



CENTRAL BANK OF SOMALIA

ANNUAL REPORT

2025



Economic, Monetary, and Financial
Analysis Division

Research & Statistics Department
Monetary, Financial & Regulatory Policy
Group

CENTRAL BANK OF SOMALIA

Annual Report

2025

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LIST OF ACRONYMS

AACB	Association of African Central Banks
ACH	Automated Clearing House
AML	Anti Money Laundering
ASEAN	Association of Southeast Asian Nations
CAR	Capital Adequacy Ratio
CBA	Currency Board Arrangement
AML/CFT	Anti-Money Laundering and Counter Financing of Terrorism
CIS	Credit Information System
CPI	Consumer Price Index
CR	Collateral Registry
ECF	Extended Credit Facility
EMDE	Emerging Markets and Developing Economies
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
FGS	Federal Government of Somalia
FIL	Financial Institutions Law
FMS	Federal Member States
FOB	Free On Board
FSNAU	Food Security Nutrition Analysis Unit
FX	Foreign Exchange
GDP	Gross Domestic Product
HIPC	Heavily Indebted Poor Countries
ID	Identity Card
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
MDRI	Multilateral Debt Relief Initiative

MMO	Mobile Money Operators
MOF	Ministry of Finance
MTB	Money Transfer Business
NGO	Non-governmental Organizations
NPS	National Payment System
NTP	National Transformation Plan
QR	QR Code
RTGS	Real Time Gross Settlement
SIPS	Somalia Instant Payment System
SNBS	Somali National Bureau of Statistics
SOMQR	Somalia QR Code
SOS	Somali Shilling
SPS	Somalia Payment Switch
SWIFT	Society for Worldwide Interbank Financial Telecommunication
UAE	United Arab Emirates
UNCTAD	United Nations Conference on Trade and Development
US	United States
USD	United States Dollars
WEO	World Economic Outlook

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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

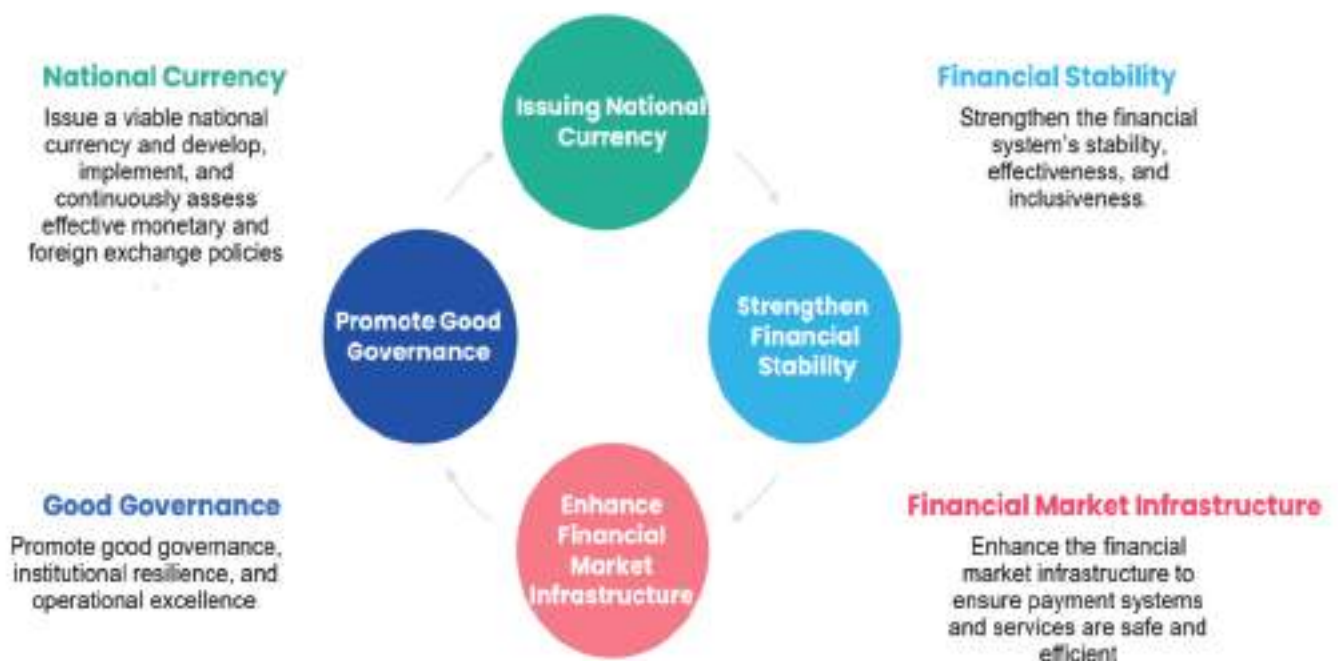
To achieve our primary goals of ensuring price stability and fostering a robust, modern, and sound financial system, which can serve as an engine of economic development.



Core Values

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

Strategy Goals





GOVERNOR'S MESSAGE

It is my privilege to present the Central Bank of Somalia's Annual Report for 2025, a year of steady progress in strengthening the financial system, advancing institutional reform, and supporting Somalia's economic development. Throughout the year, the Bank remained focused on its mandate to safeguard financial stability, reinforce regulation and supervision, deepen financial intermediation, and modernise the country's financial infrastructure. Somalia continued to implement its economic reform programme under the IMF-supported Extended Credit Facility. Reforms in public financial management and institutional capacity helped preserve macroeconomic stability despite structural constraints and external shocks. Real GDP growth is estimated at 3.1 per cent in 2025, while inflation stood at 3.7 percent.

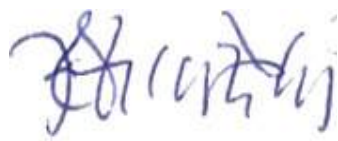
The banking sector continued to expand, with total assets reaching US\$2.3 billion. Capital adequacy and liquidity remained well above regulatory requirements, reflecting the sector's resilience. Remittance inflows also remained strong, providing critical support to households, businesses, and the wider economy. The year marked important progress in strengthening the legal and regulatory foundations of Somalia's financial sector. Parliament enacted the revised Financial Institutions Law in May, establishing a comprehensive basis for regulating non-bank financial institutions. The CBS subsequently licensed the first seven Non-Deposit-Taking Microfinance Institutions, broadening access to formal financial services for underserved households, women, young entrepreneurs, and small businesses. Parliament also enacted the Insurance Law, enabling the development and regulation of Sharia-compliant insurance services, including Takaful.

Modernising financial infrastructure remained a central priority. The rollout of the Somalia Instant Payment System introduced a real-time, interoperable platform for retail payments, available 24 hours a day, seven days a week. This is an important step towards a more efficient, inclusive, and digitally connected economy. The Bank also partnered with the International Finance Corporation (IFC) to advance the legal and regulatory framework for a Credit Information System and Collateral Registry. These initiatives will strengthen credit risk assessment, expand access to finance, and support private sector development.

Preparations for the reintroduction of the Somali Shilling also advanced. Work included reforms underpinning the proposed Currency Board Arrangement, amendments to the Central Bank of Somalia Act currently before Parliament, and the Board's approval of reserve management regulations. These measures are essential to ensuring that currency reform is credible, carefully sequenced, and supported by strong institutional safeguards.

Looking ahead, the CBS will continue implementing its Strategic Plan 2025–2029, with emphasis on institutional capability, financial stability, inclusion, and modern payments, to support sustainable economic development. Our objective is to build a resilient, transparent, and inclusive financial system that serves all Somalis and supports the country's long-term transformation. The progress achieved in 2025 provides a strong foundation for confidence, despite geopolitical uncertainty, climate-related shocks, and volatility in global commodity markets.

I thank our Board of Directors and staff for their commitment, and hard work. I also extend my appreciation to regulated financial institutions and development partners for their continued cooperation and support. Together, we are laying the foundations for a stronger financial sector and a more prosperous future for Somalia..



Abdirahman M. Abdullahi

Governor and Chairman of the Board

Central Bank of Somalia



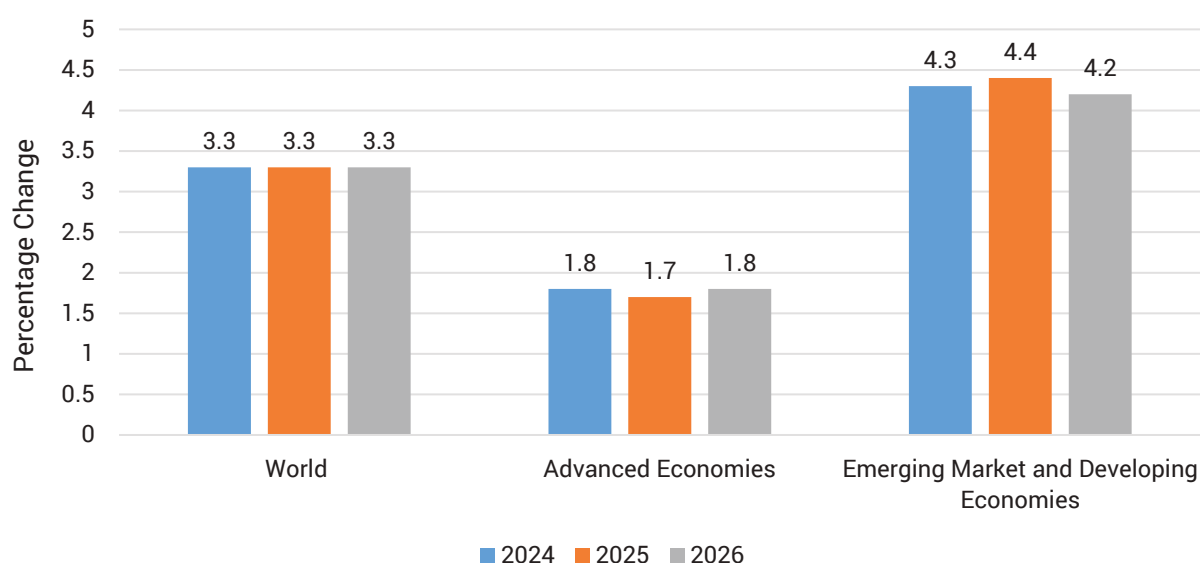
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WORLD
ECONOMY

The global economy remained resilient during 2025 despite heightened uncertainty arising from trade policy shifts, geopolitical tensions, and persistent structural challenges. Economic activity was supported by easing inflationary pressures, generally accommodating financial conditions, and continued investment in technology and digital innovation. However, growth remained below historical averages, reflecting weaker productivity growth, elevated public debt levels, and increasing fragmentation in global trade. During the year, major economies imposed higher tariffs, prompting retaliatory trade measures that increased uncertainty in global trade and investment. Although negotiations subsequently reduced some trade restrictions, persistent risks of trade fragmentation and supply chain disruptions continued to weigh on global economic activity and the medium-term outlook.

According to the IMF's January 2026 World Economic Outlook (WEO) Update, global growth is estimated at approximately 3.3 percent in 2025 and is projected to remain resilient at 3.3 percent in 2026 and 3.2 percent in 2027. Inflation continued to decline across most economies, although price pressures remained above target in some advanced economies. Financial markets remained broadly stable, supported by improving inflation dynamics and expectations of gradual monetary policy normalization. Looking ahead, global growth is expected to remain moderate, supported by technological innovation and resilient private sector activity. Nevertheless, downside risks persist, including renewed trade tensions, geopolitical uncertainties, elevated sovereign debt vulnerabilities, and slower-than-expected productivity growth. These developments underscore the importance of sound macroeconomic policies and strengthened international cooperation to support sustainable and inclusive global growth.

Figure 1: Global Real GDP Growth 2024-2026



Source: IMF WEO, January 2026

Advanced economies (AEs) continue to exhibit relatively stable growth, supported by resilient labor markets, technological investment, particularly in artificial intelligence, and easing financial conditions. In contrast, growth in emerging markets and developing economies (EMDEs) remains more heterogeneous, constrained by tighter global financing conditions, high debt burdens, and limited policy space. Notably, a significant share of low-income countries is projected to experience weaker per capita income growth compared to pre-pandemic levels, highlighting a widening development gap. AEs are expected to grow at 1.7 percent in 2025 and 1.8 percent in 2026, supported by easing monetary policy, more accommodative financial conditions, and fiscal support as the adverse effects of trade barriers gradually diminish. In contrast, EMDEs are projected to sustain stronger growth, exceeding 4.0 percent in both 2025 and 2026, underpinned by improving financial conditions, resilient domestic demand, and continued structural adjustments.

African economies remained resilient in 2025, navigating a complex global environment characterized by multiple external shocks, geopolitical tensions, and structural challenges. Despite continued exposure to global shocks, including commodity price volatility, tighter financial conditions, climate-related risks, and ongoing geopolitical tensions, the region maintained strong economic performance. According to the African Economic Outlook 2026, real GDP growth in Africa accelerated to an estimated 4.4 percent in 2025, compared to 3.5 percent in 2024, supported by improved agricultural production, supportive macroeconomic policies, and relatively high commodity prices. Growth was broad-based across the continent, with the majority of African economies recording stronger performance than in the previous year, underscoring the region's resilience. Looking ahead, growth is projected to moderate slightly to 4.2 percent in 2026 due to lingering geopolitical uncertainties and external headwinds, before strengthening again in the medium term, reflecting Africa's continued role as one of the fastest-growing regions globally.

East Africa remains the fastest-growing region, with growth projected at 6.4 percent in 2025, supported by strong domestic demand and expansion in the services sector. West and North Africa, with growth rates of 4.7 percent and 4.1 percent respectively, have benefited from increased extractive activity and improved services performance, while Central Africa is estimated to grow by 3.9 percent, supported by renewed investment in mining and infrastructure. In contrast, Southern Africa continues to experience relatively slower growth of 2.5 percent, reflecting structural constraints, including energy shortages and weak external demand, before recovering to 4.4 percent in 2027.

