domain of monetary and financial stability, CBS made significant strides in modernizing its policy framework and supervisory role. In collaboration with the Federal Government of Somalia, the Bank endorsed

a new monetary and exchange rate policy framework, laying the foundation for future monetary operations and currency reform. A Risk-Based Supervision framework was implemented to enhance regulatory oversight, and the Financial Sector Stability Review (FSSR) was completed. The Bank also carried out a Data Quality Improvement Action Plan and compiled Financial Soundness Indicators (FSIs) in line with international standards. Importantly, CBS initiated the licensing and supervision of Mobile Money Operators, a critical step in regulating Somalia's fast-growing digital financial services sector.

CBS also implemented far-reaching reforms in governance and institutional arrangements. A new function-based organizational structure was adopted, following an institution-wide capacity assessment. Committee-based decision-making was institutionalized to support transparency and accountability in policy implementation. A performance management system was introduced across departments, and numerous internal policies were developed or revised. These include the Financial Management Policy, Procurement Policy, Human Resource Policy, External Audit Rotation Policy, Internal Audit Charter, and IT Policy, each designed to align CBS operations with the best international practices and ensure consistency in decision-making.

In terms of the legal and regulatory framework, CBS continued to strengthen the legislative basis for financial supervision. The revised Financial Institutions Law was finalized and submitted to Parliament. In addition, both the National Payment Bill and the Takaful Bill were developed and tabled for legislative consideration. A comprehensive legal and regulatory framework for Mobile Money Operators was introduced, and existing guidelines for banks and money transfer businesses were updated and strengthened. To support regulatory innovation, CBS also signed a Memorandum of Understanding with key stakeholders to facilitate the implementation of electronic Know Your Customer (eKYC) systems.

Significant progress was achieved in modernizing the national payment infrastructure. CBS also adopted the International Bank Account Number (IBAN) to ensure compatibility with global payment platforms.

Internal control systems were further reinforced with the establishment of board sub-committees, including the Audit Committee. Internal audit reporting structures were enhanced, and the internal audit charter was strengthened to reflect the evolving risk environment. A Bank-wide Code of Ethics was introduced, alongside a Financial Interest Disclosure Framework for the CBS Board and senior management. To bolster institutional risk management, CBS established a dedicated Risk and Compliance Division and began the implementation of an organization-wide risk management framework. A formal Legal Unit was also established to support regulatory enforcement and institutional compliance.

In the area of fiscal agency functions and currency reform, CBS made progress in strengthening its collaboration with the Federal Government and Federal Member States. System integration was achieved between CBS's core banking system and the Somalia Financial Management Information



Significant progress was achieved in modernizing the national payment infrastructure.

System (SFMIS) of the Ministry of Finance, improving transparency in public fund flows. Government foreign accounts were streamlined, and a Memorandum of Understanding on currency reform was signed with the Federal Member States. As part of regional outreach, four CBS branches were rehabilitated, three of which are now actively providing fiscal agent services.

CBS also continued to demonstrate strong financial discipline and transparency. Financial management and reporting adhered to International Financial Reporting Standards (IFRS), and the Bank received unqualified audit opinions from external auditors for four consecutive years. These clean audit results underscore the Bank's commitment to sound financial governance and accountability.

Finally, in fulfilling its economic advisory mandate, CBS enhanced its knowledge-sharing and policy support role. It produced and published timely annual and quarterly economic reports, policy briefs, and statistical bulletins. Key macroeconomic data were disseminated to the public, and two Annual Conferences on Economic Policy were convened, contributing to informed policymaking and wider stakeholder engagement.

Overall, the implementation of the 2020–2024 Strategic Plan reflects CBS's commitment to reform, modernization, and institutional resilience. The achievements recorded over this period have laid a strong foundation for deepening financial sector development, strengthening monetary policy frameworks, and advancing inclusive economic growth in Somalia.

Table 15: Implementation of Strategic Plan 2020 - 2024

Strategic Goal	Strategic Objective	Strategic Outcome	Status
(1) Conduct appropriate monetary policy to ensure inclusive economic growth and price stability	(1.1) Determine and establish an appropriate monetary policy regime for Somalia	1. Monetary policy formulation capacity created	●
		2. Monetary policy framework developed	●
		3. Joint working group consisting of R&S and FMD formed (WG charter created)	●
	(1.2) Issue a new Somali currency and replace existing bank notes for increased financial inclusion and for the development of a vibrant local currency payment system	4. Necessary technical, logistical and operational plans completed	●
		5. Necessary legal and regulatory frameworks for a new national currency developed to maintain public confidence	●
		6. Note handling equipment and vault management system is put in place	●
		7. Staff capacity in currency issuance and management enhanced	●
		8. FMSs engaged and all necessary policies and agreements in place	●

	(1.3) Develop liquidity and reserve management capabilities for CBS	9. Reserve management capabilities and policies developed	●
		10. Liquidity management policies, systems and procedures, including liquidity forecasting and the manner of operations to achieve set monetary targets developed	●
		11. Modalities for CBS cash reserve requirement regime and enforcement including reserve averaging developed	●
		12. Investment and strategic asset allocation policies developed and adopted	●
(2) Strengthen regulatory and supervision policies to enhance financial stability	(2.1) Implement and monitor policies to limit the impact of systemic risks on both the financial system and the wider economy	13. Financial stability indicators developed for the different components of the financial sector	●
		14. Micro- and macro-prudential policies developed for commercial banks	●
	(2.2) Conduct risk-based supervision to identify, assess and mitigate the overall risk exposure of banks	15. Staff capacity enhanced in the area of risk-based supervision	●
		16. Appropriate supervision tools and mechanisms developed covering all activities of banks, including related party activities, operational risk and off-balance sheet items	●
	(2.3) Broaden laws and regulations in line with international best practices and properly enforce them	17. Legal and regulatory framework for the financial sector updated in line with international best practices	●
		18. CBS financial sector development roadmap updated and made more comprehensive	●
		19. Licensing framework made more robust and comprehensive	●
	(2.4) Implement Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) framework and improve corresponding banking relationships	20. Guidelines developed covering robust corporate governance requirements, including Fit and Proper assessments	●
		21. In-house strategies and guidelines developed and implemented to identify and mitigate financial sector AML/CFT risks	●
		22. CBS AML/CFT roadmap updated while contributing to the National Strategy on AML/CFT	●
(3) Establish and maintain a safe and efficient payment and settlement system to facilitate smooth and secure financial transactions	(3.1) Develop and maintain an efficient payment and settlement system and reduce idiosyncratic and systemic risks	23. The integrity and credibility of the financial sector enhanced by improving its KYC/CDD regime and safeguarding it against AML/CFT risks	●
		24. A safe and efficient payment system that can contribute to financial stability and inclusive economic growth established	●
		25. The cooperation between all stakeholders in the payment ecosystem strengthened	●
	(3.2) Strengthen the legal, regulatory and oversight framework of the national payment infrastructure to ensure its safety and efficiency	26. Increased communication and awareness building is initiated covering the payment ecosystem	●
		27. Policies, procedures, instruments and mechanisms developed covering the whole payment infrastructure (, SP Sbn, DFS/MMS)	●
		28. A robust legal and regulatory framework is developed to support a safe and modern payment system infrastructure	●

		29. Comprehensive procedures for all interbank payment and settlement participants developed covering the implementation of protective controls, risk management, business continuity plans and operational reliability assessments	●
		30. A robust oversight framework developed for the payment system, payment instruments and payment services to increase the safety of payments	●
		31. The technical capacity of the overseer of the payment ecosystem enhanced to enable effective oversight and increased capacity to respond to emerging risks in a fast-moving payment environment	●
(4) Develop and maintain international standards in accounting, good governance and organizational efficiency	(4.1) Implement and maintain international standards in financial reporting and internal audit	32. Internal reporting procedures and manuals reviewed and updated in accordance with respected global standards (IFRS/IAS etc.)	●
		33. Financial records and reporting are always complete and are consistent with international best practices and standards	●
		34. Internal controls and compliance strengthened by implementing robust risk-based audit of all core activities and operations of CBS. IIA Quality Manual and Modern Audit Software has been Implemented and applied throughout the risk-based audits	●
	(4.2) Improve CBS organizational structure, efficiency and the effectiveness of its operations	35. CBS business processes, rules, procedures and operational manuals developed and implemented in accordance with best practices	●
		36. A function-based organizational structure is fully adopted, and all roles, responsibilities and reporting lines are clearly outlined across the institution	●
	(4.3) Establish and maintain an effective human resource management	37. All core HR policies, practices and processes (covering, among others, recruitment, placement, transfer, retention and promotion developed and implemented while a proposal on a viable pension scheme is drafted	●
		38. Comprehensive, integrated and forward-looking HR plan developed and implemented in accordance with best practices	●
	(4.4) Enhance CBS staff performance, competencies, productivity and satisfaction	39. A modern, integrated, incentive-based and comprehensive Performance Management System (PMS) created and implemented	●
		40. All training programs, TA, and capacity development initiatives, systems and resources integrated and streamlined centrally to transform HR into HC	●
		41. A comprehensive competency gap/ training needs assessments and institution-wide training plan developed in accordance with JDs and CBS PMS	●
		42. Training, bonding and staff development policies and procedures completed and implemented	●
		43. All CBS service deliveries, communications and staff-related processes streamlined to improve staff satisfaction	●

	(4.5) Establish and implement a robust risk management capacity within CBS	44. A functioning risk management and compliance unit established to develop holistic and centralized (ex ante) risk governance framework and standards, covering financial and non-financial risks and their mitigation	●
		45. Integrate sound risk management practices in all relevant aspects of the Bank's processes and operations	●
(5) Establish the capacity to impart robust, forward-looking and independent advice to the Federal Government and its institutions	(5.1) Compile (and where necessary collect) detailed and reliable economic, monetary and financial data	46. Relevant and necessary monetary, financial and economic data compiled/collected in accordance with IMF manuals, putting emphasis on quality and coverage	●
		47. Statistical bulletins disseminated on time and shared with relevant stakeholders	●
	(5.2) Enhance the capacity of CBS to impart robust, independent and forward-looking economic advice	48. The capacity to undertake robust economic analysis and the ability to conduct policy-relevant research is developed and maintained	●
		49. The economic advisory role of CBS is prioritized, leveraging on the enhanced research and analytical capabilities of the RSD	●
		50. Routine outreach activities with policymakers, international partners, government institutions, academia and media commentators initiated	●
		51. Analytical outputs are produced on time and disseminated through high quality publications, seminars and workshops	●
	(5.3) Establish and maintain a reliable and up-to-date ICT infrastructure which supports the CBS to discharge its duties	52. CBS IT systems and processes automated and secured against internal and external threats to achieve increased reliability, security and business continuity	●
		53. The capacity of CBS IT staff increased so that in-house solutions can be designed, and vendor dependency reduced for sustainability/ efficiency reasons	●
		54. A comprehensive and robust ICT policy that enables CBS to discharge its duties as the Central Bank of the nation developed and implemented	●
	(5.4) Enhance CBS information management systems to strengthen its accountability, integrity, transparency, and decision-making processes	55. State of the art standards, policies and procedures developed covering all core areas of CBS ICT and information management systems	●

●	Little or no progress	9%
●	Some progress achieved	9%
●	Meaningful progress achieved	27%
●	Completed	55%

1. Structural Benchmarks under (IMF SMP I-IV)

SMP	Benchmark	Program Period	Due Date	Status
i	Approve a roadmap for currency reform by the Board of Directors of the Central Bank of Somalia (CBS)	Prior Actions		Met
	Require approval by the Board of Directors of the CBS to issue commercial bank and MTB licenses	May 2016–April 2017	End-Dec-2016	Met
	Finalize the anti-counterfeit strategy		End-Mar-2017	Met
ii	Establish a National Anti- Counterfeit Centre	May 2017–April 2018	End-Sep-2017	Met
	Adoption by the CBS of regulations on 1) denominations of the SOS notes to be issued. 2) design and security features; and 3) volume of banknotes		End-Dec-2017	Met
	Develop a roadmap for financial sector development		End-Dec-2017	Met
	Develop a plan to improve the renewal of MTBs' licenses and enhance compliance with existing regulations		End-Mar-2018	Met
iii	Submit to Parliament the draft Targeted Financial Sanctions Act	May 2018–April 2019	End-Sep-2018	Met
	CBS to issue regulation on credit classification and provision, and review reporting requirement for banks.		End-March 2019	Met
iv	CBS to issue Mobile Money Regulations	May 2019 – July 2020	End-July 2019	Met
	Adopt updated CBS Strategic Plan and transition toward updated organizational Structure (as approved by the CBS Board November 2018)		End-October 2019	Met
	MOF to issue AML/CFT regulations that apply to all financial institutions		End-October 2019	Met
	Implement Mobile Money Regulations		End-February 2020	Met within the ECF