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

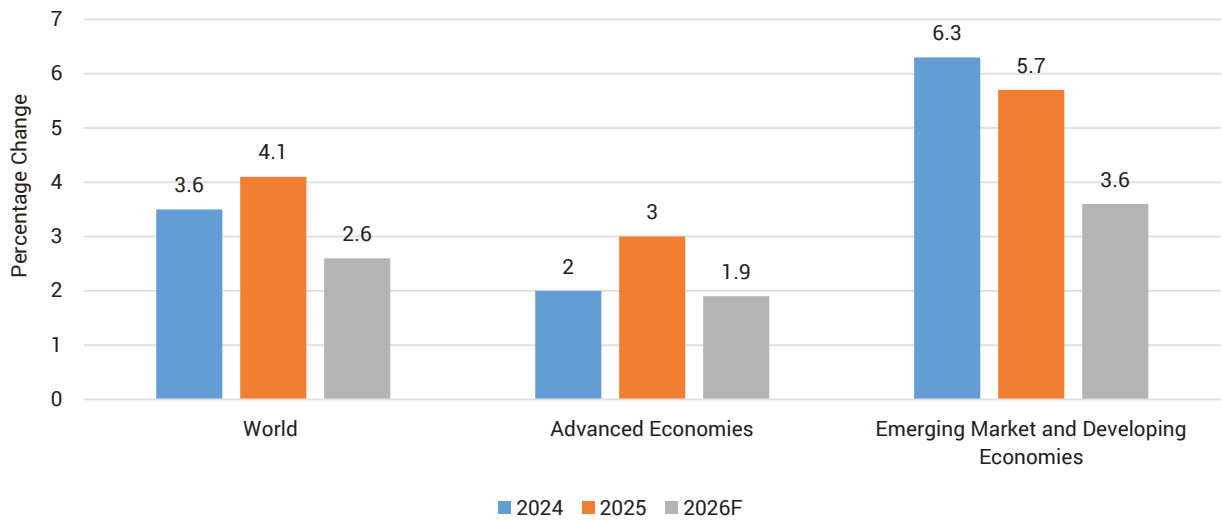
	Estimate		Projections	
	2024	2025	2026	2027
World Output	3.3	3.3	3.3	3.2
Advanced Economies	1.8	1.7	1.8	1.7
United States	2.8	2.1	2.4	2
Euro Area 3/	0.9	1.4	1.3	1.4
Germany	-0.5	0.2	1.1	1.5
France	1.1	0.8	1	1.2
Italy	0.7	0.5	0.7	0.7
Spain	3.5	2.9	2.3	1.9
Japan	-0.2	1.1	0.7	0.6
United Kingdom	1.1	1.4	1.3	1.5
Canada	2	1.6	1.6	1.9
Other Advanced Economies 4/	2.3	1.8	2	2.1
Emerging Market and Developing Economies	4.3	4.4	4.2	4.1
Emerging and Developing Asia	5.3	5.4	5	4.8
China	5	5	4.5	4
India 5/	6.5	7.3	6.4	6.4
Emerging and Developing Europe	3.5	2	2.3	2.4
Russia	4.3	0.6	0.8	1
Latin America and the Caribbean	2.4	2.4	2.2	2.7
Brazil	3.4	2.5	1.6	2.3
Mexico	1.4	0.6	1.5	2.1
Middle East and Central Asia	2.7	3.7	3.9	4
Saudi Arabia	2.6	4.3	4.5	3.6
Sub-Saharan Africa	4.1	4.4	4.6	4.6
Nigeria	4.1	4.2	4.4	4.1
South Africa	0.5	1.3	1.4	1.5
Memorandum				
World Growth Based on Market Exchange Rates	2.8	2.8	2.8	2.6
European Union	1.2	1.5	1.5	1.6
ASEAN-5 6/	4.6	4.2	4.2	4.4
Middle East and North Africa	2.2	3.4	3.9	4
Emerging Market and Middle-Income Economies	4.4	4.3	4.1	4.1
Low-Income Developing Countries	4.2	4.6	5.1	5.1
World Trade Volume (goods and services) 7/	3.6	4.1	2.6	3.1
Advanced Economies	2	3	1.9	2.4
Emerging Market and Developing Economies	6.3	5.7	3.6	4.4
Commodity Prices				
Oil 8/	-1.8	-14.2	-8.5	0.1
Nonfuel (average based on world commodity import weights)	3.7	9.4	7.5	0.9
World Consumer Prices 9/	5.8	4.1	3.8	3.4
Advanced Economies 10/	2.6	2.5	2.2	2.1
Emerging Market and Developing Economies 9/	7.9	5.2	4.8	4.3

Source: IMF, January 2026

1.1 Global Trade

Global trade in 2025 operated in a complex and evolving environment, marked by heightened geopolitical tensions, rising trade barriers, and persistent policy uncertainty. Despite these headwinds, the global trading system demonstrated notable resilience, supported by adaptive supply chains, front-loading of goods ahead of tariff increases, and continued demand for technology-driven investment. According to the IMF’s World Economic Outlook (January 2026), World trade volume growth is estimated to have rebounded to 4.1 percent in 2025, but is projected to slow to 2.6 percent in 2026, as the temporary boost from inventory accumulation fades and the cumulative effects of tariffs and trade restrictions intensify. The global trade environment has become increasingly shaped by reconfigured supply chains, the regionalization of trade flows, and strategic diversification away from traditional trading partners. Moreover, trade performance remains uneven across regions and income groups. While AEs have largely recovered and integrated into shifting trade patterns, many EMDEs, particularly low-income and fragile states, continue to face constrained export growth and limited participation in global value chains.

Figure 2: Global Trade Growth 2024-2026



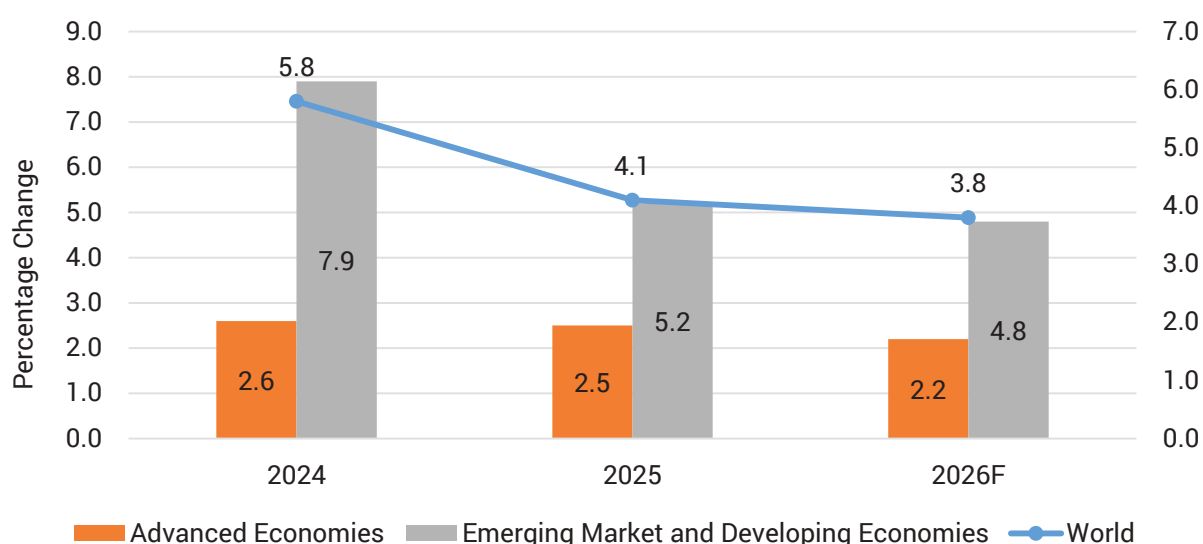
Source: IMF WEO, January 2026

Global trade volume growth is expected to follow a distinctly non-linear trajectory over the 2024-2026 period. In AEs, growth is expected to rise from 2.0 to 3.0 percent, and continue resilience in EMDEs, notwithstanding a slight moderation from 6.3 to 5.7 percent. AEs are expected to be 1.9 percent, while EMDE growth declines more sharply to 3.6 percent, suggesting a return toward more sustainable, medium-term growth levels following the temporary rebound in 2025.

1.2 Global Inflation and Commodity Prices

Global inflation continued its gradual moderation in 2025, reflecting the combined effects of tighter monetary policies, easing supply constraints, and declining energy prices following the post-pandemic and geopolitical shocks. According to the IMF's WEO report (January 2026), global headline inflation declined to 4.1 percent in 2025 and is projected to fall further to 3.8 percent in 2026 and 3.4 percent in 2027, signaling a steady return toward central bank targets across most economies. Despite this progress, inflation remains above pre-pandemic averages in several economies, especially in EMDEs, where structural constraints, currency depreciation, and food price volatility continue to exert upward pressure.

Figure 3: Global Inflation Rate 2024-2026



Source: IMF WEO, January 2026

This disinflation process, however, remains differentiated across country groups. In AEs, inflation is expected to ease gradually amid slowing economic activity and moderating external demand, declining from 2.6 percent in 2024 to 2.5 percent in 2025, and further to 2.2 percent in 2026. In contrast, EMDEs continue to experience higher but moderating inflation, with rates projected to fall from 7.9 percent in 2024 to 5.2 percent in 2025, and further to 4.8 percent in 2026. This downward trajectory reflects improving supply conditions, tighter macroeconomic policies, and a gradual rebalancing of labor markets, particularly as wage growth moderates in export-oriented sectors.

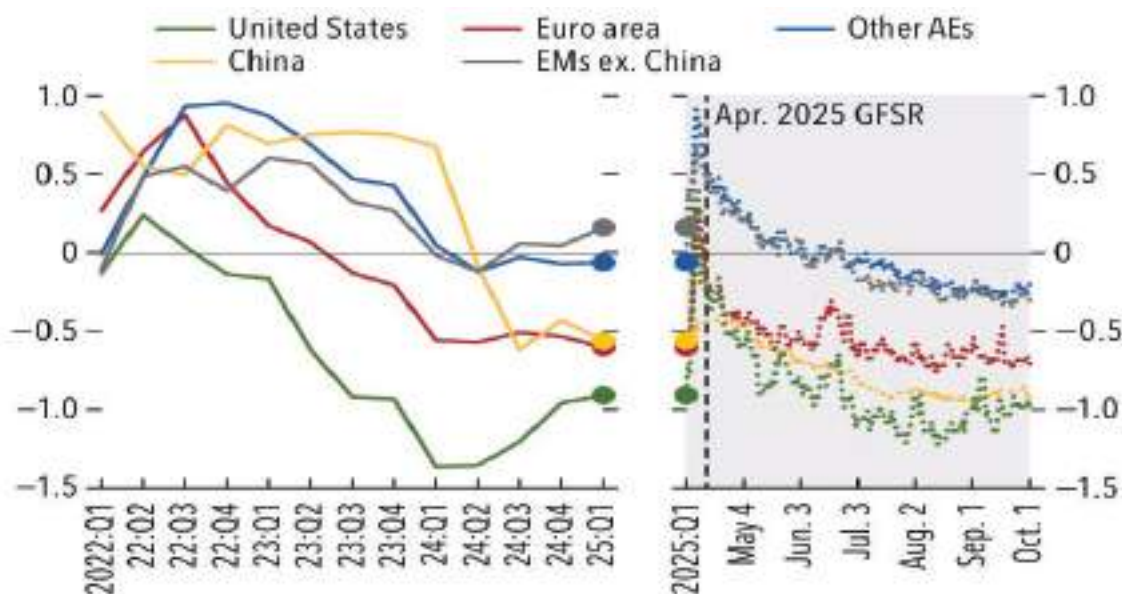
Food price dynamics remain a key source of pressure and volatility. According to the FAO Food Price Index, the index averaged 127.2 points in 2025, a 4.3 percent increase from 2024, driven primarily by higher global prices of vegetable oils and dairy products, which more than offset declines in cereals and sugar.

1.3 Global Financial Stability

Global financial conditions in 2025 remained broadly stable, supported by moderating inflation, easing monetary policy expectations in some advanced economies, and continued liquidity in global markets. This contributed to improved investor sentiment, strong equity market performance, and generally steady access to financing for sovereigns and corporates. However, this apparent stability conceals underlying vulnerabilities in the global financial system. According to the IMF's Global Financial Stability Report (October 2025), asset valuations in certain markets appear stretched, with rising concentration risks, particularly in equity markets. At the same time, global financial vulnerabilities remain elevated, with high public and private debt levels increasing exposure to interest rate shocks and refinancing risks, especially in emerging market and developing economies. Despite improved market sentiment, EMDEs continue to face tighter external financing conditions, elevated borrowing costs, and exchange rate volatility. Overall, the IMF highlights that while short-term financial conditions have improved, risks of sudden market corrections and renewed financial stress remain significant, requiring strong policy frameworks and adequate buffers to preserve stability.

Global macro-financial conditions are further shaped by high public and private debt levels, especially in EMDEs, where debt has reached multi-decade highs, increasing vulnerability to interest rate shocks and capital flow reversals. In sovereign debt markets, rising bond supply and elevated yields in advanced economies have contributed to tighter financing conditions for frontier and emerging markets, while widening spreads and exchange rate volatility continue to expose structural weaknesses in these economies.