2. Extended Credit Facility (IMF ECF 2020-2023)

ECF	Benchmark	Program Period	Due Date	Status
	Issue guidance for (1) financial reporting and accounting standards and (2) Shariah governance framework for Somali banks	March 2020–March 2023	End-Dec-2020	Met
	Enhance transparency in the regulatory process of the Telecommunications and Mobile Money Sectors		End- Mar -2021	Met
	Publish audited CBS financial statements for 2021	June 2022–October 2023	End-August 2022	Met
	Issue the Banking Regulations on Capital Adequacy and Liquidity Coverage Ratio	December 2022–December 2023	End-September 2023	Met

3. New Extended Credit Facility (IMF ECF Dec 2023-Dec 2026)

I	Develop an action plan to improve the quality of data submitted by commercial banks, in line with IMF recommendations, and communicate the action plan to commercial banks.	December 2023–March 2025	End-July 2024	Ongoing
	Submit amendments to the CBS Law to Parliament, in line with IMF safeguard recommendations.		End-March 2025	Ongoing
II	Issue detailed instructions to capital adequacy (CAR) and liquidity coverage ratios (LCR) templates reported by banks	September 2024–September 2025	End-July 2025	Ongoing

4. Commitments of CBS under the ECF program (Not benchmark) ongoing activities (IMF ECF 2020-2023)

- a. Currency Reform (Currency Exchange Project)
 - i. Cash management
 - ii. Monetary policy
 - iii. Exchange rate policy
 - iv. Reserve management policy
- b. Draft bills for the
 - i. National Payment System
 - ii. revised Financial Institutions Law
 - iii. and Insurance
- c. E-KYC
- d. Signing MOU with other agencies
 - Draft MoU between Financial Reporting Canter (FRC) and Central Bank of Somalia.
 - Draft MoU between National Communication Agency (NCA) and Central Bank of Somalia. (Completed)

No.		Regulations and Guidelines	Financial Institutions	Year
1	Regulation	Licensing, 2014	Banks	2014
2		Internal audit, 2016	Banks	2016
3		Audit committee, 2016	Banks	2016
4		Related persons transactions, 2016	Banks	2016
5		Opening and closing branch offices, 2016	Banks	2016
6		Audited Financial Statements, 2017	Banks	2017
7		Asset classification and provisioning regulation, 2018	Banks	2018
8		Revised Capital adequacy, 2015	Banks	2023
9		Revised Liquidity risk management, 2015	Banks	2023
10	Guideline	Corporate Governance Guidelines, 2018	Banks	2018
11		Operational Risk Guidelines, 2020	Banks	2020
12		Shariah Governance Framework (2020)	Banks	2020
13		Islamic Financial Reporting & accounting Guideline (2020)	Banks	2020
14		Guideline AML/CFT Guideline for Commercial Banks		2023
15		Licensing, 2014		2014

16		AML, 2015		2015
17		Operations, 2016		2023
18		Customer Registration, 2016		2016
19		Mobile money regulation, 2020		2020
20		AML/CFT Regulation for Financial Institutions, 2019		2019
20		Guidance on Independent AML/CFT Examiner		2023
22				2023

5. Indicative Targets (IT) in Staff Monitored Program.

SMP	Indicative Target	IT Condition	Program Period	Test Date			
				June	Sep	Dec	March
I	Net foreign assets of the CBS (floor)	21.6 million	May 2016–April 2017	Met	Met	Met	Met
	Issuance of banknotes other than SOS 1,000 (ceiling	0.0		Met	Met	*	*
	Issuance of SOS banknotes that are not backed by foreign assets denominated in U.S. dollars of the CBS (ceiling)	0.0		Met	Met	*	*
II	Net foreign assets of the CBS (floor)	23.4 million	May 2017–April 2018	Met	Met	Met	Met
III	Net foreign assets of the CBS (floor)	24.0 million	May 2018–April 2019	Met	Met	Met	Met
	Indicative Target	IT Condition	Program Period	July	Oct	Dec	Feb
IV	Net foreign assets of the CBS (floor)	24.8 million	June 2019 – May 2020	Met	Met	Met	Met

*Removed from the indicative target

6. Indicative Targets (IT) in Extended Credit Facility Program (March 2020 – March 2023).

ECF	Indicative Target	2020						2021					
		June		September		December		March		June		Sep	
		Performance Criteria		Indicative Target		Performance Criteria		Indicative Target		Indicative Target		Indicative Target	
		Prog	Status	Prog	Status	Prog	Status	Prog	Status	Prog	Status	Prog	Status
	Net foreign assets of the CBS (floor)	69.1	Met	69.1	Met	79.2	Met	79.2					

Table 3. Somalia: Data Reporting, December 2023–December 2026

Reporting Agency	Type of Data	Description of Data	Frequency	Timing (within period specified)
Central Bank of Somalia	Monetary Survey	Detailed balance sheet data of the CBS submitted in the reporting template.	Monthly	3 weeks after the end of each month.
		Consolidated commercial banks' balance sheet data submitted in the reporting template, including deposits by mobile money operators (MMOs).	Quarterly	4 weeks after the end of each quarter.
	Financial data not included in broad money	Volume and value of mobile money transaction.	Quarterly	4 weeks after the end of each quarter.
	Other financial indicators	Prudential data as per associated CBS regulations (total capital, core capital, total net assets, high quality liquid assets, and 30-day funding requirement), and average profit rates and tenor information for private sector financing assets from banks.	Quarterly	4 weeks after the end of each quarter.
	Balance of payments	Trade in goods data by HS code and value for the ports of Mogadishu, and Bossaso and Kismayo, starting end-September 2020; petroleum imports to Mogadishu; and travel data from the Immigration Department.	Quarterly	4 weeks after the end of each quarter.
		Cross-border current transfers (both inflows and outflows) by MTBs, and banks, and for MMOs starting from end-March 2021.	Quarterly	4 weeks after the end of each quarter.

Annex: Financial Statements

CENTRAL BANK OF SOMALIA

**REPORTS AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 DECEMBER 2024**

CENTRAL BANK OF SOMALIA

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

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CENTRAL BANK OF SOMALIA

CORPORATE INFORMATION

BOARD OF DIRECTORS	Abdirahman M. Abdullahi - (Governor) Dr Ali Yasin Shiekh - (Deputy Governor) Dr. Aues Abo Scek Faysal A. Warsame Prof. Abdullahi Sh. Ali Prof. Hussein A. Warsame Farhiya Mohamed Yusuf
REGISTERED OFFICE	Central Bank of Somalia P O Box 11 55 Corso Somalia Mogadishu, Somalia
LAWYERS	State Attorney General Villa Somalia, Mogadishu, Somalia
AUDITORS	Deloitte & Touche LLP Certified Public Accountants (Kenya) Deloitte Place Waiyaki Way, Muthangari P O Box 40092 - 00100 GPO Nairobi, Kenya

CENTRAL BANK OF SOMALIA

STATEMENT FROM THE GOVERNOR

It is a pleasure to present the 2024 audited financial statements of the Central Bank of Somalia (CBS). These statements provide a true and fair view of the Bank's financial position, in accordance with International Financial Reporting Standards (IFRS).

I am proud to report that CBS has once again received a clean audit opinion. This outcome reflects our strong commitment to transparency, accountability, and sound governance.

Institutional reform has remained a core priority for the Bank. Over the last 5 years, we have made significant progress in strengthening our internal controls and implementing key recommendations of the IMF's safeguard assessment. We have also adopted and operationalized critical policies and procedures across key functional areas, including financial management, procurement, human resources, foreign exchange operations, information technology, and anti-fraud and anti-corruption frameworks. In parallel, internal control procedures have been reinforced to address operational and compliance risks. I am pleased to note that our transition to a function-based organizational structure is now nearly complete.

Looking ahead, our short to medium-term priority is to further strengthen our risk and compliance management frameworks. We are enhancing our second-line defence by expanding both the risk management and legal units to ensure the continued robustness of our internal control environment and to safeguard the institutional integrity of CBS.

Building on the reform momentum achieved to date, we are intensifying efforts to advance financial sector development. Guided by our new five-year Strategy commencing in 2025, key initiatives will include the establishment of credit bureau, collateral registry, and licensing-and supervision of insurance services. These interventions are critical enablers of financial stability and inclusion.

At this critical juncture, investing in our staff remains essential. Their hard work and dedication have been central to our progress, and I want to express my appreciation for their efforts. I also extend my gratitude to our senior management team and Board of Directors for their unwavering support. With our continued focus and commitment, I am confident that CBS will sustain its trajectory of institutional efficiency and service to the nation's financial system.



Abdirahman M. Abdullahi
CBS Governor

04/05/ 2025

CENTRAL BANK OF SOMALIA

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their report together with the audited financial statements of Central Bank of Somalia (the “Bank”) for the year ended 31 December 2024, which disclose the Bank’s state of financial affairs.

1. ESTABLISHMENT

The Central Bank of Somalia was established under the Central Bank of Somalia Act, 1962. The Bank currently operates under the Central Bank of Somalia Act, 2012.

Bank's vision

The vision of the Bank is: “To be the region’s leading Central Bank in fostering economic growth through maintaining price and financial stability.”

Bank's mission

The Bank’s mission is: “To conduct monetary policy directed towards maintaining price stability and to promote integrity and stability of the financial system conducive to sustainable growth of the national economy”.

2. STATUTE AND PRINCIPAL ACTIVITIES

Central Bank of Somalia (CBS) is the Central Bank of the Federal Republic of Somalia. The Bank is a body corporate with legal entity, with perpetual succession and common seal, with power to acquire, own, possess and dispose of common seal, and of property, and to contract, to sue and to be sued in its own name. The Bank has the ability to exercise any type of central Banking function unless specifically excluded under The Central Bank Act 2012, and will enjoy all the prerogatives of a central Bank.

The objective of the Bank as stated in the Central Bank of Somalia Act, 2012 are:

- The primary objective of the Bank shall be to achieve and to maintain domestic price stability.
- The other objective of the Bank, which shall be subordinated to the primary objective of the Bank, shall be to foster and maintain a stable and competitive market-based financial system.
- Without prejudice to these two objectives, the Bank shall support the general economic policies of the Government.

A summary of functions and objectives of the Bank Central Bank of Somalia Act, 2012 are to:

- formulate implement and be responsible for monetary policy and implement the foreign exchange policy;
- hold and manage the foreign exchange reserves of Somalia;
- license, regulate and supervise all banks and financial institutions so as to foster the liquidity, solvency and proper functioning of a stable financial system;
- formulate and implement such policies as to best promote the establishment, regulation and supervision of efficient and effective payment, clearing and settlement systems;
- where appropriate, administer payment, clearing and settlement systems;
- act as banker and adviser to, and as fiscal agent for the Government and public entities;
- act as sole issuer of legal tender Somali currency notes and coins; and
- Shall compile, analyze, and publish the monetary, financial balance of payments statistics and other statistics covering various sectors of the national economy.

3. RESOURCES AND STRENGTH

Resources and strengths that facilitate the Bank’s endeavor in achieving its strategic objectives include human, financial and technological resources.

In terms of human capital, the Bank has well-qualified and committed staff dedicated to a long-term career in the Bank. Likewise, the management adheres to good governance and promotes labour relations. From its strategic perspective, the Bank enhances its financial sufficiency by improving management of its resources through prioritization of initiatives, implementing initiatives within the available financial envelope and prudently managing its sources of income.

CENTRAL BANK OF SOMALIA

REPORT OF THE DIRECTORS (Continued)

3. RESOURCES AND STRENGTH (Continued)

The Bank has also undertaken various reforms that contribute to the attainment of its objectives. For example, the on-going modernization of the monetary policy framework is expected to improve the efficiency and effectiveness of the monetary policy implementation.

4. REVIEW OF THE BANK'S PERFORMANCE AND BROAD GOALS

During the year, the Bank's Corporate Plan continued to focus on attaining three broad goals that translate its primary mandates. These are:

- Maintaining price stability;
- Promoting integrity and stability of the financial system; and
- Strengthening corporate governance.

Basing on the three broad goals, the Bank's performance revealed the following:

Maintaining price stability:

Foreign reserves were managed consistent with the strategic objective of capital preservation, adequate liquidity, and maximizing return on investments.

Promoting integrity and stability of the financial system

Financial stability is the smooth operation of the system of financial intermediation within Government through a range of financial institutions. Stability in the financial system is evidenced by an effective regulatory infrastructure, effective and well-developed financial markets, and effective and sound financial institutions.

Strengthening corporate governance

To strengthen the Bank's corporate governance, the Bank's Board focused on building the capacity of its human capital, ensuring compliance with legislation and the overall engagement with external stakeholders. The outcome of each of these steps taken are explained below;

Staffing, Capacity Building and Work Environment

The Bank was adequately staffed with the right capabilities to accomplish its strategic and operational objectives. This position was a result of implementation of Human resource plans and strategies that enabled the Bank to fill vacant positions in time. To improve knowledge and skills of employees, the Bank continued to address skills requirements through donor support and funding. The Bank continued to have a safe and healthy working environment. All office facilities and working tools operated smoothly. Employees' benefits and welfare services were delivered as planned and staff well-being and morale was maintained.