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

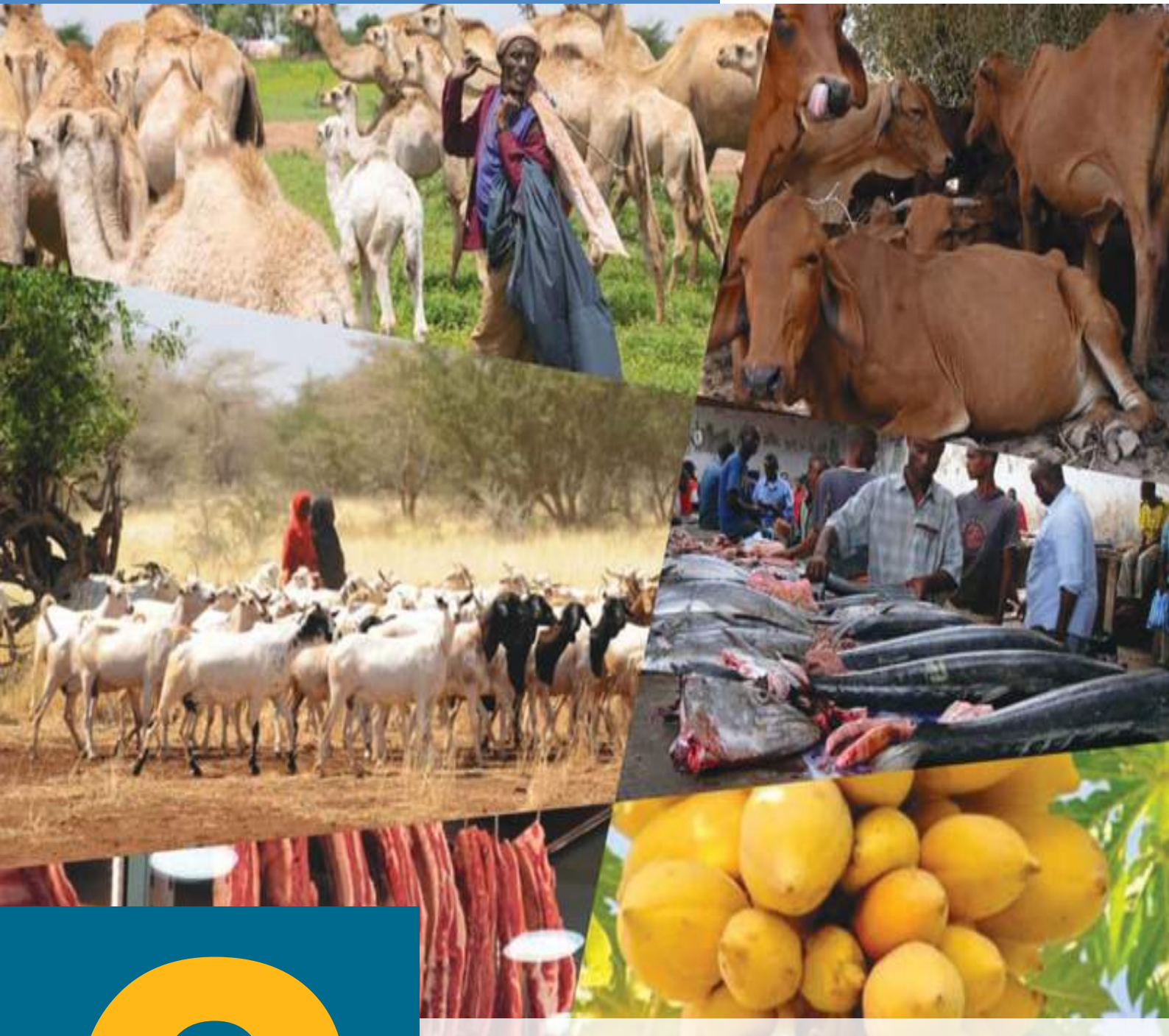


Source: IMF WEO, January 2026

1.4 Implications for the Domestic Economy

Notwithstanding persistent global headwinds including shifting trade dynamics, geopolitical tensions, and lingering supply chain disruptions, Somalia's domestic economy demonstrated notable resilience in 2025. As global inflation continued to ease, domestic inflation remained relatively contained within single digits, supported by lower global commodity prices and improved domestic food supplies. Somalia's key trading partners remained the United Arab Emirates (UAE), Oman, Saudi Arabia, China, India, and Türkiye. Among these, the UAE, Oman, and Saudi Arabia continued to serve as Somalia's principal export destinations, with their economies estimated to have grown by 4.0 percent, 1.3 percent, and 4.3 percent, respectively.

On the import side, China, India, and UAE remained Somalia's largest sources of goods. China's growth held at 5.0 percent in 2025 before moderating to 4.5 percent in 2026, while India's growth eased to 7.3 percent in 2025 and is projected to slow further to 6.4 percent in 2026. Despite these mixed external conditions, Somalia's domestic economy maintained strong momentum, with real GDP growth estimated at 3.1 percent in 2025 and projected to remain at a similar level in 2026. This performance was underpinned by sustained reform efforts, improved fiscal management, continued recovery in agriculture and services, and resilient private consumption. Nevertheless, downside risks remain elevated, including the potential for renewed drought conditions, fragility in global trade corridors, particularly the Red Sea route, and any tightening of global financial conditions that could constrain access to external financing.



2

DOMESTIC ECONOMY



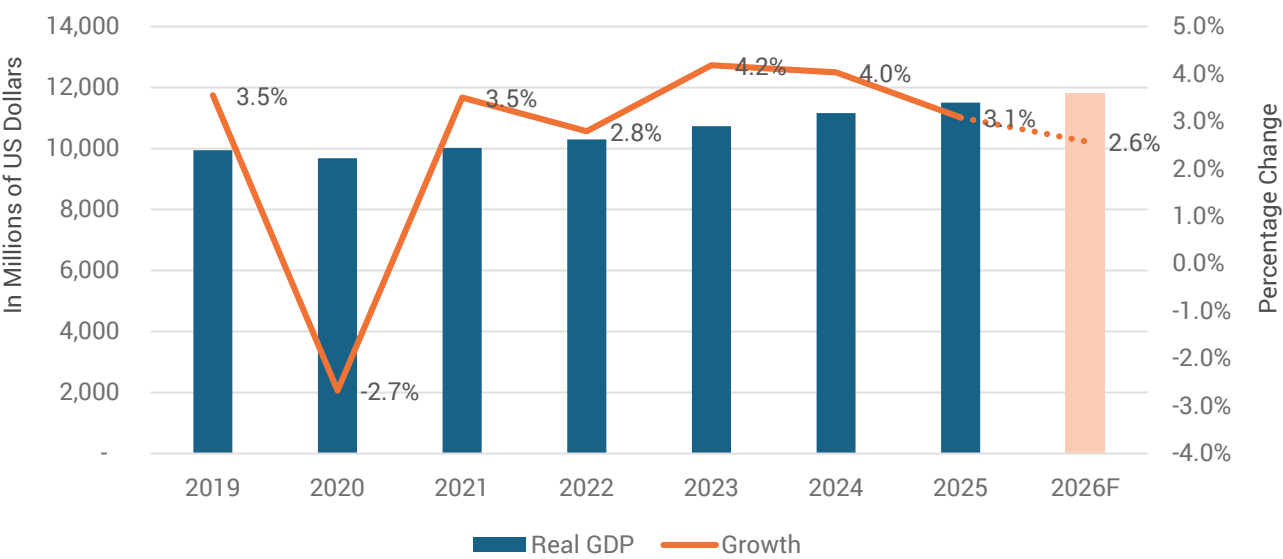


The large trade imbalance continued to constrain economic expansion, with imports estimated at US\$8,669.3 million compared with exports of approximately US\$1,260.53 million, resulting in a trade gap of about US\$7,408.8 million.

Somalia's economy continued to expand in 2025, although growth moderated compared with the strong performance recorded in previous years. Real GDP growth is estimated at 3.1 percent in 2025, compared with 4.0 percent in 2024 and 4.2 percent in 2023. According to International Monetary Fund (IMF) projections, economic activity is expected to remain positive in 2026, although real GDP growth is expected to moderate further to 2.6 percent. The slowdown in growth reflects a combination of domestic and external factors, including climate-related shocks, global economic uncertainty, reduced international aid flows, tighter global financial conditions, and structural constraints in key productive sectors. Lower external assistance affected public expenditure, humanitarian operations, and development programs, while persistent infrastructure gaps and climate vulnerabilities continued to weigh on productive capacity. Nevertheless, the Somalia economy demonstrated resilience, supported by continued private sector activity, remittance inflows, and growth in trade, telecommunications, financial services, and other service-related sectors. Domestic demand remained a key contributor to economic performance, with household consumption, government expenditure, and fixed investment supporting output growth. However, the large trade imbalance continued to constrain economic expansion, with imports estimated at US\$8,669.3 million compared with exports of approximately US\$1,260.53 million, resulting in a trade gap of about US\$7,408.8 million. Sustaining economic growth will require continued macroeconomic reforms, strengthened financial sector development, improved domestic resource mobilization, and measures to promote private sector-led growth and reduce dependence on external assistance.

The financial sector also continued to expand, supported by ongoing reforms aimed at strengthening financial stability, enhancing regulatory oversight, and promoting financial inclusion. Continued inflows of remittances from the Somali diaspora provided an important source of household income and domestic demand, helping to cushion the impact of reduced external aid and other economic shocks. The reduction in donor assistance represented a notable challenge during the year, as Somalia remains dependent on external support for humanitarian, development, and institutional capacity-building programs. Lower aid inflows placed pressure on public finances and the financial sector's intermediation role, thereby affecting the implementation of development initiatives. Combined with recurring climate shocks and a challenging global environment, these factors contributed to slower economic growth relative to previous years. However, continued reform efforts and the private sector's resilience helped sustain positive economic momentum.

Figure 5: Real GDP and Growth Rate 2019-2026



Source: SNBS, IMF, 2026



Inflationary pressures increased moderately in 2025, with annual average inflation rising to an estimated 3.7 percent in 2025 from 3.3 percent in 2024.

As domestic economic activity is estimated to have grown moderately, macroeconomic performance remained stable in 2025. Inflationary pressures increased moderately in 2025, with annual average inflation rising to an estimated 3.7 percent in 2025 from 3.3 percent in 2024. Fiscal performance remained broadly stable, with domestic revenue mobilization strengthening, supported by ongoing tax administration reforms. Domestic revenues reached US\$404.2 million in 2025, while expenditure management remained disciplined. The current account deficit widened to 24 percent of GDP in 2025, from 20 percent in 2024, as exports declined and imports increased. The financial sector continued to exhibit gradual deepening and resilience, with private sector credit growing by 14 percent in 2025, albeit from a low base. Banking sector indicators remained sound, characterized by adequate capitalization, strong liquidity buffers, and non-performing loans are 3 percent, reinforcing financial stability.

The Federal Government of Somalia (FGS) has continued to advance structural reforms across the financial and economic sectors in the post-HIPC era, reinforcing macroeconomic stability and laying the foundation for sustained growth. In the first quarter of 2025, the FGS launched the National Transformation Plan (NTP) 2025-2029, marking a decisive shift in the country's development strategy. NTP provides a comprehensive framework to drive inclusive economic renewal, accelerate private sector-led growth, and strengthen core state institutions. Anchored in Somalia's Centennial Vision 2060, the Plan aims to consolidate macroeconomic gains, reduce poverty, diversify the productive base, and generate employment opportunities, particularly for the country's growing youth population.

Table 2: Real Gross Domestic Product by Expenditure, in Millions of US Dollars, 2021-2025

Expenditure items	2021	2022	2023	2024	2025
Household Final Consumption	12,111	12,683	13,280	13,802	14,256
Government Final Consumption	765	856	880	1,021	1,114
Gross Fixed Capital Formation	1,835	2,413	2,756	2,801	2,962
Exports of Goods and Services	1,587	1,804	2,046	2,357	2,372
<i>of which: Livestock</i>	523	558	1,023	917	823
Minus: Imports of Goods and Services	6,277	7,456	8,230	8,816	9,197
GDP at Purchasers' Prices	10,020	10,300	10,731	11,164	11,508

Source: SNBS, 2026

Household final consumption remained the largest item in GDP at 124 percent of GDP in 2025, a level that shows how far imports fall short of domestic demand. Real spending grew 3.3 percent, down from 3.9 percent in 2024, as demand for imported non-food goods cooled and lower aid flows trimmed household budgets. Remittances from the diaspora underpinned the spending base and cushioned the pull-back in donor support.

Government final consumption accounted for close to 10 percent of GDP in 2025 and grew 9.1 percent, up from 16 percent in 2024. Higher employee compensation and larger purchases of goods and services for intermediate use lifted the total. A small markup for the return to capital, applied to sum-of-costs estimates. Stronger revenue collection gave the government room to sustain service delivery through the year.

Gross fixed capital formation reached 26 percent of GDP in 2025 and grew 6 percent, a step up from 2 percent in 2024. Rising imports of machinery and equipment led the gain, suggesting firms are rebuilding productive capacity. Construction activity added further support. Investment of this scale widens the capital base and lifts demand for imported capital goods, which, in turn, feeds back into the trade balance.

Exports of goods and services accounted for around 21 percent of GDP in 2025 and grew by only 1 percent. Drought cut livestock exports, which fell 10 percent to US\$823 million, though they held about 73 percent of total goods exports. Stronger sales of crops, meat, and fish offset most of the decline in livestock. The weight of livestock in the export basket leaves foreign earnings exposed to each rainfall season and to demand around the Hajj.

Imports of goods and services accounted for 80 percent of GDP in 2025 and grew by 4 percent. Demand for food, the single largest item, stayed broadly flat, while purchases of clothing, footwear, and construction materials rose. The scale of imports confirms how much Somalia relies on foreign supply to meet domestic consumption and investment, and it keeps net trade the main brake on real GDP growth.

2.1 Agriculture

The agriculture sector remains the backbone of Somalia's domestic economy, serving as a critical source of economic growth, exports, employment, and food security, while underpinning rural livelihoods across the country. Despite continued exposure to climate variability and external shocks, the sector demonstrated moderate resilience, supported by ongoing reforms, improved market linkages, and sustained demand for agricultural exports. Erratic rainfall patterns between late 2024 and 2025, characterized by alternating droughts and flooding, continued to constrain agricultural productivity, particularly in rain-fed areas, thereby limiting output growth and contributing to persistent food supply pressures. Notably, below average and failed rainfall during the Deyr season, coupled with drought conditions, adversely affected agricultural production and reduced Deyr crop output.



Erratic rainfall patterns between late 2024 and 2025, characterized by alternating droughts and flooding, continued to constrain agricultural productivity, particularly in rain-fed areas, thereby limiting output growth and contributing to persistent food supply pressures.

2.1.1 Crop Production

Crop production showed significant seasonal divergence in 2025, highlighting the agricultural sector's high sensitivity to rainfall variability and climate shocks. While the Gu season supported relatively favorable production in some regions of the country, the Deyr season was markedly poor, resulting in an overall mixed but weakened annual performance.

According to the Food Security and Nutrition Analysis Unit (FSNAU), during the 2025 Gu season, cereal production in southern regions was estimated at approximately 129,400 metric tons. This represents about 14 percent above the long-term average (1995–2024), supported by generally average to above-average rainfall, timely land preparation, and expansion of cultivated areas. In riverine areas, particularly along the Shabelle, low flooding conditions facilitated recessionary farming, further contributing to off-season production gains. However, this positive performance was not uniform nationwide; northern regions experienced near-total crop failure, with Gu production estimated at only 830 tons, around 93 percent below average, due to prolonged dry spells, pest infestations, and high input costs. In contrast, the 2025 Deyr season performed exceptionally poorly, significantly undermining annual crop production. Cereal production in southern Somalia declined to approximately 15,600 metric tons, including off-season harvests, representing an 83 percent reduction from the long-term average and the lowest Deyr output recorded since 1995. The collapse in production was driven primarily by widespread rainfall failure, erratic rainfall patterns, reduced access to agricultural inputs, and persistent insecurity, which disrupted planting and harvesting activities.



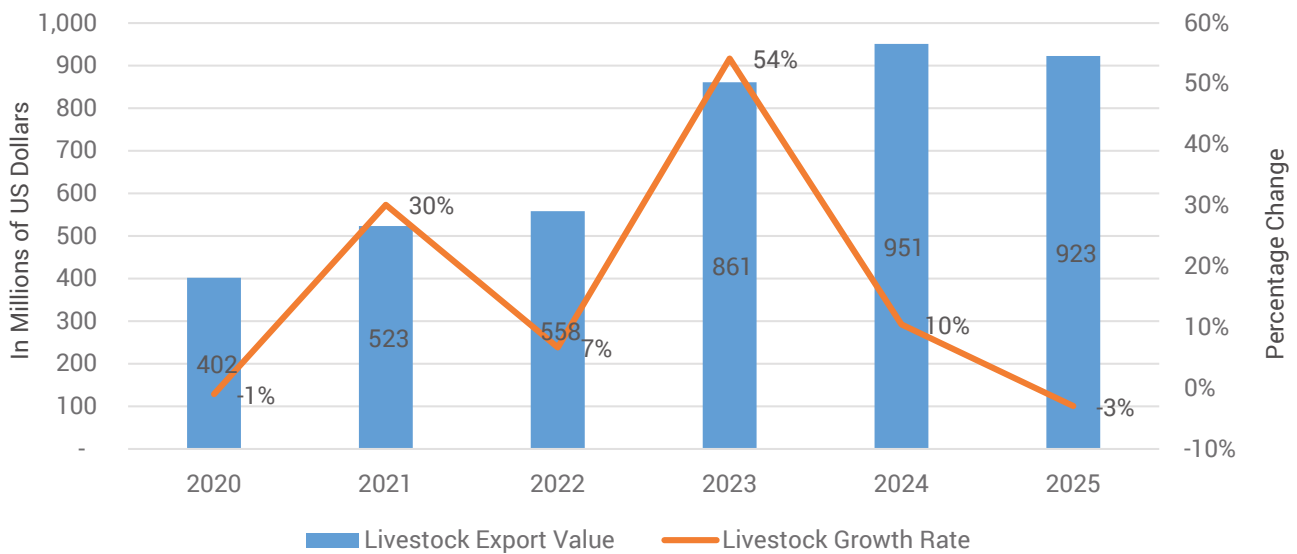
Cereal production in southern regions was estimated at approximately 129,400 metric tons. This represents about 14 percent above the long-term average (1995–2024)

2.1.2 Livestock Exports

The livestock sector in Somalia has demonstrated notable resilience, maintaining relatively stable production levels despite recurrent climate shocks. According to the Federal Government of Somalia's Livestock Sector Development Strategy (MoLFR, 2020), the country hosts one of the largest livestock populations in Africa, with an estimated 56 million head, including camels, cattle, sheep, and goats. This underscores the sector's central role in supporting domestic livelihoods and its significant contribution to export earnings.

Livestock product exports comprising live animals, skins, and meat have shown a generally upward trend over the past decade, with key export destinations including Saudi Arabia, Oman, and the United Arab Emirates. Export activity remains highly seasonal, largely driven by demand associated with the Hajj pilgrimage and Eid al-Adha, highlighting the sector's dependence on regional market dynamics. In 2025, livestock exports declined by 3 percent, from US\$950.9 million in 2024 to US\$922.9 million, reflecting short-term market and supply constraints. The sector generated export earnings equivalent to approximately 7 percent of GDP. Despite this decline, the sector continues to dominate Somalia's export structure, accounting for approximately 73 percent of total goods exports in 2025.

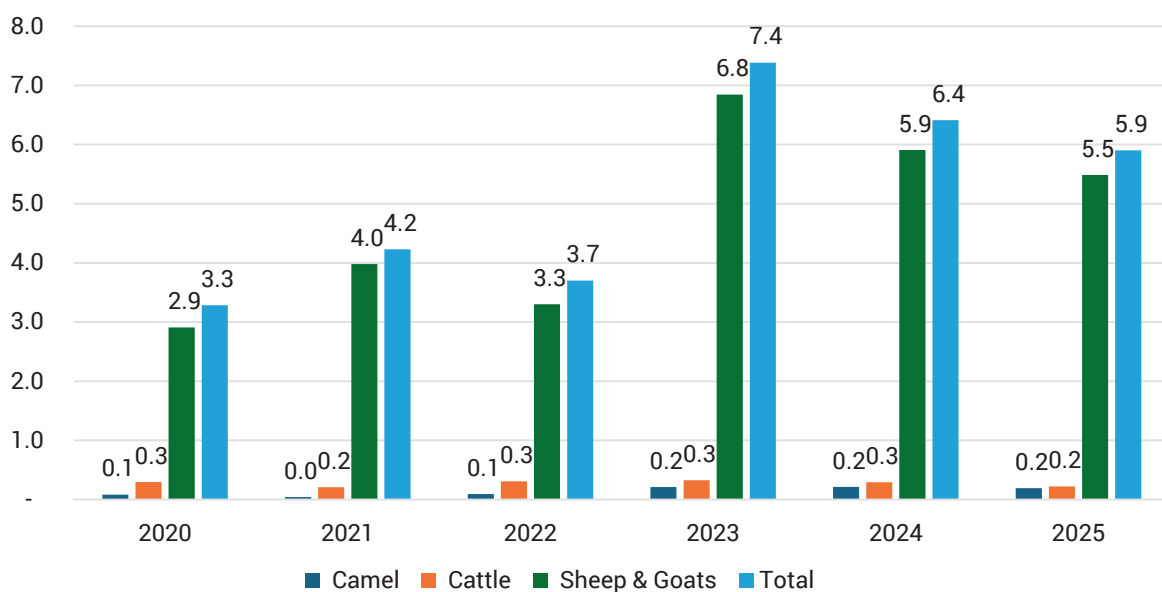
Figure 6: Total Value of Livestock Exports 2020-2025



Source: MoF, FSNAU and CBS valuations and adjustments, 2025

Somalia's livestock exports are primarily camels, cattle, sheep, and goats. In 2025, total livestock export volumes exceeded 5.9 million head, comprising more than 5.5 million head of sheep and goats, followed by 222,010 head of cattle and 193,013 head of camels.

Figure 7: Total Head of Livestock Export 2020-2025 (In Millions of Heads)



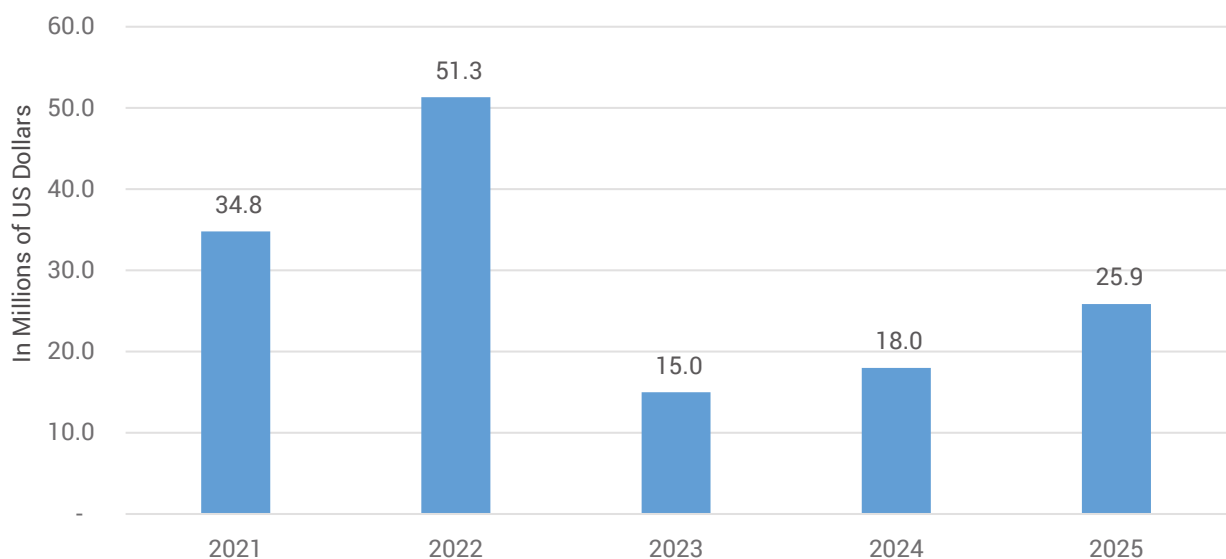
Source: FAO-FSNAU & CBS estimates and valuations, 2025

2.1.3 Fishery Export

Somalia's domestic fisheries sector has remained relatively underdeveloped since the onset of the civil war in the early 1990s, despite its substantial natural endowments. Nevertheless, the sector continues to play a critical role in coastal economies by supporting livelihoods, enhancing food security, and exports. Fisheries activities comprising both small-scale artisanal operations and limited industrial fishing supply fresh fish to domestic markets while also contributing to export earnings. Somalia's marine resources are particularly significant given its extensive coastline of approximately 3,333 kilometers, the longest in mainland Africa, stretching from the Gulf of Aden to the Indian Ocean along the Kenyan border. This geographic advantage provides considerable untapped potential for sector expansion and value chain development.

In recent years, the sector has shown signs of gradual recovery and export growth. Over the past five years, Somalia exported approximately US\$144.97 million worth of fish products, reflecting increasing demand and underscoring the sector's growing contribution to the economy. In 2025 alone, fish exports reached over US\$25.86 million.

Figure 8: Total Value of Fishery Exports (2021-2025)



Source: MoF with CBS valuations and adjustments, 2025

2.2 Domestic Inflation

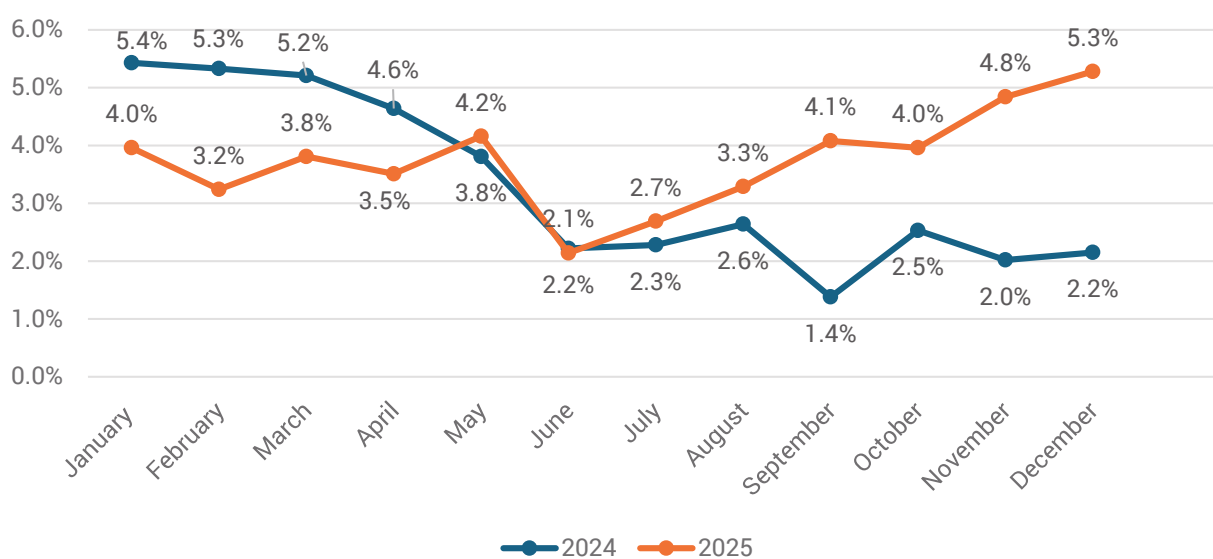
Domestic inflation increased moderately in 2025 compared with 2024, reflecting renewed price pressures in essential goods and services. The annual average headline Consumer Price Index (CPI) inflation rate rose to 3.7 percent in 2025, up from 3.3 percent in 2024, while remaining within single-digit levels. Inflation accelerated throughout the year, increasing from 4.0 percent in January to 5.3 percent in December 2025, indicating increased price pressures during the second half of the year.