Enhance Compliance with Legislation, Regulations, Policies and Standards

During the year, the Bank continued to put emphasis on compliance with the Central Bank of Somalia Act, 2012; and other legislations, regulations and policies in executing its mandate. Further, the Bank continued to adhere to Anti-Money Laundering (AML) and the Combating Financing of Terrorism Units (CFT) by continuing coordination of Anti-Money Laundering (AML)/Combating Financing of Terrorism (CFT) activities as an effort to ensure that the Bank adhered to legislation, regulations and policies. The Bank spearheaded coordination of AML/CFT initiatives within the Bank and among stakeholders in the country.

During the period under review, the Bank continued to maintain its properties and facilities including buildings, machinery, equipment and motor vehicles in order to ensure that they are always in good working condition.

The Central Bank's Engagement with External Stakeholders

The Bank continued to nurture its relationship with external stakeholders, seeking to gain confidence and trust in protecting the Bank's reputation. In order to improve its reputation, the Bank continued to address stakeholders' needs, expectations and providing timely responses to stakeholders' inquiries.

CENTRAL BANK OF SOMALIA

REPORT OF THE DIRECTORS (Continued)

5. CAPITAL STRUCTURES

Article 9 of the Central Bank of Somalia Act, 2012 notes that the authorized capital of the Bank may be increased by such amounts as may be proposed by the Board and approved by the Ministry of Finance. As at the reporting date the share capital was Nil (note 27).

6. RELATIONSHIP WITH STAKEHOLDERS

The Central Bank of Somalia recognizes the importance of its key stakeholders including the Government and Banking institutions in adding value and ensuring that the needs and expectations to fulfill its mission and vision. The Bank continues to hold good working relationships with its stakeholders and maintains a regular update with all those involved.

The Bank ensures it meets all its obligations with stakeholders by:

- (a) Price Stability: The Bank formulates and executes monetary policy that leads to stable domestic prices; provide policy advice to the governments; disseminate economic reports and ensures stable exchange rates.
- (b) Financial Stability: The Bank promotes the stability of the financial system through effective regulation and supervision of Banking system; provide safe and efficient payment systems; and promote public access to the financial services.
- (c) Internal requirements: The Bank attracts and retains high caliber staff with integrity, competency and accountability and provides conducive working environment and career development opportunities to its staff.

7. MANAGEMENT

The Governor is the Chief Executive Officer of the Bank and is required to discharge such functions and direction, in conformity with the policies and other decisions made by the Board.

The law further provides that the Governor to be assisted by the Deputy Governor. The Deputy Governor, in the order determined by the Governor, shall act for the Governor, shall exercise all the powers, and shall perform all the functions conferred on the Governor under this act whenever the Governor is temporarily absent or incapacitated, and shall perform such other functions as the Governor may from time to time assign to him/her.

8. FUTURE DEVELOPMENT PLANS

To ensure integrity and stability of the financial system, the Bank puts emphasis on ensuring that the financial sector remains on a sound footing to serve the broader needs of the Somalia economy. Accordingly, special focus will be placed on surveillance of CBS financial system and putting in place elaborate crisis management and resolution framework.

On strengthening corporate governance, the Bank will take deliberate measures to create broad awareness and capacity building among staff to strengthen internal controls and formulate frameworks in adherence with International standards.

In addition, the Bank will focus on enhancing application of modern technologies; improve its work processes and compliance with laws and regulation in order to improve operational efficiency in all its undertakings. Further, the Bank will focus on service excellence in attending to CBS internal and external stakeholders. Like any other central Bank, the Bank is dedicated to continue advising the governments on economic policy related matters and serving the general public as our ultimate customers.

CENTRAL BANK OF SOMALIA

REPORT OF THE DIRECTORS (Continued)

9. RISK MANAGEMENT AND INTERNAL CONTROL

The Board accepts final responsibility for risk management and internal control systems of the Bank. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- The safeguarding of the Bank's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviors towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system, of internal control can provide absolute assurance against misstatement or losses, the Bank's system is designed to provide the Board with reasonable assurance that procedures in place are operating effectively. The Bank ensures that existing and emerging risks are identified and managed within acceptable risk tolerances.

Key risks and uncertainties

The key risks that may significantly affect the Bank's strategies and development are mainly financial, operational and strategic. Below we provide a description of the operational and strategic risks facing the Bank. The risks related to financial instruments have been disclosed under Note 5 of the financial statements:

(a) Operational Risk

This is the risk of CBS financial and non-financial operations resulting from inadequate human resource and systems, management failures, ineffective internal control processes, non-compliance, inadequate security and adverse legal judgements. The main operational risks of the Bank were:

- **Human Resource Risk**

The particular nature of the activities of the Bank necessitates specialized knowledge in many areas. The Bank ensures that there is an adequate knowledge base for all specialized job requirements by investing significantly in human resource development in terms of capacity building and practical exposure. The Bank also organizes workshops, seminars, conferences and job attachments to its staff to improve its human resource requirements. It also revises its staff retention scheme to compete with the prevailing labour market.

- **Business Disruption and Security risks**

Risks related to failure to execute business processes and events that compromise the assets, operations and objectives of the Bank. The risks might be due to lack of business continuity management, lack of good practices or controls on the Bank's activities.

The Bank addresses these risks inter alia through ensuring existence of Business Continuity Management (BCM) and sound internal control system which includes: operational and procedural manuals, ICT security policies, back up facilities, contingency planning, and independent internal audit function. Managing operational risk in the Bank is an integral part of day-to-day operations by the management. Management, Internal Audit Function, Audit Committee and the Board, closely monitors this risk.

- **Legal Risk**

Legal risk arises from any uncertainty of enforceability, whether through legal or judicial processes, of the obligations of the Bank's clients and counter parties. The Bank aims at minimizing such uncertainties through continuous consultations with all relevant parties.

The Bank has in place a clear procedure of the delegation of authorities. Also strict code of conduct and ethics is used to minimize chances of causing legal disputes between the Bank and its counterparts.

CENTRAL BANK OF SOMALIA

REPORT OF THE DIRECTORS (Continued)

9. RISK MANAGEMENT AND INTERNAL CONTROL

Key risks and uncertainties (continued)

(b) Strategic Risk

This risk covers analytical and policy risk which is associated with economic and monetary policy formulation; business risk which refers to the probability of loss inherent in the Bank's operations and environment; performance risk which is associated with formulation and execution of business plans and strategies; and external risks which refer to threats from the external environment such as infrastructure disruption, financial crime and computer viruses, political, social and economic changes. Similar to operational risk, strategic risk may result into damage on the Bank's reputation.

The Bank has an obligation to ensure that it performs its functions and maintains its reputation as a Central Bank in line with requirements of the Central Bank of Somalia Act, 2012.

In view of the above, the Bank's management ensures that it fulfils its fiduciary responsibilities. The Bank adheres to the best practices and applies principle of sound corporate governance. It also ensures that all relevant employees have clear understanding of the appropriate processes in respect of the best practices and principles of good governance.

The Bank therefore, sets out policies and guidelines that govern sound functional operations within the Bank. The performance of these policies and guidelines are periodically reported to different levels of the Bank's management for control and compliance monitoring.

The top management of the Bank has the necessary freedom and discretion to exercise central Banking functions. However, this freedom is exercised within the context of good governance and having regard to a proper balance between accountability and the best interests of the Bank and its various stakeholders.

The function of the Bank of overseeing and ensuring the integrity of the country's Banking system exposes it to severe criticism whenever there is an incident of Bank failure or systemic difficulty. The Bank adheres to international best practice and, to this end, maintains close liaison with international donors. The Bank strives towards full compliance with the principles for effective Banking supervision as well as the core principles for systemically important payment systems.

10. SOLVENCY

The Board of Directors confirms that International Financial Reporting Standards (IFRS) have been followed and that the financial statements have been prepared on a going concern basis. The Board of Directors has reasonable expectation that the Central Bank of Somalia has adequate resources to continue carrying out its statutory activities for the foreseeable future.

11. EMPLOYEES WELFARE

(a) Management and employee relationship

The relationship between the Bank and its employees continued to be good. Employees complaints raised during the year were resolved mainly through the use of consultative meetings/forums involving the management. As a result, healthy relationship continued to exist between management and the trade union.

Complaints are resolved through meetings and discussions. Work morale is good and there were no unresolved complaints from employees. The Bank provides a number of facilities aiming at improving the working environment and living standards of its employees. Such facilities include medical services, house allowance, employee training and development and leave travel assistance as well as any other allowances stipulated within the staff by-laws.

(b) Medical Assistance

Members of staff are provided with medical support by the Bank should they require it. The Bank covers both medical costs and travel costs in adherence with the Board of Directors' resolution

CENTRAL BANK OF SOMALIA

REPORT OF THE DIRECTORS (Continued)

11. EMPLOYEES WELFARE (Continued)

(c) Health and safety

Effective health, safety and risk management is a priority for the Bank. The Bank provides staff training on health and safety as well providing the necessary measures to protecting its working environment and team members.

12. CORPORATE SOCIAL RESPONSIBILITY

The Bank is committed to fulfilling part of its Corporate Social Responsibility (CSR) through supporting national activities and other areas of interest to the Bank in the Federal Republic of Somalia.

13. COMPLIANCE WITH LAWS AND REGULATIONS

In performing the activities of the Bank, various laws and regulations having the impact on the Banks operations were observed.

14. STATEMENT OF GRATITUDE TO INTERNATIONAL DONORS

The Central Bank of Somalia continues to engage with its international partners i.e. IMF, World Bank, African Development Bank and other stakeholders in its continued effort to reforming its financial systems and ensuring that it meets its obligations. The Bank has remained a key development partner of the Government in the provision of financial support to ongoing rebuilding of the country after more than two decades of civil war.

15. PRINCIPAL ACTIVITIES

The Bank is primarily responsible for providing payments and Banking services to the government and other stakeholders.

16. RESULTS FOR THE YEAR

	2024	2023
	USD	USD
Profit for the year	483,392	3,140,443

17. DIRECTORS

The present members of the Board of Directors are shown on page 1.

18. AUDITORS

Deloitte & Touche LLP served as the auditors during the year and have expressed their willingness to continue in office.

BY ORDER OF THE BOARD

Governor
Mogadishu

04/05/ 2025

CENTRAL BANK OF SOMALIA

STATEMENT ON CORPORATE GOVERNANCE

The Central Bank of Somalia (the 'Bank' or 'CBS') is wholly owned by the Federal Republic of Somalia. The Bank is established by and derives its authority and accountability from the Central Bank Act, 2012.

Directors and Management uphold and practices and the principles of sound corporate governance.

To this end, the Central Bank of Somalia Act, 2012, has provided a framework for ensuring application of sound corporate governance principles and best practices by the Bank's Board of Directors and its Committees and Management in the course of managing the day-to-day affairs/operations of the Bank as summarized below:

- In terms of the provisions of Article 15 of the Central Bank of Somalia Act, 2012, the Bank's Board of Directors is the supreme policy making body in the Bank, and apart from its specified function of approving the budget of the Bank.
- Four Committees are currently assisting the Bank's Board of Directors in the discharge of its functions. These are the Audit Committee, Licensing and Supervision Committee, Currency Committee and Human Resource Committee.

Board of Directors

The Board shall be charged with the formulation and the supervision of the implementation of the policies, and the supervision of the administration and the operations of the Bank.

The Board shall consist of:

- a) The Governor, who shall be the Chairman;
- b) The Deputy Governor, who shall be the chairman of the Board when the Governor is absent; and
- c) Five other non-executive Directors.

Board responsibilities

The Board may, by resolution either generally or in any particular case, delegate to any committee of the Board, or to any member thereof, or to any officer, employee or agent of the Bank the exercise of any powers or the performance of any functions or duties of the Board under this Act or any other written law, except for the following: Formulate and adopt the monetary policy of the Bank including, as appropriate, decisions relating to intermediate monetary objectives, key interest rates and the supply of reserves in Somalia and to adopt internal rules for their implementation.

The Governor, as chairman of the Board of the Bank, shall convene meetings of the board not less than once in every two months, or whenever the business of the Bank so requires or whenever he is so requested in writing by at least three Directors.

The Board will formulate and adopt other policies of the Bank regarding the execution of its functions, and to adopt, as appropriate, internal rules for their implementation and decide upon the application of the foreign exchange regime as well as supervise the implementation of the policies and the execution of the functions of the Bank.

Board meetings

The Board held 9 meetings during the year ended 31 December 2024. In addition, there were various meetings of the Board Committees. All members of the Board were able to devote their time required for the Board and Committee meetings either physically or through an online platform. The Board meetings were less than the required minimum of not less than once every two months as per Article '17.