The increase in inflation was driven primarily by higher prices for food and non-alcoholic beverages, housing, water, electricity, gas and other fuels, health services, and restaurants and accommodation services. Food inflation strengthened considerably during the year, reflecting higher prices of staple foods resulting from domestic supply constraints, continued reliance on imported food commodities, adverse weather conditions affecting agricultural production, and higher transport and distribution costs. Housing and utility prices also increased, largely due to rising energy and utility costs, while higher operating and input costs contributed to significant price increases in restaurants and accommodation services. In contrast, lower inflation in transport and continued price declines in information and communication partially offset upward pressures in other expenditure categories. Despite the moderate increase in headline inflation, Somalia's inflation rate remained well below the Association of African Central Banks (AACB) convergence ceiling of 7 percent, indicating that overall price stability was broadly maintained during 2025.



Inflation accelerated throughout the year, increasing from 4.0 percent in January to 5.3 percent in December 2025.

Figure 9: Recent Trends in Domestic Inflation (Monthly) 2024–2025 (Percent)

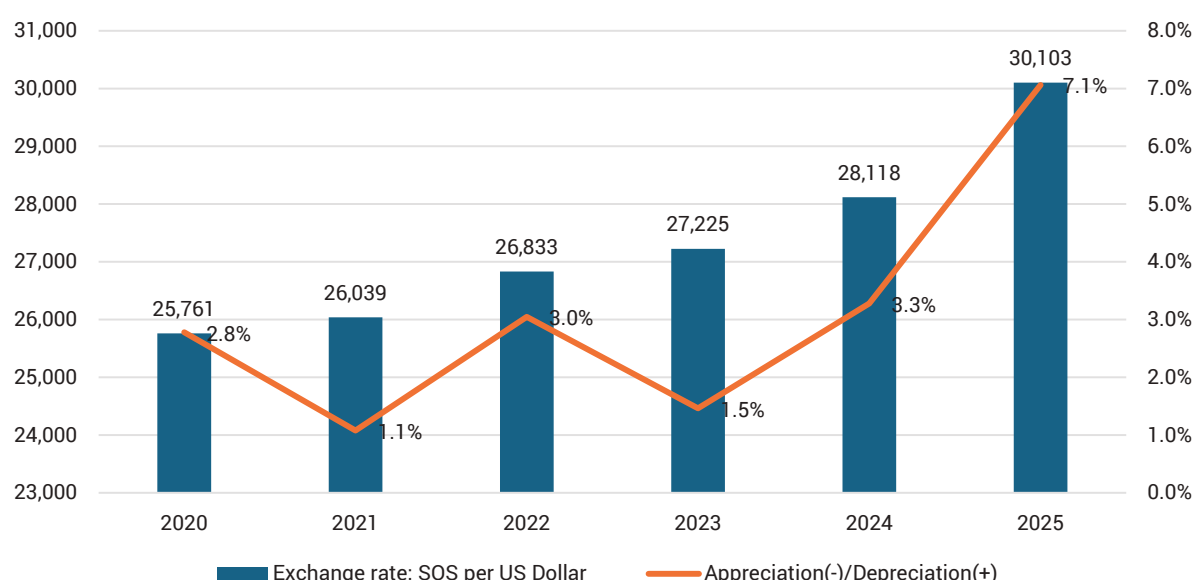


Source: SNBS, 2025

2.3 Exchange Rate Developments

The Somali shilling (SOS) depreciated against the US dollar in 2025. The average exchange rate weakened by 7.1 percent to SOS30,103 per USD from SOS28,118 in 2024, marking the highest rate of depreciation in a decade. This trend was largely driven by increased demand for US dollars across the economy, partly reflecting the growing use of mobile money platforms, where US-dollar-denominated transactions have become more favorable for purchasing goods and services. This has reduced demand for the local currency in everyday transactions, exerting additional pressure on the Somali shilling. Despite these dynamics, this depreciation rate is in line with the Association of African Central Banks (AACB) convergence criteria for depreciation/appreciation in the nominal exchange rate, which stipulate that the depreciation/appreciation rate not exceed 10 percent.

Figure 10: Exchange rate Movements in 2020-2025: Yearly Appreciation (-)/ Depreciation (+)



Source: CBS, 2025

The Central Bank of Somalia has not issued domestic currency since 1991, which has contributed to a largely dollarized economy. Currency reform remains a key policy priority, and the Bank has made substantial progress in implementing the key actions and benchmarks outlined in its reform roadmap. A proposed currency board arrangement, currently under parliamentary review as part of amendments to the CBS Act, is intended to support the establishment of a stable and credible national currency framework. In addition, the CBS is preparing for the reintroduction of the Somali shilling (SOS), marking an important step toward strengthening monetary sovereignty and enhancing macroeconomic stability. The new currency is expected

to play a key role in enhancing liquidity, particularly for small-value transactions, improving the efficiency of everyday payments, and promoting deeper financial intermediation.

Furthermore, the reform is anticipated to promote greater financial inclusion, especially among low-income and underserved populations who remain outside the formal financial system, thereby contributing to broader economic participation and resilience.

Table 3: Exchange Rate Trend (2020-2025)

Year/Month	2020	2021	2022	2023	2024	2025
Jan	25,517	26,186	26,069	27,604	28,038	29,023
Feb	25,077	25,992	25,384	26,163	28,034	28,825
Mar	25,397	26,015	26,027	26,252	28,032	28,962
Apr	25,979	25,922	26,492	27,055	28,027	29,993
May	25,932	26,020	26,382	27,313	28,035	30,017
Jun	25,903	26,023	26,988	27,063	28,022	29,719
Jul	25,928	26,014	26,976	27,047	28,043	29,949
Aug	25,720	26,026	27,061	27,049	28,043	30,020
Sep	25,801	26,033	27,064	27,071	26,976	30,041
Oct	25,957	26,057	27,507	27,730	28,092	30,795
Nov	25,853	26,090	28,018	28,037	29,035	31,854
Dec	26,070	26,091	28,020	28,029	29,038	32,043
Year Average	25,761	26,039	26,833	27,201	28,118	30,103
Appr (-) Depr (+)	2.8%	1.1%	3.0%	1.4%	3.4%	7.1

Source: SNBS, 2025



3

PUBLIC FINANCE DEVELOPMENT

3.1 Implementation of Fiscal Policy

Fiscal developments in 2025 were characterized by moderate revenue performance, constrained external financing, and contained expenditure execution within the Federal Government of Somalia (FGS) budget framework. Overall fiscal outcomes remained broadly stable, though below budgetary projections, reflecting shortfalls in external grants and persistent structural fiscal constraints.

Total revenue and external grants increased slightly to US\$920 million in 2025, compared to US\$913 million in 2024, equivalent to approximately 7 percent of GDP. However, performance remained below the approved budget of US\$1,332 million, corresponding to an execution rate of 69 percent and a shortfall of US\$412 million. The deviation was mainly driven by lower-than-expected external grant disbursements, which continue to represent a key source of fiscal vulnerability.

Domestic revenue performance remained relatively strong, supported by ongoing improvements in tax administration and customs modernization. These reforms contributed to sustained revenue collection despite a challenging macroeconomic and external environment. Nevertheless, external grants continued to dominate total fiscal resources, underscoring the economy's reliance on donor financing.

On the expenditure side, total spending reached US\$971 million, against a budget allocation of US\$1,359 million, resulting in an execution rate of 71 percent. Expenditure outturns were constrained by financing limitations, particularly affecting capital spending, while recurrent expenditure continued to absorb the bulk of fiscal resources. This highlights the persistent imbalance between operational and development-oriented spending.

Consequently, the fiscal deficit recorded US\$51 million, equivalent to approximately 0.4 percent of GDP at market prices (US\$13,234 million). Government expenditure accounted for 7.3 percent of GDP, highlighting the public sector's relatively small share of the overall economy. Despite the moderate fiscal deficit, continued expenditure on public administration and essential services supported domestic economic activity. The fiscal structure continues to reflect strong dependence on external support alongside gradual improvements in domestic revenue mobilization.



Total revenue and external grants increased slightly to US\$920 million in 2025, compared to US\$913 million in 2024, equivalent to approximately 7 of GDP in 2025.

Table 4: Summary of Revenue and Expenditure 2020-2025 (In Millions of US Dollars)

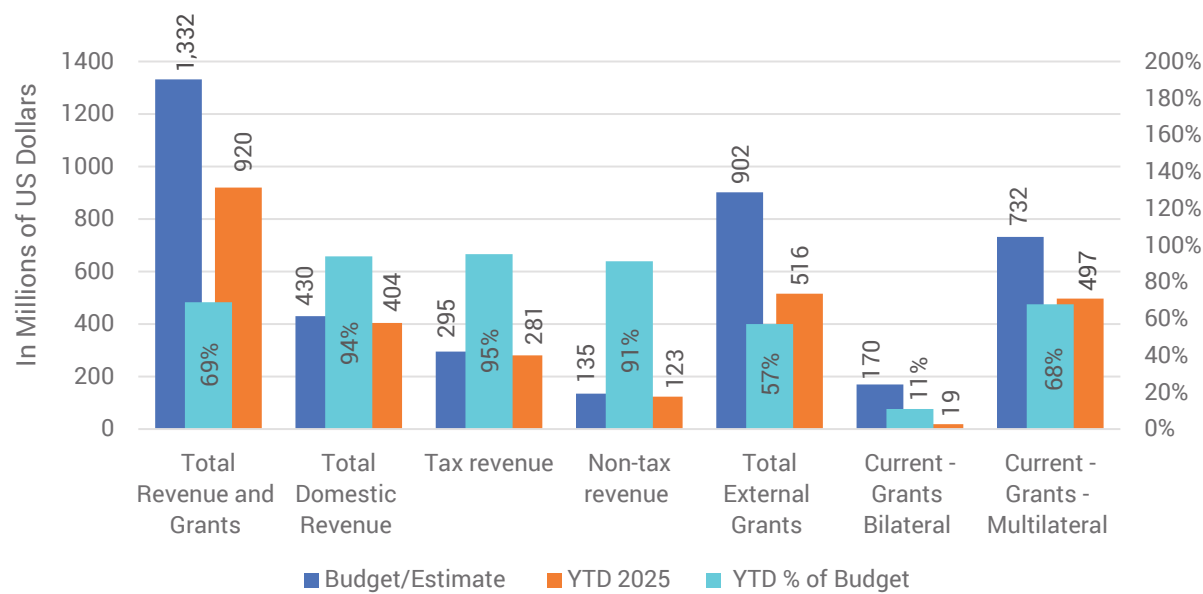
	2020	2021	2022	2023	2024	2025	
	Actual	Actual	Actual	Actual	Actual	Budget	Actual
Total Revenue and Grants	497	377	722	738	913	1,332	920
Total Domestic Revenue	211	230	263	329	369	430	404.2
Tax revenue	140	163	182	225	267	295	283
Non-tax revenue	72	67	81	105	102	135	122
Total External Grants	286	147	459	409	543	902	516
Grants Bilateral	15	3	37	1	30	170	19
Grants Multilateral	271	144	422	408	514	732	497
Total Expenditure	485	474	731	720	905	1,359	971
Total Recurrent Expenditure	467	458	718	706	877	1,179	897
Compensation of employees	227	250	260	292	342	370	371
Use of goods and services	81	106	141	138	205	392	254
Social banalities	14	15	189	131	154	77	19
Interest & Other Charges	2	1	13	13	8	14	8
Subsidies	80	46	5	5	9	13	13
Grants	62	40	111	126	160	240	180
Other expenses	0	0	-	-	-	73	52
Total Capital Expenditure	19	16	13	14	29	180	75
Consumption of fixed capital	19	16	13	14	29	180	75
Financing Gap / Surplus (-) or (+)	12	-97	(9)	18	8	(26)	(51)

Source: MoF, 2025

3.2 Domestic Revenue and Grants

In fiscal year 2025, Federal Government of Somalia (FGS) revenue and grants totaled US\$920 million against an approved budget of US\$1,332 million, resulting in a shortfall of US\$412 million and a budget execution rate of 69 percent. Compared to the 2024 outturn of US\$913 million, total revenue and grants increased slightly, reflecting modest growth in overall resource mobilization. The overall underperformance against the budget was mainly driven by lower-than-expected external grant disbursements, despite continued improvements in domestic revenue collection.

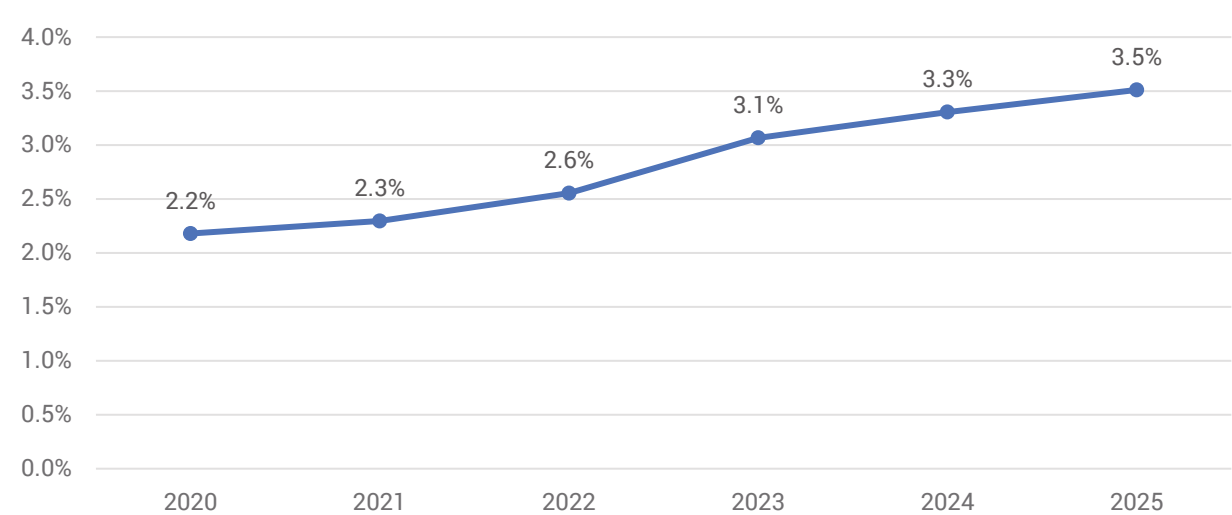
Figure 11: Revenue and Grants 2025 (Actual Vs Budget)



Source: MoF, 2025

Domestic revenue reached US\$404 million compared to a budget target of US\$430 million, achieving 94 percent of the target and recording a shortfall of US\$26 million. This represents a 9 percent increase from US\$369 million in 2024 and reflects sustained progress in revenue administration, tax compliance, and policy reforms. Since 2020, domestic revenue has nearly doubled from US\$211 million to US\$404 million.