The Board and its committee should meet once every two months with additional meetings convened as and when necessary. During the year, the Board and its committees met to discuss and decide on various business activities. The Board Committees recommend key business decisions to the Board for approval. Major issues raised at the board meetings during the year ended 31 December 2024 included the following:

CENTRAL BANK OF SOMALIA

STATEMENT ON CORPORATE GOVERNANCE (Continued)

Board Meetings (Continued)

- National Payment System;
- Laws and Regulations of the Financial Institutions;
- Bank's Human Resource Plan including key HR reforms;
- Currency Project and Asset Recovery;
- Bank, MTB and Mobile Money Licensing, Budget and Financial Management, Internal and external Audit.

During the year, the Board members attended the Board meetings as follows;

Date of meeting	20-Feb	27-April	25-May	25-June	13-July	7-Sept	6-Oct	18-Nov	20-Dec
Abdirahman M. Abdullahi - (Governor)	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr Ali Yasin Shiekh - (Deputy Governor)	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr. Aues Abo Seek	✓	✓	✓	✓	✓	✓	✓	✓	✓
Faysal A. Warsame	✓	✓	✓	✓	✓	✓	✓	✓	✓
Prof. Abdullahi Sh. Ali	✓	✓	✓	✓	✓	✓	✓	✓	✓
Prof. Hussein A. Warsame	✓	✓	✓	✓	✓	✓	✓	✓	✓
Farhiya Mohamed Yusuf (New)	✓	✓	✓	✓	✓	✓	✓	✓	✓

Board Committees

Four Committees are currently assisting the Bank's Board of Directors in the discharge of its functions. This is the Audit Committee, the Licensing and Supervision Committee, Currency Committee and Human Resource Committee.

The Audit Committee

The Audit Committee is largely composed of Non-executive Directors. The Chairman of the Committee is a Non-executive Director. The Terms of Reference for the Audit Committee cover four major areas, namely, Internal Control, Financial Reporting, Internal Audit and External Audit.

The Audit Committee's mandate under Internal Control covers evaluation of control environment and culture; the adequacy of the internal control systems and compliance with IFRS in the preparation of financial statements; the overall effectiveness of the internal control and risk management framework; The Committee also reviews requests for write off/back of items from the books of accounts and reviews the effectiveness of the system for monitoring compliance with laws and regulations.

The mandate relating to Financial Reporting requires the Audit Committee to review significant accounting and reporting issues and their impact on the financial reports and ensure current financial risk areas are being managed appropriately. The Committee also ensures the adequacy of the financial reporting process and reviews the Bank's annual accounts before approval and adoption by the Board.

The Audit Committee reviews and approves the external auditors' proposed audit scope, approach and audit deliverables, draft financial statements before submission to the External Auditors for audit; and also reviews and approves the proposed audit fee.

CENTRAL BANK OF SOMALIA**STATEMENT ON CORPORATE GOVERNANCE (Continued)****Board Committees (Continued)****The Audit Committee (Continued)**

The Committee's mandate on Internal Audit covers review of the activities and resources of the internal audit function; effectiveness, standing and independence of internal audit function within the Bank; review of the internal audit plan; and follow up on implementation of internal audit findings and recommendations. The Audit Committee reports to the Board of Directors.

The Licensing and Supervision Committee

The Committee assists in the area of license and supervision and financial sector including formulation of related regulation, policies and guidelines such licensing of financial institutions AML/CFT and payment system. The Licensing and Supervision Committee reports to the Board of Directors

The Human Resource Committee

The committee assists the board in every aspect of the human resource management including formulation of HR policies, work force planning and employee EHS. The Human Resource Committee reports to the Board of Directors

The Currency Committee

The committee assists the board in the area of currency exchange project development and operation including setting monetary policy and exchange rate regimes. The Currency Committee reports to the Board of Directors.

Directors' remuneration

The remuneration received by the Governor and the Deputy Governor shall be in line with that received by persons holding similar executive positions with large financial institutions and be disclosed in the annual report.

Conflicts of interest

Directors have a statutory obligation to avoid situations in which they have or may have interests that conflict with those of the Bank.

Independence

All Non-executive Directors are considered by the Board to be independent in character, judgment and free of relationships or circumstances, which could affect their judgment.

Approved by the Board of Directors on 14/04/.....2025, and signed on its behalf by:



Abdirahman M. Abdullahi
The Governor and Chairman of the Board

CENTRAL BANK OF SOMALIA

STATEMENT OF DIRECTORS' RESPONSIBILITIES

In accordance with Article 10 of Central Bank of Somalia Act, 2012, the Directors are responsible for the preparation of financial statements for each financial year that give a true and fair view of the state of affairs of the Bank as at the end of the financial year and of the Bank's financial performance. The Directors also ensure that the Bank keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Bank. They are also responsible for safeguarding the assets of the Bank.

The Directors accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatements whether due to fraud or error. They also accept responsibility for:

- (i) Designing, implementing and maintaining internal control necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;
- (ii) Selecting and applying appropriate accounting policies; and
- (iii) Making accounting estimates and judgments that are reasonable in the circumstances.

The Directors have delegated their responsibility in respect of the preparation of the financial statements, keeping proper accounting records and safeguarding the assets of the Bank to the Management of the Bank.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial position of the Bank as at 31 December 2024 and of the Bank's financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the *Central Bank of Somalia Act, 2012*.

These financial statements are prepared on a going concern basis, taking into account the legal mandate and responsibilities of the Bank, in particular is monetary policy, financial stability and payment system leadership.

Approved by the Board of Directors and signed on its behalf by:


Governor


General Manager

Date:

04/05/ 2025



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 Certified Public Accountants
 Registered Auditors
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CENTRAL BANK OF SOMALIA

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Central Bank of Somalia (the "Bank"), set out on pages 17 to 50, which comprise the statement of financial position as at 31 December 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary material accounting policy 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 2024, and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Central Bank of Somalia Act, 2012.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). 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 (including International Independence Standards) (IESBA Code)*, together with the ethical requirements that are relevant to our audit of the financial statements in the Federal Republic of Somalia 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.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Statement from the Governor, Report of the Directors, Statement of Corporate Governance and Statement of Directors' Responsibilities but 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 any form of assurance conclusion thereon.



INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other Information(Continued)

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 that we 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 the Directors for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Central Bank of Somalia Act, 2012 and for such internal controls as Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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. The Directors 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA 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 ISA, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

INDEPENDENT AUDITOR’S REPORT (CONTINUED)

Auditor’s Responsibilities for the Audit of the Financial Statements (Continued)

- 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.

We communicate with Directors 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.

The engagement partner responsible for the audit resulting in this independent auditor’s report is M.R. Richard.

Deloitte & Touche
Certified Public Accountants (Tanzania)

Signed by:

87E01649D87A463...

Signed by: M.R. Richard
NBAA Registration No. ACPA-PP 4498
Dar es Salaam

08-05-2025
.....2025

CENTRAL BANK OF SOMALIA

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 USD	2023 USD
FINANCE INCOME	6 (a)	4,825,450	2,851,955
FINANCE COSTS	7	(753,260)	(82,872)
NET FINANCE INCOME		4,072,190	2,769,083
FEES AND COMMISSIONS	6(b)	10,769,069	8,981,455
OTHER INCOME	6(c)	2,433,947	185,653,117
OPERATING EXPENDITURE	8	(16,792,302)	(194,273,180)
FOREIGN CURRENCY EXCHANGE GAINS		488	9,968
PROFIT FOR THE YEAR		483,392	3,140,443
OTHER COMPREHENSIVE INCOME			
Revaluation gains on gold bullion	13	8,843,057	3,887,143
Revaluation surplus		15,362,808	3,857,864
TOTAL OTHER COMPREHENSIVE INCOME / (LOSS)		24,205,865	7,745,007
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		24,689,257	10,885,450

CENTRAL BANK OF SOMALIA
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Notes	2024 USD	2023 USD
ASSETS			
Cash and cash equivalents			
Gold bullion	11	224,383,563	185,287,815
Receivables	13	42,388,854	33,545,797
Loans and advances -on lent	14	98,251	253,375
Due from the Government of Somalia	15	2,910,000	2,910,000
IMF PRG-HIPC Trust	16	40,774,448	41,527,708
Due from International Monetary Fund (IMF)	17	183	319,813
Property and equipment	18(a)	493,856,593	473,197,101
Intangible assets	19	159,064,898	143,152,422
	20	56,188	38,383
TOTAL ASSETS		963,532,978	880,232,414
LIABILITIES			
Treasury deposits	21	141,304,087	114,863,859
Deposits from banks	22	44,134,355	30,751,260
Security deposits	23	23,400,000	23,400,000
Microfinance grant	24	3,000,000	3,000,000
Other payables	25	4,664,150	5,984,610
Due to International Monetary Fund (IMF)	18 (b)	512,267,402	492,005,783
Balance on Government SDR allocation	26	21,994,737	22,347,912
TOTAL LIABILITIES		750,764,731	692,353,424
RESERVES			
Share capital	27	200,000	-
Revenue reserve	27	17,956,921	17,473,529
Revaluation reserve	27	175,293,908	151,088,043
Gold reserve	27	19,317,418	19,317,418
TOTAL RESERVES		212,768,247	187,878,990
TOTAL LIABILITIES AND RESERVES		963,532,978	880,232,414

The financial statements in pages 17 to 50 were approved and authorized for issue by the Board of Directors on
04 May 2025 and were signed on its behalf by:



Governor



General Manager

CENTRAL BANK OF SOMALIA

STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 DECEMBER 2024

	Share Capital USD	Revenue Reserve USD	Revaluation Reserve* USD	Gold Reserve* USD	Total USD
At 1 January 2023	-	14,333,086	143,343,036	19,317,418	176,993,540
Total comprehensive income for the year	-	3,140,443	7,745,007	-	10,885,450
At 31 December 2023	-	17,473,529	151,088,043	19,317,418	187,878,990
At 1 January 2024	-	17,473,529	151,088,043	19,317,418	187,878,990
Issue of shares – note 27	200,000	-	-	-	200,000
Total comprehensive income for the year	-	483,392	24,205,865	-	24,689,257
At 31 December 2024	200,000	17,956,921	175,293,908	19,317,418	212,768,247

*See note 27 for details of these reserves.

CENTRAL BANK OF SOMALIA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

		2024 USD	2023 USD
CASH FLOWS FROM OPERATING ACTIVITIES	Notes		
Profit for the year		483,392	3,140,443
<i>Adjustments for:</i>			
Finance income (note 6 (a))		(4,825,450)	(2,851,955)
Finance cost (note 7)		753,260	82,872
Depreciation (note 19)		776,839	637,223
Amortisation (note 20)		52,430	52,175
<i>Working capital changes:</i>			
Decrease / (increase) in receivables		155,124	(29,356)
Decrease in due from the Government of Somalia		753,260	340,619,014
Decrease in IMF PRG-HIPC Trust		319,630	801,364
Increase in due from International Monetary Fund (IMF)		(20,659,492)	(60,174,528)
Increase / (decrease) in due to International Monetary Fund (IMF)		20,261,619	(288,250,643)
(Decrease)/increase in balance on Government SDR allocation		(353,175)	7,696,055
Increase in treasury deposits		26,440,228	25,067,427
Increase in deposits from Banks		13,383,095	8,946,418
Increase in security deposits		-	3,120,000
(Decrease) / increase in other payables		(1,320,460)	3,202,982
Net cash generated from operations		36,220,300	42,059,491
Finance income received		4,072,190	2,769,083
Net cash generated from operating activities		40,292,490	44,828,574
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	19	(1,326,507)	(1,653,651)
Purchase of intangible asset	20	(70,235)	
Net cash used in investing activities		(1,396,742)	(1,653,651)
CASH FLOWS FROM FINANCING ACTIVITIES			
Share capital received		200,000	-
Net cash generated from financing activities		200,000	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		39,095,748	43,174,923
CASH AND CASH EQUIVALENTS AT 1 JANUARY		185,287,815	142,112,892
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	11 (a)	224,383,563	185,287,815

CENTRAL BANK OF SOMALIA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1 GENERAL INFORMATION

Central Bank of Somalia (CBS) is the Central Bank of the Federal Republic of Somalia. The Bank is a body corporate legal entity established under the Central Bank of Somalia Act 1962 and currently operating under the Central Bank of Somalia Act 2012. With perpetual succession and common seal, with power to acquire, own, possess and dispose of common seal, and of property, and to contract, to sue and to be sued in its own name. The Bank's principal activities are outlined under the report of Directors.

The address of the registered office of the Bank which is domiciled in Federal Republic of Somalia is:

Central Bank Headquarters
Shanganil
P.O. Box 11
55 Corso Somalia
Mogadishu, Somalia

The financial statements are presented in United States Dollar (USD) which is the Bank's functional and presentation currency.