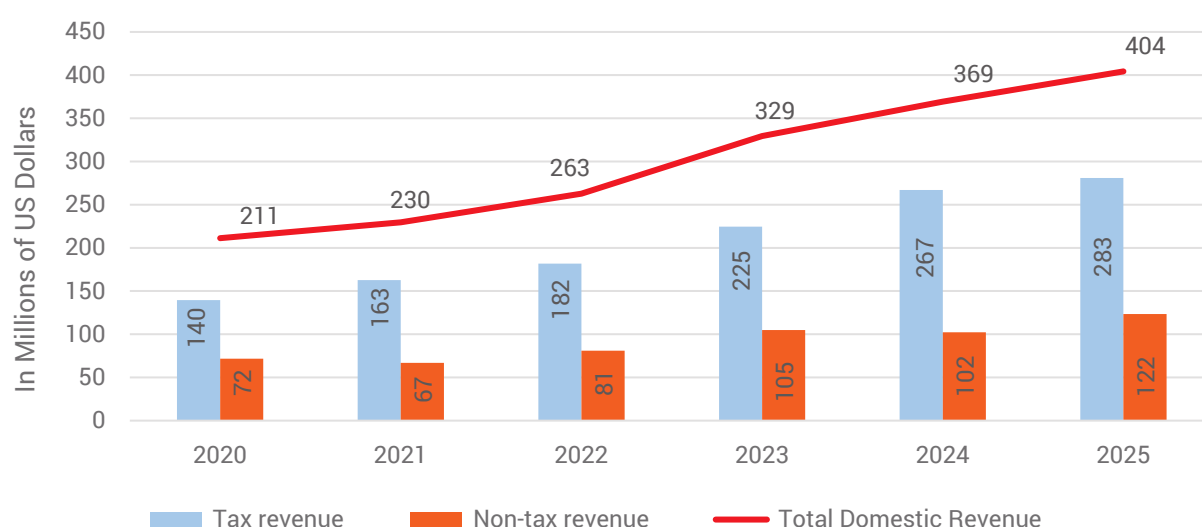
Figure 12: Total Domestic Revenue 2020-2025 (Percent of GDP)



Source: MoF, 2025

Tax revenue amounted to US\$283 million, accounting for about 70 percent of domestic revenue and achieving 96 percent of its budget target. Compared to US\$267 million in 2024, tax revenue increased by 6 percent, reflecting continued improvements in tax administration and compliance. Non-tax revenue reached US\$122 million (90 percent of budget target), representing 30 percent of domestic revenue. Compared to US\$102 million in 2024, non-tax revenue increased by 19 percent, driven by higher collections from administrative fees, licenses, and other government service charges.

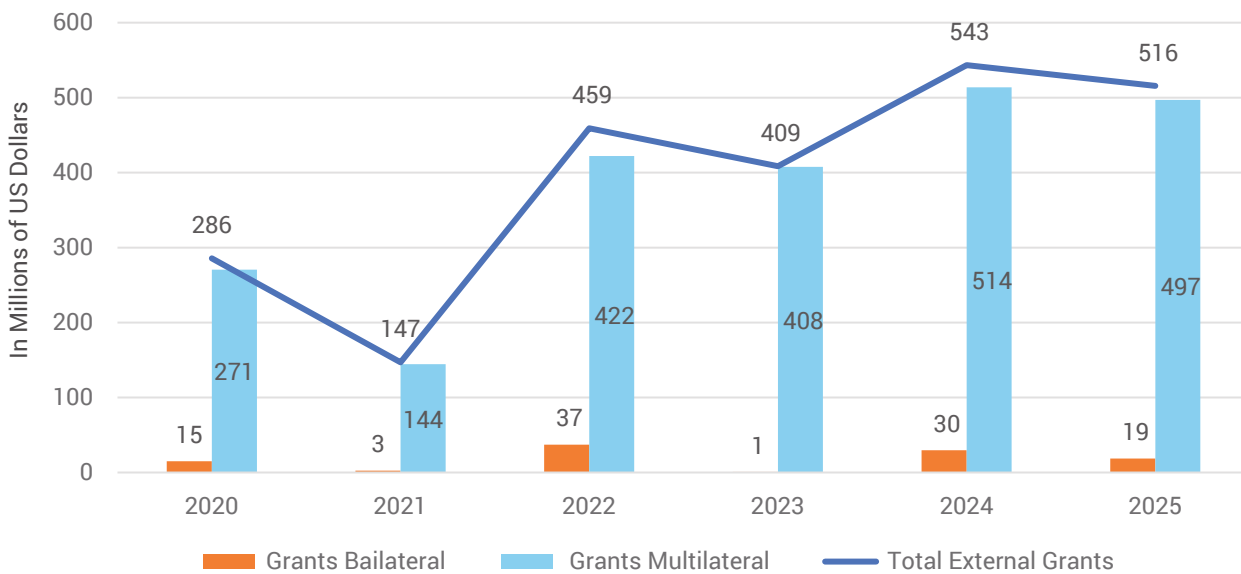
Figure 13: Domestic Revenue Performance (2020-2025)



Source: MoF, 2025

External grants totaled US\$516 million against a budget of US\$902 million, resulting in an execution rate of 57 percent and a shortfall of US\$386 million. Compared to 2024, external grants declined by 5 percent, from US\$543 million to US\$516 million. Multilateral grants remained the primary source of external financing, amounting to US\$497 million and accounting for 96 percent of total grants. Although multilateral support declined slightly by 3 percent from 2024 levels, it remained relatively stable. Bilateral grants, however, performed significantly below expectations, reaching only US\$19 million against a budget of US\$170 million, equivalent to an execution rate of 11 percent, and declining by 38 percent, from US\$30 million in 2024.

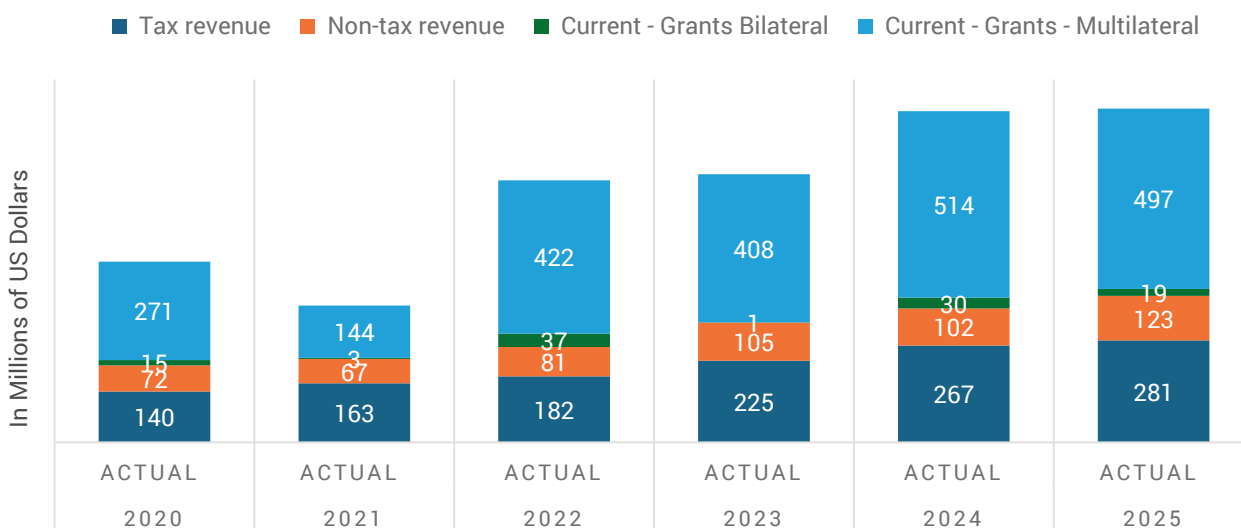
Figure 14: External Grant Trends and Composition (2020–2025)



Source: MoF, 2025

Figure 15 shows that, the revenue structure in 2025 remained largely dependent on grant inflows, which accounted for the largest share of total revenue, followed by tax revenue and non-tax revenue. The increased contribution of tax revenue over the period indicates progress in domestic revenue mobilization.

Figure 15: FGS Revenue Structure, 2020–2025



Source: MoF, 2025

3.3 Government Expenditure

Total expenditure reached US\$971 million against an approved budget of US\$1,359 million, resulting in a budget execution rate of 71 percent and an expenditure shortfall of US\$387 million. Compared with 2024, total spending increased by 7 percent, reflecting higher recurrent and capital expenditures. The moderate execution rate largely reflects financing constraints associated with lower-than-budgeted grant disbursements.



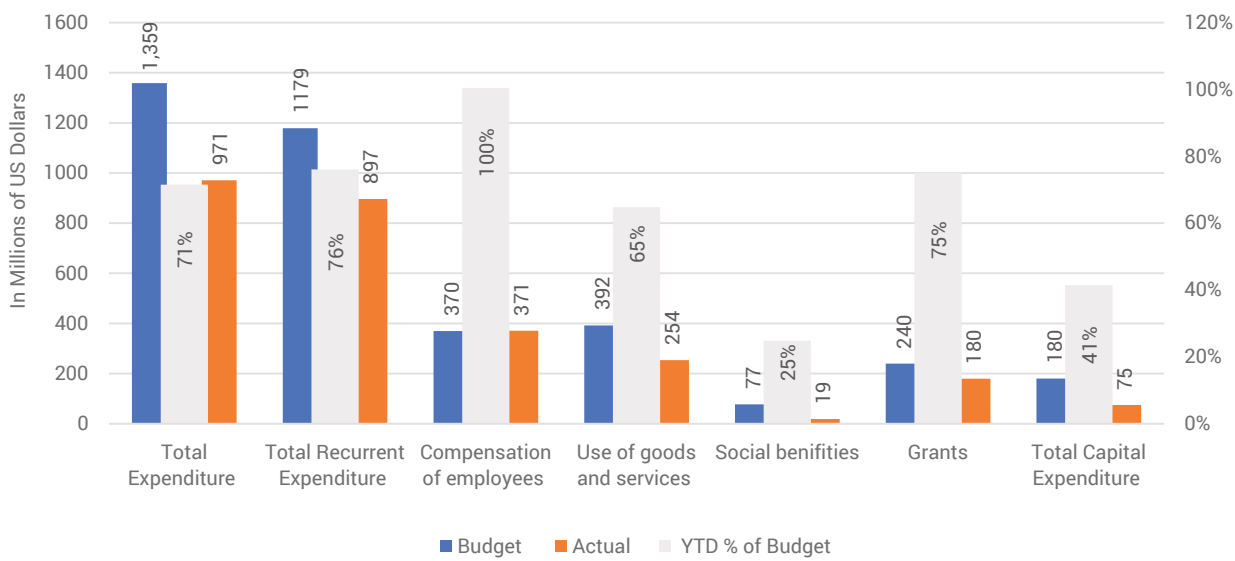
Total revenue and external grants increased slightly to US\$920 million in 2025, compared to US\$913 million in 2024, equivalent to approximately 8 GDP in 2025.

Recurrent expenditure amounted to US\$897 million, representing 76 percent of the annual budget allocation and accounting for approximately 92 percent of total expenditure. Compared to 2024, recurrent spending increased by 2 percent. Compensation of employees remained the largest expenditure category, totaling US\$371 million and fully executing the approved budget. Compensation of employees expenditure increased by 9 percent compared with 2024, reflecting continued government efforts to strengthen public-sector service delivery and institutional capacity. Expenditure on goods and services reached US\$254 million, corresponding to 65 percent of the budget allocation and a 24 percent increase compared with the previous year. The growth reflects expanded operational spending across government institutions, although execution remained below planned levels. Social benefits recorded a sharp 88 percent decline compared with 2024, indicating reduced fiscal space for social protection programs. This reduction has potential implications for household welfare and vulnerability, particularly amid inflationary pressures and recurring climate-related shocks. The contraction in this category suggests that social spending remains highly vulnerable to fluctuations in external financing. Transfers to Federal Member States amounted to approximately US\$180 million in 2025, up from US\$160 million in 2024, a 12 percent year-on-year increase. Execution reached 75 percent of the approved budget (US\$239.5 million), indicating moderate under-execution due to financing constraints.

Capital expenditure amounted to US\$75 million against a budget allocation of US\$180 million, resulting in an execution rate of 41 percent and a shortfall of US\$105 million. Nevertheless, capital spending increased significantly by 162 percent compared with 2024, reflecting greater investment in public infrastructure and development projects despite financing constraints.