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS.

i) *Relevant new and amended standards that became effective during the year.***Amendments to IAS 1 - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants.**

The amendment is effective for annual periods beginning on or after 1 January 2024.

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The adoption of the Standard did not result in a material impact on the numbers reported in the financial statements of the Bank.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted. The IASB has aligned the effective date with the 2022 amendments to IAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early.

The amendments did not have material impact on the financial statements of the Bank.

Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback

The amendment is effective for annual periods beginning on or after 1 January 2024.

The amendment to IFRS 16 specifies the requirements that a seller – lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller – lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

CENTRAL BANK OF SOMALIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

i) *Relevant new and amended standards that became effective during the year (continued)***Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback (continued)**

After the commencement date in a sale and leaseback transaction, the seller – lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller – lessee determines ‘lease payments’ or ‘revised lease payments’ in such a way that the seller – lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller – lessee. Applying these requirements does not prevent the seller – lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16.

The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller – lessee determining ‘lease payments’ that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller – lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8.

The adoption of the amendments has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures — Supplier Finance Arrangements.

The amendment is effective for annual periods beginning on or after 1 January 2024

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity’s liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity’s exposure to concentration of liquidity risk.

The term ‘supplier finance arrangements’ is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity’s statement of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

The Directors do not expect that the adoption of the amendment will have an impact on the financial statements of the Bank.

CENTRAL BANK OF SOMALIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

i) *Relevant new and amended standards that became effective during the year (continued)***International Tax Reform: – Pillar Two Model Rules Amendments to IAS 12**

The amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organisation for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as ‘Pillar Two legislation’ and ‘Pillar Two income taxes’, respectively.

The amendments require an entity to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

An entity is required to separately disclose its current tax expense (income) related to Pillar Two income taxes, in the periods when the legislation is effective.

The amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of financial statements understand the entity’s exposure arising from Pillar Two income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period.

The directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Bank.

ii) *New and amended standards in issue but not yet effective*

At the date of authorization of these financial statements, the Bank has not applied the following new and revised IFRS Standards that have been issued but are not yet effective

<i>New and Amendments to standards</i>	<i>Effective for annual periods beginning on or after</i>
<i>Amendments to IAS 21 – Lack of exchangeability</i>	<i>1 January 2025</i>
<i>IFRS 18 – Presentation and Disclosure in Financial Statements</i>	<i>1 January 2027</i>
<i>IFRS 19 – Subsidiaries without Public Accountability: Disclosures</i>	<i>1 January 2027</i>

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Bank in future periods.

CENTRAL BANK OF SOMALIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

ii) *New and amended standards in issue but not yet effective (continued)***Amendments to IAS 21– Lack of Exchangeability**

The amendment is effective for annual periods beginning on or after 1 January 2025.

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

The Directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Bank.

IFRS 18 – Presentation and Disclosure in Financial Statements

The standard is effective for annual periods beginning on or after 1 January 2027.

IFRS 18 introduces new categories and subtotals in the statement of profit or loss. It also requires disclosure of management defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information.

An entity will be required to classify all income and expenses within its statement of profit or loss into one of five categories: operating, investing, financing, income taxes, and discontinued operations. In addition, IFRS 18 requires an entity to present subtotals and totals for ‘operating profit or loss’, ‘profit or loss before financing and income taxes’ and ‘profit or loss’

Management-defined performance measures (MPM)

IFRS 18 introduces the concept of a management defined performance measure (MPM) which it defines as a subtotal of income and expenses that an entity uses in public communications outside financial statements, to communicate management’s view of an aspect of the financial performance of the entity as a whole to users. IFRS 18 requires disclosure of information about all of an entity’s MPMs within a single note to the financial statements and requires several disclosures to be made about each MPM, including how the measure is calculated and a reconciliation to the most comparable subtotal specified by IFRS 18 or another IFRS accounting standard.

The Directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Bank.

IFRS 19 – Subsidiaries without Public Accountability: Disclosures

The standard is effective for annual periods beginning on or after 1 January 2027.

In May 2024, the Board issued IFRS 19 Subsidiaries without Public Accountability: Disclosures, which allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards.

CENTRAL BANK OF SOMALIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

ii) *New and amended standards in issue but not yet effective (continued)***IFRS 19 – Subsidiaries without Public Accountability: Disclosures (Continued)**

An entity applying IFRS 19 is required to disclose that fact as part of its general IFRS accounting standards compliance statement. IFRS 19 requires an entity whose financial statements comply with IFRS accounting standards including IFRS 19 to make an explicit and unreserved statement of such compliance.

An entity may elect to apply IFRS 19 if at the end of the reporting period:

- It is a subsidiary as defined in IFRS 10;
- It does not have public accountability; and
- It has a parent (either ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards

An entity is required, during the first period (annual and interim) in which it applies the standard, to align the disclosures in the comparative period with the disclosures included in the current period under IFRS 19, unless IFRS 19 or another IFRS accounting standard permits or requires otherwise.

The Directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Bank.

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB, however, earlier application of the amendments is permitted.

In December 2015 the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.

iii) *Early adoption of standards*

The Bank did not early-adopt any new or amended standards in 2024.

CENTRAL BANK OF SOMALIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 MATERIAL ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Central Bank of Somalia Act, 2012.

The Bank prepares its financial statements under the historical cost convention, modified to include the revaluation of certain assets which are measured at revalued amounts at the end of each reporting period.

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been applied consistently.

Revenue recognition

Fees and commissions are generally recognised in profit or loss on an accrual basis when the service has been provided.

Other fees relate mainly to transaction and service fees, which are recognized as the services are rendered.

Rental income is recognised in the income statement as it accrues using the effective lease agreements.

Grant income is recognized only when the conditions set out in the agreements are complied with.

Finance income- is the income earned on the Bank's deposits and on IMF SDR allocations, and is recognised in the income statement as it accrues using the effective interest method.

Property and equipment

Land and buildings are stated at cost or as professionally revalued less accumulated depreciation and accumulated impairment losses where applicable. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting period. Any revaluation increase arising on the revaluation of such land and buildings is recognized in other comprehensive income.

Other categories of property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight line basis at annual rates estimated to write off the cost of the property and equipment over their expected useful lives. The rates generally in use are:

Freehold land	0%
Buildings	2.5%
Furniture and fixtures	12.5%
Motor vehicles	20%
Computers and equipment	20%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

CENTRAL BANK OF SOMALIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 MATERIAL ACCOUNTING POLICIES (Continued)

Intangible assets - computer software costs

Costs incurred on computer software are initially accounted for at cost as intangible assets and subsequently at cost less any accumulated amortization and impairment losses. Amortization is calculated on a straight line basis over the estimated useful lives not exceeding 5 years.

Impairment of tangible and intangible assets

At the end of each reporting period, the Bank reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Bank estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Finance costs

Finance costs comprise finance costs on borrowings.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the profit or loss using the effective interest method.

Gold

Gold is held by the Bank as part of its foreign reserves. Gold is initially recorded at cost at initial recognition, including transaction costs. Subsequent to initial measurement, it is accounted for under the revaluation model.

Gold reserves are held to support the national currency (Gold Bullion) and as such are classified as non-current assets, and accounted for using either cost model or the revaluation model. The Bank accounts for Gold Bullions using the revaluation model. Such reserves are not traded and the levels frequently do not change from one year to the next.

CENTRAL BANK OF SOMALIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 MATERIAL ACCOUNTING POLICIES (Continued)

Funds held at / due to International Monetary Fund (IMF)

Somalia is a member of the International Monetary Funds (IMF). Central Bank of Somalia is the designated depository for the IMF holdings of the Federal Government of Somalia's currency. IMF currency are held in the No. 1 and No. 2 Accounts, which are deposit account of the IMF with the Bank.

Borrowings from and repayment to the IMF are denominated in Special Drawings Rights (SDRs). The SDR balances in IMF accounts are translated into United States Dollars at the prevailing exchange rates and any unrealized gains or losses are accounted for in accordance with accounting policy or foreign currencies.

On custodial basis, the Bank holds a non-interest bearing and cashable on demand security issued by the Treasury in favour of IMF in its capacity as the IMF's depository. The security issued is in part payment of Somali's quota of IMF shares.

Currency in circulation

Notes and coins in circulation are measured at fair value. Currency in circulation represents the nominal value of all Bank notes and coins held by the public and commercial Banks. The Bank does not carry the currency risk and it therefore not required to measure the value of the currency in circulation after its reconstruction in 2013 following its collapse in 1992. Consequently, the values have not been included in these financial statements.

Foreign currencies

Transactions in foreign currencies during the year are translated at the rates ruling at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into United States Dollars at the rates of exchange ruling at the end of each reporting date. Non-monetary items that are measured in terms of historical costs in a foreign currency are not retranslated. Gains and losses on exchange of monetary items are dealt with in the profit or loss in the period in which it arises.

Taxation

Article 8 of the Central Bank of Somalia Act, 2012 exempts the Bank from all:

- a) taxes on its income and all duties, excise and other taxes and levies on the import and domestic supply of gold, Banknotes and coins.
- b) other taxes duties and levies from which Government ministries and other public agencies are exempted by law.

Financial instruments

The Bank applies IFRS 9 Financial Instruments to the recognition, classification and measurement, and derecognition of financial assets and financial liabilities and the impairment of financial assets.

Recognition

The Bank recognises financial assets and liabilities when it becomes a party to the terms of the contract. Trade date or settlement date accounting is applied depending on the classification of the financial asset.

Financial Assets*Classification*

The Bank classifies its financial assets as subsequently measured at either amortized cost or fair value on the basis of both the Bank's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

CENTRAL BANK OF SOMALIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 MATERIAL ACCOUNTING POLICIES (Continued)

Financial Assets*Classification*

A financial asset is measured at amortized cost if both of the following conditions are met (and is not designated as at FVTPL):

- (i) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if both of the following conditions are met (and is not designated as at FVTPL):

- i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Bank's receivables, cash balance deposits and balances due from financial institutions, loans and advances and balances due from the Government and International Monetary Fund IMF are held are classified at amortized cost.

Recognition and de-recognition of financial instruments

Financial assets are recognized when the Bank becomes a party to the contractual provisions of the asset. Initial recognition of financial asset is at fair value plus, for all financial assets except those carried at fair value through profit or loss, transaction costs. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Bank has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

The Bank measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following, which are measured as 12-month ECLs:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Financial assets where credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Bank considers financial assets to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment-grade'. 12-month ECL is the portion of ECL that represents the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'. Life-time ECL are the ECLs that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'. Financial instruments that are considered credit – impaired are referred to as 'Stage 3 financial instruments'. The Bank records an allowance for the lifetime ECL and follows the simplified approach methodology.

CENTRAL BANK OF SOMALIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)**Financial Assets (Continued)***Write-off policy*

The Bank writes off a financial asset when there is information indicating that there is no reasonable expectation of recovery of the financial instrument, e.g. when the debtor has been placed under liquidation or has entered into Bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Bank's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss as other income.

Financial liabilities

After initial recognition, the Bank measures all financial liabilities including due to IMF, balance on government SDR allocation, Treasury deposits, deposits from Banks, security deposits, microfinance grant at amortised cost other than liabilities held for trading. Liabilities held for trading (financial liabilities acquired principally for the purpose of generating a profit from short-term fluctuations in price or dealer's margin) are subsequently measured at their fair values.

Derecognition of financial liabilities

Financial liabilities are derecognised when and only when the Bank obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Leases

The Bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

The Bank as a lessor

Leases in which the Bank does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

Cash and cash equivalents

Cash and cash equivalents for purposes of statement of cashflows include notes on hand and deposits held at call with Banks. Such assets are generally subject to insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments. Cash and cash equivalents are carried at amortized cost in the statement of financial position.

Comparatives

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

CENTRAL BANK OF SOMALIA

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 MATERIAL ACCOUNTING POLICIES (Continued)

Grants

Grants are recognized as revenue only when the conditions have been met.

Microfinance Grant - For the Bank, this grant is to provide micro-finance funding to small business in Somalia in order to support the growth of the Somali private sector. This is effected via disbursements to local Banks at zero finance costs and banks are allowed to charge a maximum of 3% management fees. The Banks are expected to pay back the grant to CBS in periods indicated in their respective grant agreements for each Bank. The grant operates as a revolving fund and hence maintained under liabilities in the statement of financial position at the reporting date.

HIPC Grant - Somalia is eligible and qualifies for the Grant Assistance under the PRG (Poverty Reduction and Growth Facility) – HIPC (Heavily Indebted Poor Countries) initiative. Through this initiative, the IMF aims to provide deeper, broader, and faster debt relief and to support poverty reduction and lasting economic growth by the IMF's poorest members. The HIPC grant is used to settle General Resources Account (GRA charges are payable by a member on its GRA outstanding credit. Charges accrue daily on the outstanding balance and are payable on a quarterly basis) and IMF loan repayment.