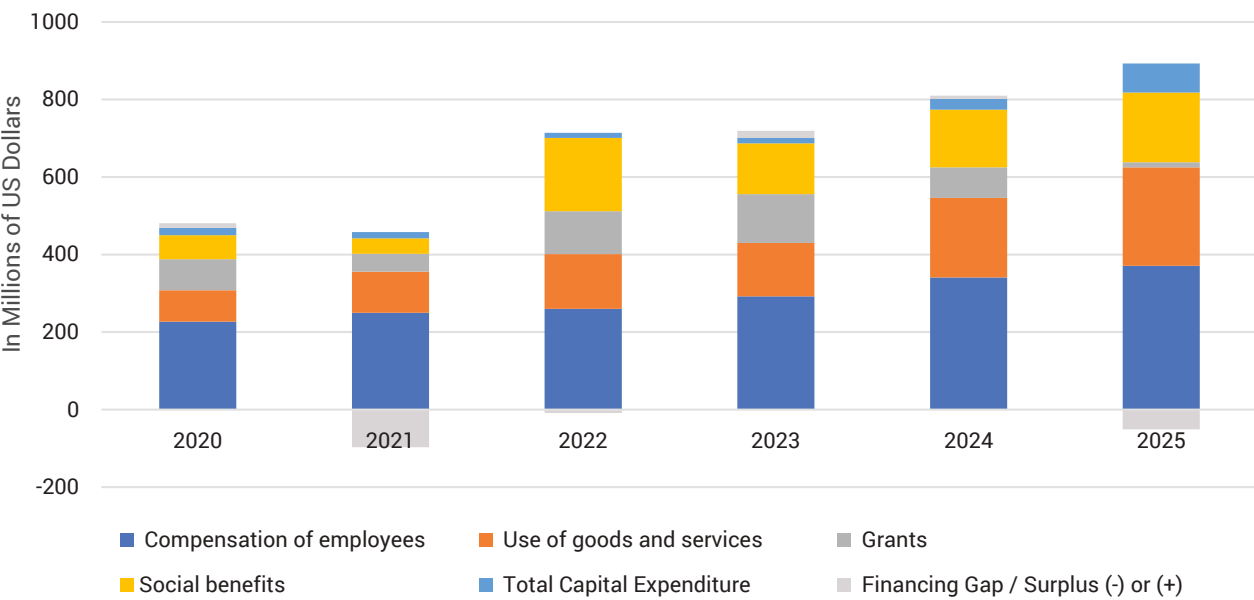
The fiscal balance recorded a financing gap of US\$51 million, compared with a budgeted financing gap of US\$26 million and a surplus of US\$8 million in 2024. The deterioration in the fiscal position reflects the combined impact of lower-than-expected external grants and rising recurrent expenditure pressures, particularly the wage bill and operational costs. From a macro-fiscal perspective, this outcome highlights the continued structural vulnerability of fiscal sustainability to external financing conditions and the limited counter-cyclical capacity of domestic revenue.

Figure 16: The Performance of Government Fiscal Spending 2025 (Actual Vs Budgeted)



Source: MoF, 2025

Figure 17: FGS Expenditure Structure and Fiscal Balance, 2020–2025



Source: MoF, 2025

3.4 Federal Member States

3.4.1 Federal Member States Revenue Performance in 2025



Among the Federal Member States (FMS), Puntland State recorded the highest revenue outturn, with total revenue and grants reaching US\$119 million.

Among the Federal Member States (FMS), Puntland State recorded the highest revenue outturn, with total revenue and grants reaching US\$119 million. Domestic revenue accounted for the majority of Puntland's state collections, totaling US\$100 million, or approximately 84 percent of its total revenue base. Tax revenue totaled US\$83 million, while non-tax revenue amounted to US\$16 million. External grants amounted to US\$19 million, indicating a relatively limited but stable contribution from external sources. Puntland's performance underscores its strong domestic revenue base and relatively lower dependence on grants compared to other Federal Member States.

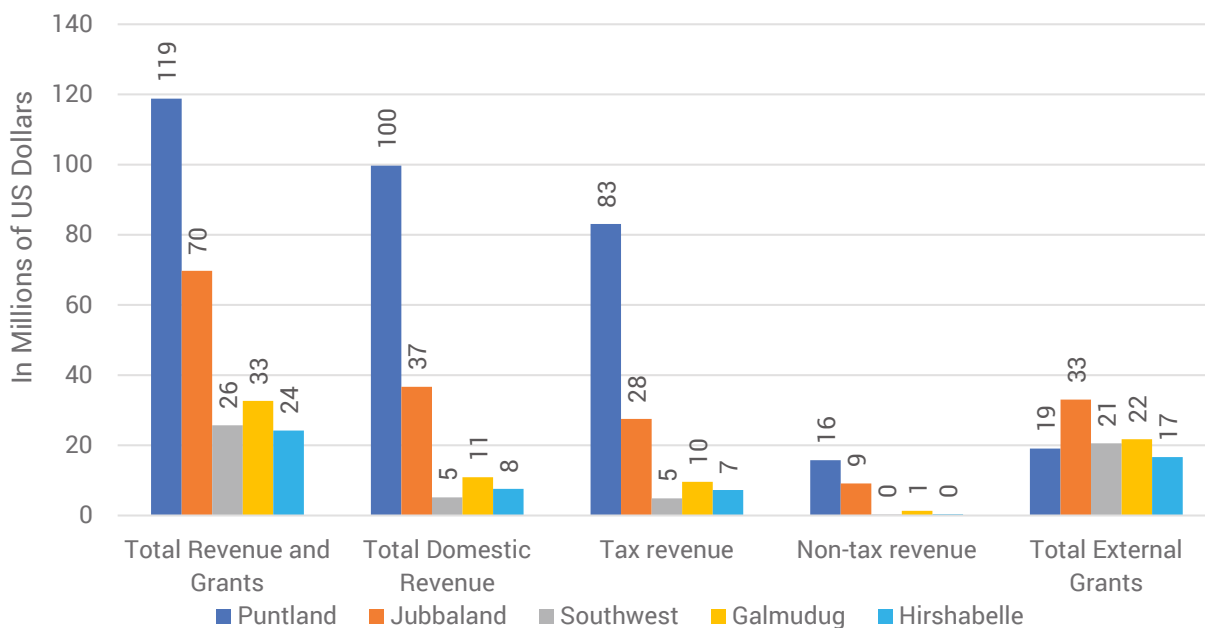
Jubbaland State recorded total revenue and grants of US\$70 million, with domestic revenue contributing US\$37 million. Tax revenue totaled US\$28 million, while non-tax revenue totaled US\$9 million. External grants totaled US\$33 million, representing a significant share of total revenue. This composition highlights a continued reliance on external financing to support Jubbaland's state fiscal operations.

Southwest State generated total revenue and grants of US\$26 million, with domestic revenue of US\$5 million. External grants of Southwest State remained the primary source of financing, accounting for US\$21 million. This structure reflects the Southwest's limited domestic revenue capacity and its high reliance on donor support.

Galmudug State recorded total revenue and grants of US\$33 million, with domestic revenue amounting to US\$11 million. External grants of Galmudug state reached US\$22 million, accounting for approximately two-thirds of total revenue. This performance indicates moderate progress in domestic revenue mobilization, although reliance on grants remains significant.

Hirshabelle state reported total revenue and grants of US\$24 million, with domestic revenue of US\$8 million. External grants of Hirshabelle state amounted to US\$17 million, representing the dominant share of total revenue. Despite a relatively small revenue base, Hirshabelle State continues to rely heavily on external financing.

Figure 18: Federal Member States Revenue and Grants 2025



Source: MoF, 2025

3.4.2 Federal Member States Expenditure Performance in 2025

In the fiscal year 2025, expenditure outcomes across the FMS remained broadly aligned with available resources, with most states maintaining balanced fiscal positions. Spending patterns continued to be dominated by recurrent expenditure, while capital investment remained limited across all federal member states. Puntland recorded the highest expenditure level at US\$118 million, closely aligned with its total revenue, resulting in a fiscal surplus of US\$1 million. Recurrent expenditure in Puntland accounted for US\$100 million, equivalent to 85 percent of total spending, driven primarily by compensation of employees (US\$56 million) and goods and services (US\$43 million). Capital expenditure of Puntland reached US\$18 million, representing the largest investment envelope among the FMS.

Jubbaland state reported total expenditure of US\$68 million, broadly in line with its resource envelope, and recorded a small fiscal surplus of US\$1 million. Recurrent expenditure in Jubbaland State amounted to US\$64 million, equivalent to 94 percent of total spending, with significant allocations to compensation of employees totaling US\$41 million and goods and services totaling to US\$18 million. Capital expenditure remained limited at US\$5 million, indicating constrained investment capacity and a continued focus on operational spending.

Southwest State maintained a relatively low expenditure level at US\$25 million, generating a modest surplus of US\$0.3 million. Recurrent spending in Southwest State totaled US\$23 million, equivalent to 92 percent of total spending. Capital expenditure remained minimal at US\$2 million, highlighting ongoing challenges in scaling up development spending despite improved revenue performance.

Galmudug state recorded a total expenditure of US\$29 million. Recurrent expenditure of Galmudug state stood at US\$26 million, equivalent to 90 percent of total spending, with US\$11 million allocated to compensation of employees and US\$14 million to goods and services. Capital expenditure reached US\$3 million, reflecting modest but improving investment activity.

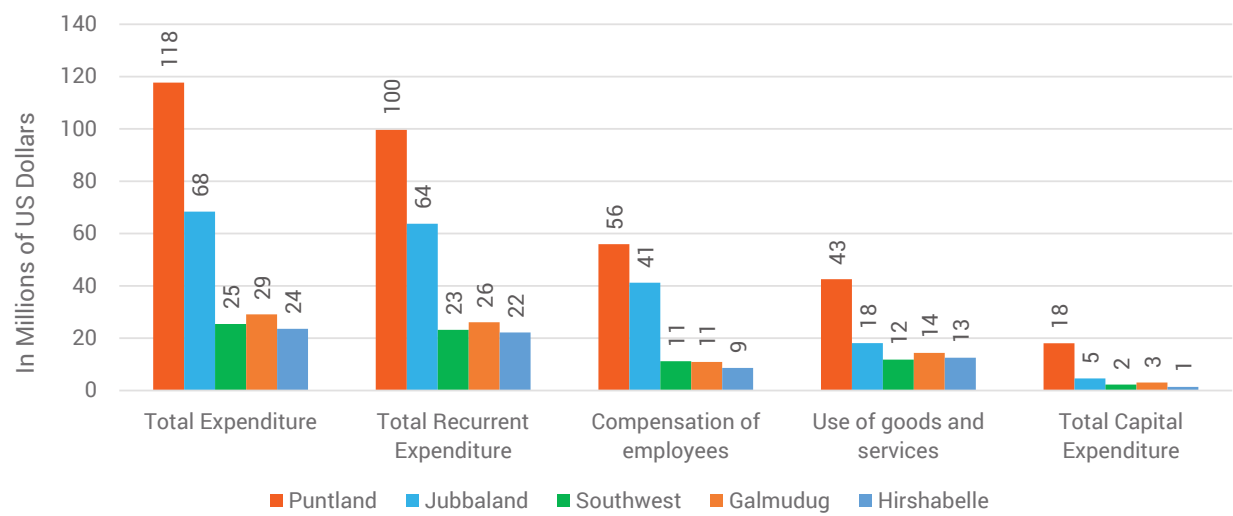
Hirshabelle State reported total expenditure of US\$24 million, broadly aligned with its revenue envelope, resulting in a surplus of US\$1 million. Recurrent expenditure accounted for US\$22 million, 92 percent of total spending, with US\$9 million in compensation of employees and US\$13 million in goods and services. Capital spending remained limited at US\$1 million, underscoring persistent constraints on public investment.

Table 5: Summary of FMS Revenue and Expenditure 2025 (In Millions of US Dollars) South

	Puntland	Jubaland	Southwest	Galmudug	Hirshabele
Total Revenue and Grants	119	70	26	33	24
Total Domestic Revenue	100	37	5	11	8
Tax revenue	83	28	5	10	7
Non-tax revenue	16	9		1	
Social contributions	1				
Total External Grants	19	33	21	22	17
Grants Bilateral	13	22	15	16	13
Grants Multilateral	6	11	6	6	4
Total Expenditure	118	68	25	29	24
Total Recurrent Expenditure	100	64	23	26	22
Compensation of employees	56	41	11	11	9
Use of goods and services	43	18	12	14	13
Social benefits	3				
Grants					1
Other expenses	1	4			
Total Capital Expenditure	18	5	2	3	1
Consumption of fixed capital	18	5	2	3	1
Financing Gap / Surplus (-) or (+)	1	1	0.3	4	1

Source: MoF, 2025

Figure 19: Federal Member States Expenditure 2025



Source: MoF, 2025

4

EXTERNAL SECTOR

Somalia's external sector remains characterized by a structurally large current account deficit, reflecting a narrow export base and a strong reliance on imported goods and services. Persistent trade imbalances primarily drive the deficit, as domestic production remains insufficient to meet consumption and investment demand. Despite the widening deficit in goods and services, the current account has continued to be supported by significant secondary income inflows, particularly diaspora remittances, which remain the largest source of foreign exchange earnings and a key buffer against external financing pressures.

The second source is grant inflows from development partners and international institutions. These non-debt-creating flows have supported public investment, reconstruction efforts, and institutional development, while contributing to external stability. Together with remittance inflows, grant transfers have helped finance external imbalances and mitigate pressures on the overall balance of payments. In parallel, debt relief under international initiatives has significantly reduced external debt vulnerabilities and strengthened Somalia's medium-term external sustainability.

Nevertheless, in the context of Somalia's highly import-dependent, aid- and remittance- dependent economy with a largely de facto dollarized financial system and limited domestic production capacity, the external position remains vulnerable to a range of shocks, including fluctuations in global commodity prices, climate-related disruptions, geopolitical tensions, and any potential declines in remittance and donor inflows. These vulnerabilities underscore the importance of policies to broaden the export base, enhance domestic productive capacity, improve competitiveness, and attract foreign private investment. Strengthening these fundamentals will be critical to reducing external imbalances, increasing resilience to external shocks, and supporting sustainable and inclusive economic growth over the medium term.

4.1 Current Account

Somalia's current account deficit widened further in 2025, reflecting persistent structural imbalances in the external sector and the economy's continued reliance on imported goods and services. The deficit increased from US\$2,494 million (20 percent of GDP) in 2024 to US\$3,160 million (24 percent of GDP) in 2025. Although remittances and other current transfers remained robust, they were insufficient to offset the growing import bill, underscoring the economy's continued reliance on imported goods and services.

The merchandise trade deficit widened from US\$4,995 million (40 percent of GDP) in 2024 to US\$5,563 million (42 percent of GDP) in 2025. Merchandise imports increased from US\$6,652 million (54 percent of GDP) to US\$7,297 million (55 percent of GDP), reflecting sustained demand for food, petroleum products, construction materials, machinery, and other consumer and capital goods.