Grant income from World Bank Performance Based Conditions (PBCs) - The grant income relates to income received from the World Bank Group after the CBS has achieved the Performance Based Conditions targets that had been agreed between Central Bank of Somalia and the World Bank Group under the Scaled-Up project. Somalia: Grant Number D843-SO.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE ENTITY'S ACCOUNTING POLICIES

In the process of applying the Bank's accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. These are dealt with below:

(i) Critical accounting judgements in applying the Bank's policies*Impairment allowance on financial assets*

The measurement of impairment allowance under IFRS 9 across all categories of financial assets in scope requires judgement, particularly, the estimation of the amount and timing of future cash flows and collateral values when determining impairment allowance and the assessment of a significant increase in credit risk.

It has been the Bank's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

Property and equipment

Land and buildings are carried at revaluation less accumulated depreciation. These items are only revalued when control has been obtained by the Bank over the property and this is subsequently revalued using external professional valuers, on an open market value basis.

(ii) Key sources of estimation uncertainty*Property and equipment and intangible assets*

Critical estimates are made by Directors in determining the useful lives and residual values for property and equipment and intangible assets based on the intended use of the assets and the economic lives of those assets. Subsequent changes in circumstances such as technological advances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.

CENTRAL BANK OF SOMALIA

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 RISK MANAGEMENT POLICIES AND OBJECTIVES

A. OVERVIEW OF RISK MANAGEMENT

The Central Bank of Somalia activities expose it to a variety of financial risks, including credit risks, liquidity related risks, foreign currency exchange rates and interest rates. The Bank's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

The Bank has exposure to the following main types in its operations:

- Credit risk
- Liquidity risk
- Market risk

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework.

(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 arise principally in lending to customers and other Banks and investment activities. The Central Bank of Somalia does not provide loans to third parties but has provided refundable grants to selected commercial banks for onward lending to small and microfinance business in Somalia are zero interest rate and therefore the Bank is not significantly exposed to any credit risk.

Credit risk on financial assets other than loans

The Bank is exposed to credit risk arising on other financial assets as included in the statement of financial position. As part of the credit risk management, the Bank's management reviews information on significant amounts. The Bank's management assess the credit quality of each counterparty, taking into accounts its financial position, past experience and other factors.

The credit risk on amounts due from Banking institutions is limited because the counterparties are Banks with high credit ratings. The Bank follows the principles of the simplified ECL approach in determining its ECL.

Maximum exposure to credit risk before collateral held

Assets 2024	External credit rating	12-month or lifetime ECL	Gross carrying amount USD	Loss allowance USD	Net carrying amount USD
Balances from Banking institutions	B- to A+	12	96,708,975	(32,033)	96,676,942
Loans and advances	None	12	2,910,000	-	2,910,000
Receivables	None	12	98,251	-	98,251
Due from the Government of Somalia	None	12	40,774,448	-	40,774,448
Due from International Monetary Fund (IMF)	None	12	493,856,593	-	493,856,593
IMF PRG-HIPC Trust	None	12	183	-	183
Total			634,348,450	(32,033)	634,316,417

CENTRAL BANK OF SOMALIA

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 RISK MANAGEMENT POLICIES AND OBJECTIVES (Continued)

A OVERVIEW OF RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Assets 2023	External credit rating	12-month or lifetime ECL	Gross carrying amount USD	Loss allowance USD	Net carrying amount USD
Balances from Banking institutions	B- to A+	12	63,832,445	(32,033)	63,800,412
Loans and advances	None	12	2,910,000	-	2,910,000
Receivables	None	12	253,375	-	253,375
Due from the Government of Somalia	None	12	41,527,708	-	41,527,708
Due from International Monetary Fund (IMF)	None	12	473,197,101	-	473,197,101
IMF PRG-HIPC Trust	None	12	319,813	-	319,813
Total			582,040,442	(32,033)	582,008,409

Concentrations of credit risk

The Bank monitors concentrations of credit risk by geographic location and by counterparty type. An analysis of concentrations of credit risk is shown below.

Concentration by geographical location is based on the country of domicile of the issuer of the security. Concentration by counterparty type is based on the nature of the institution such as foreign governments, central banks and supranational institutions.

A segregation of the financial assets by geography is set out below:

Year ended 31 December 2024	United states of America USD	Turkey USD	Djibouti USD	Federal republic of Somalia USD	Kenya	Total USD
Balances from Banking institutions	95,006,657	216,339	465,395	988,551	-	96,676,942
Loans and advances	-	-	-	-	2,910,000	2,910,000
Receivables	-	-	-	-	98,251	98,251
Due from the Government of Somalia	40,774,448	-	-	-	-	40,774,448
Due from International Monetary Fund (IMF)	493,856,593	-	-	-	-	493,856,593
IMF PRG-HIPC Trust	183	-	-	-	-	183
Total	629,637,881	216,339	465,395	988,551	3,008,251	634,316,417

CENTRAL BANK OF SOMALIA

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 RISK MANAGEMENT POLICIES AND OBJECTIVES (Continued)

A OVERVIEW OF RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Year ended 31 December 2023	United states of America	Turkey	Djibouti	Federal republic of Somalia	Total
	USD	USD	USD	USD	USD
Balances from Banking institutions	55,425,660	7,994,740	380,012	-	63,800,412
Loans and advances	-	-	-	2,910,000	2,910,000
Receivables	-	-	-	253,375	253,375
Due from the Government of Somalia	41,527,708	-	-	-	41,527,708
Due from International Monetary Fund (IMF)	473,197,101	-	-	-	473,197,101
IMF PRG-HIPC Trust	319,813	-	-	-	319,813
Total	570,470,282	7,994,740	380,012	3,163,375	582,008,409

(b) Liquidity risk

The Bank is exposed to the risk that it will encounter difficulty in raising funds to meet commitments associated with customer requirements. Liquidity risk is addressed through the following measure:

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 CBS normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation. The Board of Directors, is tasked with the responsibility of ensuring that all foreseeable funding commitments and deposits withdrawals can be met when due and that no difficulties meeting financial liabilities as they fall due is encountered.

Source of funding

The Bank's source of funding is mostly from charging an agreed upon fees to all income received the Federal and Regional governments which are deposited into their respective Central Bank of Somalia operational accounts.

The table below analyses the Bank's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

CENTRAL BANK OF SOMALIA

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 RISK MANAGEMENT POLICIES AND OBJECTIVES (Continued)

A OVERVIEW OF RISK MANAGEMENT (Continued)

(b) Liquidity risk (continued)

	On demand USD	1 – 12 months USD	1 - 5 years USD	Over 5 years USD	Total USD
At 31 December 2024					
Due to International Monetary Fund (IMF)	-	-	-	512,267,402	512,267,402
Balance on government SDR allocation	21,994,737	-	-	-	21,994,737
Treasury deposits	141,304,087	-	-	-	141,304,087
Deposits from Banks	44,134,355	-	-	-	44,134,355
Security deposits	23,400,000	-	-	-	23,400,000
Micro finance grant	3,000,000	-	-	-	3,000,000
Other payables	4,664,150	-	-	-	4,664,150
Total financial liabilities	238,497,329	-	-	512,267,402	750,764,731
At 31 December 2023					
Due to International Monetary Fund (IMF)	-	-	-	492,005,783	492,005,783
Balance on government SDR allocation	22,347,912	-	-	-	22,347,912
Treasury deposits	114,863,859	-	-	-	114,863,859
Deposits from Banks	30,751,260	-	-	-	30,751,260
Security Deposits	23,400,000	-	-	-	23,400,000
Micro finance grant	3,000,000	-	-	-	3,000,000
Other payables	5,984,610	-	-	-	5,984,610
Total financial liabilities	200,347,641	-	-	492,005,783	692,353,424

(c) Market risk

The Bank takes on exposure to market risk, which is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk arises from open positions in interest rate and currency, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As at 31 December 2024, the Bank had no interest charging borrowings with any of its Bankers other than obligations from IMF which are held on behalf of the Government.

CENTRAL BANK OF SOMALIA

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 RISK MANAGEMENT POLICIES AND OBJECTIVES (Continued)

A. OVERVIEW OF RISK MANAGEMENT (Continued)

(c) Market risk

Foreign exchange risk

The risk that the fair value or future statement of cash flows of a financial instrument will fluctuate due to the changes in the foreign exchange rates.

Apart from the SLS (Somalia shillings) and USD, the Bank also deals with other well-known foreign currencies such as GBP and EURO. The percentage of deals with foreign currencies is very small.

At the end of the year, the Bank had the following net foreign currency exposures on the specific balances listed below:

At 31 December 2024	EURO USD	SLS USD	Others USD	Total USD
Financial assets				
Cash in hand	-	507,434	-	507,434
Balances due from Banking institutions	196,021	-	-	196,021
Total financial assets	196,021	507,434	-	703,455
Total financial liabilities	-	-	-	-
Net position	196,021	507,434	-	703,455
At 31 December 2023	EURO USD	SLS USD	Others USD	Totals USD
Financial assets				
Cash in hand	-	350,087	-	350,087
Balances due from Banking institutions	236,672	-	-	236,672
Total financial assets	236,672	350,087	-	586,759
Total financial liabilities	-	-	-	-
Net position	236,672	350,087	-	586,759

CENTRAL BANK OF SOMALIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 RISK MANAGEMENT POLICIES AND OBJECTIVES (Continued)

B. CAPITAL MANAGEMENT

The Central Bank of Somalia sets and monitors capital requirements for the Bank as a whole.

The Bank's reserve position at 31 December was as follows:

	2024 USD	2023 USD
Retained earnings	17,956,921	17,473,529
Revaluation reserve	175,293,908	151,088,043
Gold reserve	19,317,418	19,317,418
Share capital	200,000	-
	<u>212,768,247</u>	<u>187,878,990</u>

C. FAIR VALUE HIERARCHY

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Details of the fair value hierarchy for the Bank's Gold Bullion carried at fair value as at 31 December are as follows:

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
2024				
Gold Bullion	42,388,854	-	-	42,388,854
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2023				
Gold Bullion	33,545,797	-	-	33,545,797
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

CENTRAL BANK OF SOMALIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2024 USD	2023 USD
6 b) FINANCE INCOME		
Interest on Government of Somalia Promissory Note (note 16) *	753,260	82,872
Interest income from deposits held in Federal Reserve Bank of New York - <i>at mortised cost</i>	4,072,190	2,769,083
	<u>4,825,450</u>	<u>2,851,955</u>
b) FEES AND COMMISSIONS**	<u>10,769,069</u>	<u>8,981,455</u>
c) OTHER INCOME		
Utilization of the grant assistance - IMF PRG-HIPC Trust (note 17) **	331,259	180,254,765
Investment income from grant assistance - IMF PRG-HIPC Trust (note 17) **	11,629	68,274
License fees***	607,116	465,217
Rental income -short term	342,810	386,560
Registration fee	29,000	37,000
Sundry revenue	1,450	1,080
Grant income****	1,067,591	975,000
Other income	43,092	112,637
Income from asset recovery*****	-	3,352,584
	<u>2,433,947</u>	<u>185,653,117</u>

* The interest income from promissory note, relate to income from the IMF assets held in custody by Central Bank of Somalia as disclosed in Note 16 and Note 18. These amounts have been offset by CBS as an expense as disclosed in Note 7.

** CBS charges an approved cash handling fees of 1.5% for all foreign denominated deposits. CBS charges 3% cash handling fees for all Somali Shilling deposits.

*** License relates to annual license fees charged to commercial Banks, money transfer agencies and mobile money providers as provided for in section 15 of The Central Bank of Somalia Act Law no. 130 of 22 April 2012 and in Section 8 of the Financial Institution Law No. 130 of 22 April, 2012.

****The grant income relates to income received from the World Bank Group after the CBS has achieved the Performance Based Conditions targets that had been agreed between Central Bank of Somalia and the World Bank Group under the Scaled-Up project. Somalia: Grant Number D843-SO. The bank only recognizes amounts that have been reviewed and approved by the Independent Verification Agent (IVA) and approved by the World Bank Group.

*****The income from asset recovery relates to the 48% share of USD 6,984,451 recovered from Intensa Sanpaolo Bank which were funds that were held in that Bank before the collapse of the Somalia Government in 1991. Through the World Bank Stolen Asset Recovery (STAR) Initiative, the funds were recovered and deposited in the CBS Federal Reserve Account of New York. The CBS Board approved the sharing of the recovered funds between CBS and the Ministry of Finance on a 48% and 52% ratio respectively. The amounts due to the Ministry of Finance of USD 3,631,915 has been disclosed in Note 25.

CENTRAL BANK OF SOMALIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2024 USD	2023 USD
7 FINANCE COSTS		
Interest expense and other charges on IMF loans (note 16)	753,260	82,872
8 OPERATING EXPENDITURE		
Staff costs (note 9)	8,056,392	7,321,432
Travel expense*	538,128	471,568
Mission allowance*	627,775	623,698
Staff Training*	364,660	329,796
Study visit Per diem*	814,354	667,960
Security	765,157	735,417
Asset follow up expense	33,500	14,700
Repair and maintenance	126,555	83,926
Auditors' fees	182,674	174,225
Depreciation (note 19)	776,839	637,223
Amortisation (note 20)	52,430	52,175
Fuel	47,054	35,098
CBS retreat	15,783	8,230
Hotel**	145,883	88,175
Internet expenses	79,750	69,450
Rent	73,200	73,200
Board of Directors expenses	145,400	17,400
Printing, Publications & Subscriptions	41,277	11,829
Miscellaneous vehicle expenses	48,434	47,370
Electricity	212,223	166,039
Tel, fax, and telegraph	4,653	3,888
Office supplies stationaries	63,935	86,546
Water	8,463	5,696
Cleaning	22,581	21,942
Bank charges	98,483	86,925
Consultant fees	196,905	124,810
Professional subscriptions	75,359	21,811
System License***	1,262,912	931,409
Petty cash expenses	48,243	57,025
Software expenses	330,940	233,702
IT Equipment expenses	113,948	39,322
Communication expenses	59,414	312,996
Refreshments	93,011	111,551
Consultancy fees - Property revaluation services	146,313	163,407
Legal expense	233,165	-
CBS currency design****	416,456	-
Development upgrades	84,810	120,000
Document translation	19,830	-
CBS field Trip expenses	22,525	-
Other miscellaneous costs	-	200
Amortization of the grant assistance - IMF PRG-HIPC Trust	331,259	180,254,765
Investment income from Grant assistance - IMF PRG-HIPC Trust	11,629	68,274
	16,792,302	194,273,180

CENTRAL BANK OF SOMALIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 OPERATING EXPENDITURE (Continued)

*The increase in expenditure for the travel expense, mission allowance, study visit per diem, staff training and the development upgrades relates to costs incurred by CBS to achieve the Performance Based Conditions targets for year 2024 that had been agreed between Central Bank of Somalia and the World Bank Group under the Scaled-Up project, Somalia: Grant Number D843-SO. The World Bank Group has appointed an independent verification agent who shall review the withdrawal conditions set out in Section (III).B(1)f, Section(III).B(2) and Schedule 3 of the Financing Agreement confirming the achievement of the Performance - Based Conditions (PBCs). Subject to the successful review of the PBC eligible expenditure, the World Bank shall then release the targeted Grant Income of the total Independent Verified Expenditure of USD 3,934,537 (2023: 2,525,000) to the Central Bank of Somalia.

**The increase in hotel cost was due various number of increased CBS staff mission abroad such as meetings with the IMF teams in Nairobi. The Bank also incurred hotel costs for attendees of the major conference hosted by the bank in 2024.

***The increase in the system license expense was due to the payment of the Switch Payment System (SPS) license that was previously being paid by the World Bank but is now being paid by CBS.

****The currency design expense relates to costs incurred by the Bank in designing a new Somali Shilling currency. This is part of the realization of the Central Bank of Somalia reforms in which the FGS will eventually plan to roll out a new Somali currency.

	2024 USD	2023 USD
9 STAFF COSTS		
Salaries and wages	3,390,715	3,099,860
Staff allowances	3,744,361	3,372,030
Health Insurance	403,556	339,785
Contract experts	380,529	242,439
Gratuity	30,731	145,318
Bonus	106,500	122,000
	<u>8,056,392</u>	<u>7,321,432</u>

10 TAXATION

Article 8 of the Central Bank of Somalia Act Law no. 130 of 22 April 2012 exempts the Central Bank of Somalia from taxes on its income and all duties, excise and other taxes and levies on the import and domestic supply of gold, Banknotes and coins, and other taxes duties and levies from which Government ministries and other public agencies are exempted by Law.

CENTRAL BANK OF SOMALIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2024 USD	2023 USD
11 (a) CASH AND CASH EQUIVALENTS		
Cash balances (Note 11 (b))	127,706,621	121,487,403
Deposits and balances due from banking institutions (Note 12)	96,676,942	63,800,412
	<u>224,383,563</u>	<u>185,287,815</u>
(b) CASH BALANCES		
Somali Shillings	507,434	350,087
United States Dollars	127,199,187	121,137,316
	<u>127,706,621</u>	<u>121,487,403</u>
12 BALANCES DUE FROM BANKING INSTITUTIONS		
Balances due from banking institutions -maturing within 3 months	96,708,975	63,832,445
Provision for impairment of unconfirmed bank balances	(32,033)	(32,033)
	<u>96,676,942</u>	<u>63,800,412</u>
Movement in impairment is as follows.		
At 1 January	(32,033)	(3,693,963)
Impairment writeback during the year	-	3,661,930
	<u>(32,033)</u>	<u>(32,033)</u>
At 31 December	<u>(32,033)</u>	<u>(32,033)</u>

The weighted average effective interest rate on balances due from Banking institutions at 31 December 2024 was Nil (2023 - Nil).

	2024 USD	2023 USD
13 GOLD BULLION		
At 1 January	33,545,797	29,658,654
Valuation gain through other comprehensive income	8,843,057	3,887,143
	<u>42,388,854</u>	<u>33,545,797</u>
At 31 December	<u>42,388,854</u>	<u>33,545,797</u>

Gold bullion consists of 16,261 fine troy ounces of gold at the market price of United States Dollar (USD) 2,606.70 per ounce (2023: 16,261 fine troy ounces at USD 2062.90 per ounce).

This gold bullion is held at the Federal Reserve Bank of New York. The asset is carried at fair value through other comprehensive income.

CENTRAL BANK OF SOMALIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2024 USD	2023 USD
14 RECEIVABLES		
Prepayments	-	158,053
Sundry debtors	34,451	44,622
Rent receivable -short term	63,800	50,700
	<u>98,251</u>	<u>253,375</u>
15 LOANS AND ADVANCES - ONLENT		
As at 1 January	2,910,000	2,910,000
Loans advanced	-	-
	<u>2,910,000</u>	<u>2,910,000</u>
As at 31 December	<u>2,910,000</u>	<u>2,910,000</u>

The micro finance loans are loans which the Bank issued to 9 commercial Banks (2023: 9 Banks) from the funds received from Kuwait Fund for Arab Development (Note 24). The commercial Banks are supposed to utilize the loans for provision of micro finance loans to small business traders. These loans are interest free and have been subsequently been repaid fully in February 2026.

16 DUE FROM THE GOVERNMENT OF SOMALIA				
	2024 SDR	2024 USD	2023 SDR	2023 USD
Ministry of Finance Promissory Note to settle debt owed to International Monetary Fund	29,133,138	40,774,448	29,671,339	41,527,708

Movement in the government promissory note is as follows:

	2024 USD	2023 USD
At 1 January	41,527,708	382,146,722
Interest charged on short term lending to Ministry of Finance (Note 7))	(753,260)	82,872
IMF Debt relief - Loan repayment using HIPC Grant (note 18)	-	(177,715,223)
IMF Debt relief received - Beyond HIPC - Loan repayment (note 18)	-	(172,783,793)
SDR windfall from December 2020 HIPC debt relief (note 26)	-	9,797,130
	<u>40,774,448</u>	<u>41,527,708</u>
At end of the year	<u>40,774,448</u>	<u>41,527,708</u>

This Promissory Note was issued by the Ministry of Finance (MOF) pursuant to the Somali Public Finance and Management Act, in consideration to the Central Bank of Somalia (CBS) assuming the debt owed to the IMF as disclosed in note 18 of these financial statements. The promissory note was effective from 31 March 2024 and the maturity date is on 30 April 2030.

The promissory note accrues interest on the unpaid principal balance of the Promissory Note at the applicable rate as determined by the International Monetary Fund (IMF). The accrued interest and the principal are payable only on the Maturity Date. This Promissory Note, is governed by the Federal Government Somalia Constitution and construed and enforced in accordance and with the Somali Public Finance and Management Act.

CENTRAL BANK OF SOMALIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 DUE FROM THE GOVERNMENT OF SOMALIA (Continued)

In the December 2023, through the HIPC initiative, Somalia Government received a total debt relief of SDR 250,429,780 (Note 18). These comprised of PRG-HIPC grant of SDR 126,976,631 (Note 17) and a further SDR 123,453,149 of beyond HIPC - Loan repayment.

At HIPC Decision Point in March 2020, the Central Bank of Somalia received SDR 243.43 million and utilized this for arrears clearance to the IMF. Subsequently, IMF approved PRTG and GRA loan of SDR 250.43 million to repay a bridge loan used for arrears clearance to the IMF (SDR 243.4 million), and the remainder (SDR 7 million windfall) was kept as higher gross reserves at the CBS. The authorities need to decide the distribution of the SDR 7 million that will no longer need to be repaid to the IMF. In 2023, the CBS opted to transfers to the MoF all of the SDR 7 million windfall from the HIPC debt relief received in March 2020 (Note 26).

17 IMF GRANT ASSISTANCE PRG-HIPC TRUST

	2024 SDR	2024 USD	2023 SDR	2023 USD
At 1 January	228,505	319,813	801,075	1,121,177
investment income from HIPC holdings (Note 6 (c),8)	8,309	11,629	48,782	68,274
Payment of GRA charges (Note 6 (c),8)	(236,683)	(331,259)	(1,814,490)	(2,539,542)
PRG loan repayment (Note 25,18,6 (c),8)	-	-	(126,976,631)	(177,715,223)
Additional grant (Note 25)	-	-	128,169,769	179,385,127
	<u>131</u>	<u>183</u>	<u>228,505</u>	<u>319,813</u>
At 31 December	131	183	228,505	319,813

In March 2020, the IMF Executive Board determined that Somalia is eligible and qualifies for the Grant Assistance under the PRG (Poverty Reduction and Growth Facility) – HIPC (Heavily Indebted Poor Countries) initiative. Through this initiative, the IMF aims to provide deeper, broader, and faster debt relief and to support poverty reduction and lasting economic growth by the IMF's poorest members

During the year 2023, Somalia earned an investment income from the Grant Assistance of SDR 8,309 (2023: SDR 48,274) and amortized SDR 236,683 (2023: SDR 1,814,490) and applied it to the General Resources Account (GRA) charges on its existing debt to the IMF.

In the year 2023, Somalia received an additional Grant assistance of SDR 128,791,121 and utilized grant assistance of SDR 126,976,631 (Note 18) for loan repayment on its existing debt to the IMF.

CENTRAL BANK OF SOMALIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 FUNDS HELD AT/ DUE TO INTERNATIONAL MONETARY FUND (IMF)

	2024 SDR	2024 USD	2023 SDR	2023 USD
(a) Assets				
IMF balances (SDR asset account)	188,442,593	263,742,369	173,696,516	243,103,907
Accrued Interest on SDR Holdings	1,015,453	1,421,218	1,000,427	1,400,188
Quota	163,400,000	228,693,006	163,400,000	228,693,006
	<u>352,858,046</u>	<u>493,856,593</u>	<u>338,096,943</u>	<u>473,197,101</u>
(b) Liabilities				
International Monetary Fund Holding	163,406,345	228,701,886	163,406,345	228,701,886
International Monetary Fund – Borrowings	87,000,000	121,764,330	72,000,000	100,770,480
Accrued interest and charges	1,152,056	1,612,406	1,675,231	2,344,637
SDR Allocations	114,454,076	160,188,780	114,454,076	160,188,780
	<u>366,012,477</u>	<u>512,267,402</u>	<u>351,535,652</u>	<u>492,005,783</u>

MOVEMENT IN FUNDS HELD AT/ DUE TO INTERNATIONAL MONETARY FUND (IMF)

	2024 SDR	2024 USD	2023 SDR	2023 USD
Assets				
At 1 January	338,096,943	473,197,101	295,102,546	413,022,573
Additional PRT loan allocation	15,000,000	20,993,850	44,000,000	61,581,960
Government acquisition/(utilised) SDR (Note 26)	1,198,623	1,677,581	1,218,890	1,705,946
Payment of interest and GRA charges on SDR (Note 18)	(1,450,965)	(2,030,756)	(2,638,710)	(3,693,112)
SDR assessment (Note 8)	(1,581)	(2,213)	(2,720)	(3,807)
Increase in accrued Interest on SDR Holdings (Note 6(a))	15,026	21,030	416,937	583,541
	<u>352,858,046</u>	<u>493,856,593</u>	<u>338,096,943</u>	<u>473,197,101</u>
Liabilities				
At 1 January	351,535,652	492,005,783	557,489,283	780,256,426
Additional PRT loan allocation	15,000,000	20,993,850	44,000,000	61,581,960
Interest in Accrued interest and charges (Note 6(a))	(523,175)	(732,230)	476,149	666,413
Loan repayment using HIPC Grant (Note 16)	-	-	(126,976,631)	(177,715,223)
Beyond HIPC - Loan repayment (Note 16)	-	-	(123,453,149)	(172,783,793)
	<u>366,012,477</u>	<u>512,267,403</u>	<u>351,535,652</u>	<u>492,005,783</u>

CENTRAL BANK OF SOMALIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 FUNDS HELD AT/ DUE TO INTERNATIONAL MONETARY FUND (IMF) (Continued)

In 2018 the Bank assumed and recognized Somalia government's IMF (International Monetary Fund) position on its statement of financial position. This is because the Central Bank of Somalia acts as Somalia's "Fiscal Agent" and "Depository" with the IMF. Therefore, the Bank agreed with the Ministry of Finance to recognize and reflect the amounts due by the Government of Somalia to IMF on the Bank's statement of financial position. These debts related to historical sovereign loans owed by the Government, and which were obtained from IMF before the collapse of the Somalia government in 1992. In compensation, the Central Bank of Somalia obtained a promissory note (see note 16) in consideration of the Bank assuming the debt owed to IMF.

IMF currency are held in the No. 1 and No. 2 Accounts, which are deposit account of the IMF with the Bank. Borrowings from and repayment to the IMF are denominated in Special Drawings Rights (SDRs). The SDR balances in IMF accounts are translated into United States Dollars at the prevailing exchange rates and any unrealized gains or losses are accounted for in accordance with accounting policy.

On custodial basis, the Bank holds a non-interest bearing and cashable on demand security issued by the Treasury of IMF in its capacity as the IMF's depository. The security issued is in part payment of Somali's quota of IMF shares.

In the December 2023, through the HIPC initiative, Somalia Government received a total debt relief of SDR 250,429,780. These comprised of PRG-HIPC grant of SDR 126,976,631 (Note 17) and a further SDR 123,453,149 of beyond HIPC. Beyond HIPC" refers to additional debt relief provided by the Inter-American Development Bank to countries that have completed the Heavily Indebted Poor Countries (HIPC) Initiative. The HIPC Initiative is a debt reduction program run by the IMF and World Bank that aims to reduce the external debt of eligible low-income countries to sustainable levels. Countries that complete the HIPC Initiative can receive 100% relief on eligible debts from the IMF, World Bank, and African Development Fund.

The IMF loan holdings liability has since reduced by SDR 39,567,780 and the IMF borrowings reduced by SDR 166,862,000. Furthermore, in the year 2023 Somalia received a new arrangement of extended credit facility of SDR 44,000,000.

The difference between SDR allocation as reported in the IMF confirmation and the in the Central Bank financial statement is SDR 92,776,683 (SDR 207,230,759 - SDR 114,454,076). This relates to the SDR loan due to the Ministry of Finance arising from the new SDR allocation of SDR 156,611,551 provided by the IMF in 23 August 2023.

The new allocation is shared between the Ministry of Finance of Somalia and the Central Bank of Somalia where Ministry of Finance received SDR 92,776,683 and the Central Bank of Somalia received SDR 63,834,868. The Ministry of Finance is responsible for paying the charges relating to the SDR loan.

CENTRAL BANK OF SOMALIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19 PROPERTY AND EQUIPMENT

COST	Freehold land USD	Buildings USD	Furniture and fixtures USD	Motor Vehicles USD	Equipment USD	Other equipment USD	Total USD
At 1 January 2023	131,495,650	5,972,161	304,546	868,050	1,105,739	62,294	139,808,440
Additions	-	856,608	84,807	42,500	669,736	-	1,653,651
Revaluation*	2,852,334	1,005,530	-	-	-	-	3,857,864
At 31 December 2023	134,347,984	7,834,299	389,353	910,550	1,775,475	62,294	145,319,955
At 1 January 2024	134,347,984	7,834,299	389,353	910,550	1,775,475	62,294	145,319,955
Additions	-	653,856	38,222	302,333	332,096	-	1,326,507
Revaluation*	11,799,680	3,048,514	-	-	-	-	14,848,194
At 31 December 2024	146,147,664	11,536,669	427,575	1,212,883	2,107,571	62,294	161,494,656
DEPRECIATION							
At 1 January 2023	-	149,304	192,479	473,667	670,030	44,830	1,530,310
Charge for the year	-	153,105	77,870	134,560	261,155	10,533	637,223
At 31 December 2023	-	302,409	270,349	608,227	931,185	55,363	2,167,533
At 1 January 2024	-	302,409	270,349	608,227	931,185	55,363	2,167,533
Charge for the year	-	212,205	40,665	195,027	322,011	6,931	776,839
Eliminated on revaluation	-	(514,614)	-	-	-	-	(514,614)
At 31 December 2024	-	-	311,014	803,254	1,253,196	62,294	2,429,758
NET BOOK VALUE							
At 31 December 2024	146,147,664	11,536,669	116,561	409,629	854,375	-	159,064,898
At 31 December 2023	134,347,984	7,531,890	119,004	302,323	844,290	6,931	143,152,422

* The Government repossessed land and buildings located in Jubba land State, Puntland State and in Djibouti previously owned by the Central Bank of Somalia. The Bank commissioned an independent valuation firm GIMCO Limited, registered valuers to undertake revaluation of all land and buildings under its possession as at 31 December 2024 in compliance with its Fixed Asset Policy that requires the Bank to revalue its land and building every three years.

CENTRAL BANK OF SOMALIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20 INTANGIBLE ASSETS - COMPUTER SOFTWARE

	2024 USD	2023 USD
COST		
At 1 January	260,873	260,873
Additions	70,235	-
At 31 December	331,108	260,873
AMORTISATION		
At 1 January	222,490	170,315
Charge for the year	52,430	52,175
At 31 December	274,920	222,490
NET BOOK VALUE		
At 31 December	56,188	38,383

21 TREASURY DEPOSITS

Denominated in Somali Shillings	187,871	66,209
Denominated in United States Dollars	141,002,307	114,797,650
Government SDR balance held in United States Dollars	113,909	113,850
	141,304,087	114,863,859

The Bank holds accounts for and on behalf of the Government in accordance with the Central Bank of Somalia Act, 2012. Government includes the Federal Government of Somalia, selected regional authorities and salary payment accounts for current and former employees and parliamentarians. These are not interest earning deposits.

22 DEPOSITS FROM BANKS

	2024 USD	2023 USD
Demand deposits	44,134,355	30,751,260

Commercial Banks hold non-interest-bearing demand deposit accounts with the Central Bank of Somalia to facilitate settlement of inter-Bank transactions

23 SECURITY DEPOSITS

	2024 USD	2023 USD
Performance security to undertake Banking and forex business in Somalia	23,400,000	23,400,000

All money transfers bureaus that are licensed to carry on money remittance business are required to maintain with the Central Bank, a security deposit in the sum of USD 60,000 or its equivalent in Somali currency. Security deposit in the sum of USD 1,500,000 is required by the Central Bank for Banks owned by Somali Nationals and a USD 3,000,000 for Banks owned by foreign nationals. In 2024, there were a total of 13 (2023:13) licensed local commercial Banks, 1 international commercial Bank (2023:1) and Money Transfers Bureaus 15 (2023:15) who maintained security deposits with the Bank. These deposits are non-interest bearing and repayable on demand.

CENTRAL BANK OF SOMALIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24 MICROFINANCE GRANT

	2024 USD	2023 USD
Microfinance Grant – Kuwait Fund for the Arab Economics Development	3,000,000	3,000,000

In September 2014, the Federal government of Somalia received a USD 3,000,000 interest free grant from the Kuwait Fund for the Arab Economic Development. The purpose of the fund is to provide micro-finance funding to small business in Mogadishu in order to support the growth of the Somali private sector. Part of the grant was disbursed to Commercial Banks as a revolving grant (Note 15). Central Bank of Somalia wrote off an amount of USD 90,000 in the year 2021 after default by one of the local banks the Trust African Bank.

25 OTHER PAYABLES

	2024 USD	2023 USD
Sundry creditors	440,043	1,373,057
Audit fees	170,000	135,000
Deferred rent income	252,267	355,083
SDR deferred income	183	319,813
Government Interest SDR	169,742	169,742
Asset recovery funds due to MOF	3,631,915	3,631,915
	<u>4,664,150</u>	<u>5,984,610</u>

MOVEMENT OF SDR DEFERRED INCOME

	2024 USD	2023 USD
At 1 January	319,813	1,121,177
investment income from HIPC holdings (6 (c))	11,629	68,274
Payment of GRA charges (Note 8)	(331,259)	(2,539,542)
PRG loan repayment (Note 8)	-	(177,715,223)
Additional grant (Note 17)	-	179,385,127
	<u>183</u>	<u>319,813</u>
At 31 December		

CENTRAL BANK OF SOMALIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26 BALANCE OF GOVERNMENT SDR ALLOCATION

	2024 SDR	2024 USD	2023 SDR	2023 USD
At 1 January	15,967,470	22,347,912	10,468,636	14,651,857
Total SDR acquisition (Note 18)	1,198,623	1,677,581	1,218,890	1,705,887
Payment of interest and GRA charges on SDR (Note 18)	(1,450,965)	(2,030,756)	(2,720,056)	(3,806,962)
SDR windfall from December 2020 HIPC debt relief (Note 16)	-	-	7,000,000	9,797,130
At 31 December	<u>15,715,128</u>	<u>21,994,737</u>	<u>15,967,470</u>	<u>22,347,912</u>

During the year, Government acquired SDR 1,198,623 (2023: SDR 1,218,890) through the via VTA (voluntary trading arrangements) market. The Government also used USD 1,450,965 (2023: SDR 2,720,056) to settle GRA charges on its SDR allocation. In 2023, CBS opted to transfers to the MoF all of the SDR 7 million windfall from the HIPC debt relief received in March 2020 (Note 16).

27 CAPITAL REQUIREMENTS AND RESERVES

The authorized capital of the Bank is determined in accordance with Law no. 130 of the Central Bank of Somalia Act of 22 April 2012 that prescribes that the ownership of the entire paid-up capital of the Bank shall be vested in the Ministry of Finance. The paid-up capital of the Bank shall not be reduced at any time. The authorized capital of the Bank may be increased by such amounts as may be proposed by the Board and approved by the Ministry of Finance.

As at the reporting date, this section of the Act had not been implemented hence the prescribed capital for the Bank had not been set. However, the Ministry of Finance injected capital to Central Bank of Somalia as noted below;

	2024 USD	2023 USD
Share Capital	<u>200,000</u>	<u>-</u>

Reserves

As at the reporting date, the Bank had the following reserves which represent its net assets.

- (a) Revenue reserve
Revenue reserve represents net cumulative profits/ (losses) from the Banks' operations. This is subject to distribution in accordance with the provisions of the CBS Act.
- (b) Revaluation reserve
Revaluation reserve relates to revaluation surplus on land and buildings owned by the Bank and gains/losses on the revaluation of the Gold bullion. This is not subject to distribution.
- (c) Gold reserve
Gold reserve represents the value of bullion that the Bank recovered through its asset recovery exercise. The reserve balance has been maintained at the value of initial recognition as at 31 December 2014 with all subsequent gains/losses going through the revaluation reserve. This is not subject to distribution.

CENTRAL BANK OF SOMALIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 CONTINGENCIES AND COMMITMENTS

Given the development and security situation in Somalia, as well as difficulties in obtaining all relevant historical transaction data and relevant entity accounting documentation and agreements, contingent assets and liabilities may exist. The Bank still has some land and buildings which it owns but has not been able to regain control after the collapse of the Somalia government in 1991. Additionally, the Bank has not been able to reliably measure the value of these land and buildings. However, the Directors have ensured that all assets which the bank controls and all known liabilities have been included in these financial statements.

29 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The Bank acts as fiscal agent to the Government in accordance with the Central Bank of Somalia Act. Government includes the Federal Government of Somalia, selected regional authorities and salary payment accounts for Parliamentarians. Other than transactions and balances in the normal course of business with the Government, there have been no significant transactions with related parties during 2024, nor are there known significant assets or liabilities with related parties as at 31 December 2024 (2023 – Nil).

30 EVENTS SUBSEQUENT TO THE REPORTING PERIOD

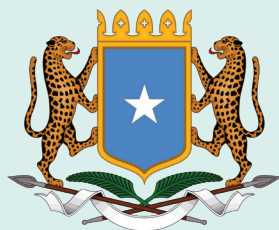
There are no significant adjusting or non-adjusting disclosure events after reporting period which have been reported in these financial statements.

31 INCORPORATION

The Bank is incorporated under the Central Bank of Somalia Act, 2012 (the Act).

32 CURRENCY

The financial statements have been prepared in the United States Dollars (USD), which has been determined to be the functional currency.



CENTRAL BANK OF SOMALIA

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