The merchandise trade deficit widened from US\$4,995 million (40 percent of GDP) in 2024 to US\$5,563 million (42 percent of GDP) in 2025



Net secondary income increased marginally from US\$3,578 million (29 percent of GDP) in 2024 to US\$3,608 million (27 percent of GDP) in 2025, supported mainly by remittances from the Somali diaspora and official grant inflows

Merchandise exports increased modestly from US\$1,216 million in 2024 to US\$1,261 million (10 percent of GDP) in 2025, supported primarily by livestock and agricultural exports. However, import growth continued to outpace export growth, further deteriorating the merchandise trade balance.

The services account remained in deficit, increasing from US\$1,362 million in 2024 to US\$1,434 million (11 percent of GDP) in 2025. Growth in service exports, particularly transport, telecommunications, and business services, only partially offset continued demand for imported transport, professional, insurance, and other commercial services.

Secondary income continued to provide the principal source of external financing. Net secondary income increased marginally from US\$3,578 million in 2024 to US\$3,608 million (27 percent of GDP) in 2025, supported mainly by remittances from the Somali diaspora and official grant inflows. These transfers continued to finance a substantial share of the external deficit and support household consumption. However, the gradual moderation in donor assistance underscores the need to strengthen export competitiveness, diversify the production base, and expand domestic sources of foreign exchange to enhance external sustainability and reduce reliance on external transfers.

4.1.1 Capital Account and Financial Account

The capital account recorded net inflows of US\$635 million (5 percent of GDP) in 2025, down sharply from US\$1,826 million (15 percent of GDP) in 2024 and US\$2,025 million (18 percent of GDP) in 2023. In 2025, capital inflows declined as debt relief-related transfers ended and development partners reduced external grant financing, highlighting the economy's continued dependence on concessional external resources.

The financial account recorded net inflows of US\$436 million (3 percent of GDP) in 2025, compared with US\$2,008 million (16 percent of GDP) in 2024. The decline primarily reflected lower other investment inflows, which fell from US\$2,773 million in 2024 to US\$1,316 million in 2025 as external financing moderated. In contrast, foreign direct investment (FDI) increased from US\$765 million (6 percent of GDP) in 2024 to US\$880 million (7 percent of GDP) in 2025, reflecting continued investor interest in telecommunications, financial services, energy, and real estate. Despite this improvement, FDI remained insufficient to offset weaker donor-related financing, underscoring the need to broaden private capital inflows to strengthen the sustainability of Somalia's external financing.

Table 6: Balance of Payments, 2018-2025 (Millions of US Dollars)

	2018	2019	2020	2021	2022	2023	2024	2025
A. Current Account	-1257	-1185	-959	-1352	-1927	-2210	-2494	-3160
Balance on Goods and Service	-3469	-3862	-3532	-4424	-5704	-5947	-6356	-6996
Goods	-2257	-2490	-2579	-3227	-4308	-4793	-4995	-5563
Goods: Exports FOB	571	662	549	717	704	1009	1216	1261
Goods: Imports FOB	-3144	-3437	-3412	-4216	-5614	-6121	-6652	-7297
Services	-1212	-1372	-953	-1198	-1397	-1154	-1362	-1434
Service: Credit	656	675	370	558	679	974	1361	1428
Service: Debit	-1868	-2047	-1323	-1756	-2075	-2128	-2722	-2862
Primary Income	29	57	63	64	-88	-85	284	228
Primary Income: Credit	55	87	101	122	132	147	481	405
Primary Income: Debit	-26	-30	-38	-58	-220	-233	-197	-177
Secondary income	2183	2620	2510	3008	3866	3823	3578	3608
Secondary Income, n.i.e.: Credit	2560	3109	3149	3863	4937	4846	4931	5088
Secondary Income: Debit	-377	-489	-640	-855	-1071	-1023	-1353	-1480
B. Capital Account, n.i.	146	189	1016	328	443	2025	1826	635
Capital Account, n.i.e.: Credit	146	189	1016	328	443	2025	1826	635
Capital Account: Debit	-	-	-	-	-	-	-	-
Net Lending (+) / Net Borrowing (-) (Balance from Current and Capital Account)	-1110	-996	57	-1024	-1484	-185	-668	-2525
C. Financial Account, n.i.e.	-593	-275	-1272	-545	-451	-1871	-2008	-436
Net Lending (+) / Net Borrowing (-) (Balance from Financial Account)	593	275	1272	545	451	1871	2008	436
Foreign Direct Investment	-408	-447	-534	-601	-636	-677	-765	-880
Portfolio Investment	-	-	-	-	-	-	-	-
Financial Derivatives	-	-	-	-	-	-	-	-
Other Investment	1001	722	1806	1146	1087	2548	2773	1316
D. Net Errors and Omissions	1724	1271	1314	1713	1955	2123	2738	3001
E. Overall Balance	-21	-	-98	-144	-20	-67	-62	-40
F. Reserves and Related Items	21	-	98	144	20	67	62	40
Reserve Assets	21	-	98	144	20	67	62	40
Exceptional Financing	-	-	-	-	-	-	-	-
G. Memorandum items:								
Nominal GDP	7873	8723	8705	9570	10301	11317	12348	13,234
External public debt	5234	5311	4529	4486	4440	2818	1515	1482

Source: MoF, SNBS, and CBS estimates, 2025

Table 7: Balance of Payment, 2018-2025 (Percent of GDP, unless otherwise indicated)

BPM6 Concept	2018	2019	2020	2021	2022	2023	2024	2025
A. Current Account	-16	-14	-11	-14	-19	-20	-20	-24
Goods	-29	-29	-30	-34	-42	-42	-40	-42
Goods: Exports FOB	7	8	6	7	7	9	10	10
Goods: Imports FOB	-40	-39	-39	-44	-54	-54	-54	-55
Services	-15	-16	-11	-13	-14	-10	-11	-11
Service: Credit	8	8	4	6	7	9	11	11
Service: Debit	-24	-23	-15	-18	-20	-19	-22	-22
Balance on Goods and Service	-44	-44	-41	-46	-55	-53	-51	-53
Primary Income	0	1	1	1	-1	-1	2	2
Primary Income: Credit	1	1	1	1	1	1	4	3
Primary Income: Debit	0	0	0	-1	-2	-2	-2	-1
Secondary income	28	30	29	31	38	34	29	27
Secondary Income, n.i.e.: Credit	33	36	36	40	48	43	40	38
Secondary Income: Debit	-5	-6	-7	-9	-10	-9	-11	-11
B. Capital Account, n.i.	2	2	12	3	4	18	15	5
Capital Account, n.i.e.: Credit	2	2	12	3	4	18	15	5
Capital Account: Debit	0	0	0	0	0	0	0	0
Net Lending (+) / Net Borrowing (-) (Balance from Current and Capital Account)	-14	-11	1	-11	-14	-2	-5	-19
C. Financial Account, n.i.e.	-8	-3	-15	-6	-4	-17	-16	-3
Net Lending (+) / Net Borrowing (-) (Balance from Financial Account)	8	3	15	6	4	17	16	3
Foreign Direct Investment	-5	-5	-6	-6	-6	-6	-6	-7
Portfolio Investment	0	0	0	0	0	0	0	0
Financial Derivatives, Net	0	0	0	0	0	0	0	0
Other Investment	13	8	21	12	11	23	22	10
D. Net Errors and Omissions	22	15	15	18	19	19	22	23
E. Overall Balance	0	0	-1	-2	0	-1	-1	0
F. Reserves and Related Items	0	0	1	2	0	1	1	0
Reserve Assets	0	0	1	2	0	1	1	0
Exceptional Financing	0	0	0	0	0	0	0	0
G. Memorandum items:	0	0	0	0	0	0	0	0
Nominal GDP	-	-	-	-	-	-	-	-
External public debt	66	61	52	47	43	25	12	11

Source: MoF, SNBS, and CBS estimates, 2025

4.1 External Public Debt Developments

Somalia's external debt position underwent a fundamental transformation following the attainment of the Completion Point under the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative on 13 December 2023. This milestone marked the culmination of more than a decade of reforms aimed at strengthening macroeconomic management, public financial governance, fiscal transparency, and institutional capacity.

The implementation of debt relief agreements substantially reduced Somalia's external public debt stock and improved debt sustainability indicators. Total external debt declined from US\$5,234 million in 2018 to US\$1,482 million in 2025, while the external debt-to-GDP ratio fell from 61 percent in 2018 to 11 percent in 2025. These developments reduced debt vulnerabilities, strengthened fiscal and external sustainability, and created additional fiscal space for development priorities.

A significant component of the debt restructuring process involved bilateral creditors, particularly Paris Club members, which provided extensive debt cancellation and restructuring. As a result, Paris Club obligations declined from the largest component of Somalia's debt portfolio to a negligible share of total external debt. Debt relief from multilateral institutions and bilateral partners further accelerated the normalization of Somalia's debt profile, improving the country's creditworthiness and access to concessional financing.

4.1.1 External Public Debt Stock Developments

Somalia's external public debt continued its downward trajectory in 2025, reflecting the sustained impact of debt relief initiatives and prudent debt management policies. Total external debt declined from US\$5,311 million in 2019 to US\$1,482 million in 2025, representing a cumulative reduction of approximately 72 percent.

The composition of the debt portfolio changed significantly during the review period. Paris Club debt declined sharply from US\$3,072 million in 2019 to US\$46 million in 2025, reflecting the successful implementation of debt relief agreements. Multilateral debt also fell from US\$1,530 million to US\$634 million during the same period. In contrast, obligations to non-Paris Club creditors remained broadly stable, increasing from US\$709 million to US\$799 million. The remaining debt stock is increasingly concentrated among non-Paris Club and multilateral creditors. The remaining non-Paris Club debt reflects ongoing bilateral negotiations, as these creditors are not part of the coordinated Paris Club debt relief framework and therefore require separate agreements with Somalia.

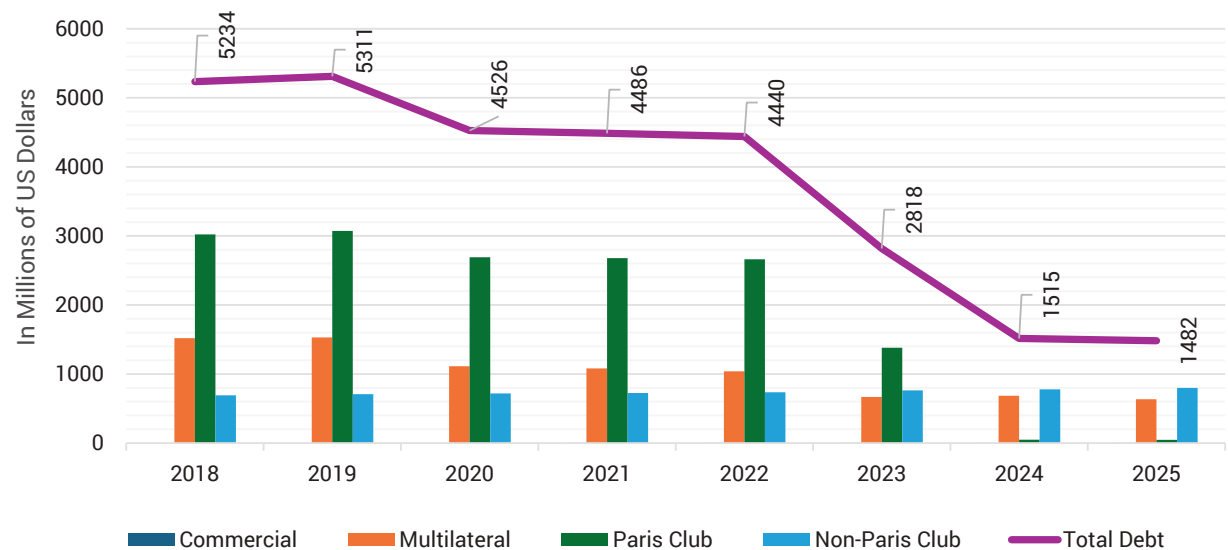
In the fiscal year of 2025, Somalia's external debt stock stood at US\$1,482 million, with non-Paris Club creditors accounting for 54 percent of total debt, multilateral institutions accounting for 43 percent, Paris Club creditors accounting for 3 percent, and commercial creditors accounting for less than 1 percent. This creditor structure indicates that Somalia's debt portfolio is predominantly owed to official creditors and remains largely concessional.

Table 8: External Public Debt (2018-2025) In Millions of US Dollars

Year	Commercial	Multilateral	Paris Club	Non-Paris Club	Total Debt	% Change (Δ)	Debt-to-GDP (%)
2018	-	1,520.0	3,022.0	692.0	5,234.0	-	66
2019	-	1,530.0	3,072.0	709.0	5,311.0	1.5	61
2020	-	1,114.0	2,692.0	720.0	4,526.0	(14.8)	52
2021	2.4	1,081.0	2,678.0	725.0	4,486.0	(0.9)	47
2022	2.5	1,040.0	2,662.0	735.0	4,440.0	(1.0)	39
2023	2.6	669.0	1,381.0	764.0	2,818.0	(36.5)	25
2024	2.7	685.0	48.0	779.0	1,515.0	(46.2)	12
2025	2.7	634.0	46.0	799.0	1,482.0	(2.2)	11

Source: MoF, 2025

Figure 20: External Debt Stock and Creditor Composition Trends (2018–2025)



Source: MoF, 2025

Table 9: Annual Changes of External Public Debt (2018-2025) In Millions of US Dollars & Percent

Year	Total Debt Stock	Annual Change	Annual Change (%)
2018	5,234	-	-
2019	5,311	77	1
2020	4,526	(785)	(15)
2021	4,486	(40)	(1)
2022	4,440	(46)	(1)
2023	2,818	(1,622)	(37)
2024	1,515	(1,303)	(46)
2025	1,482	(33)	(2)

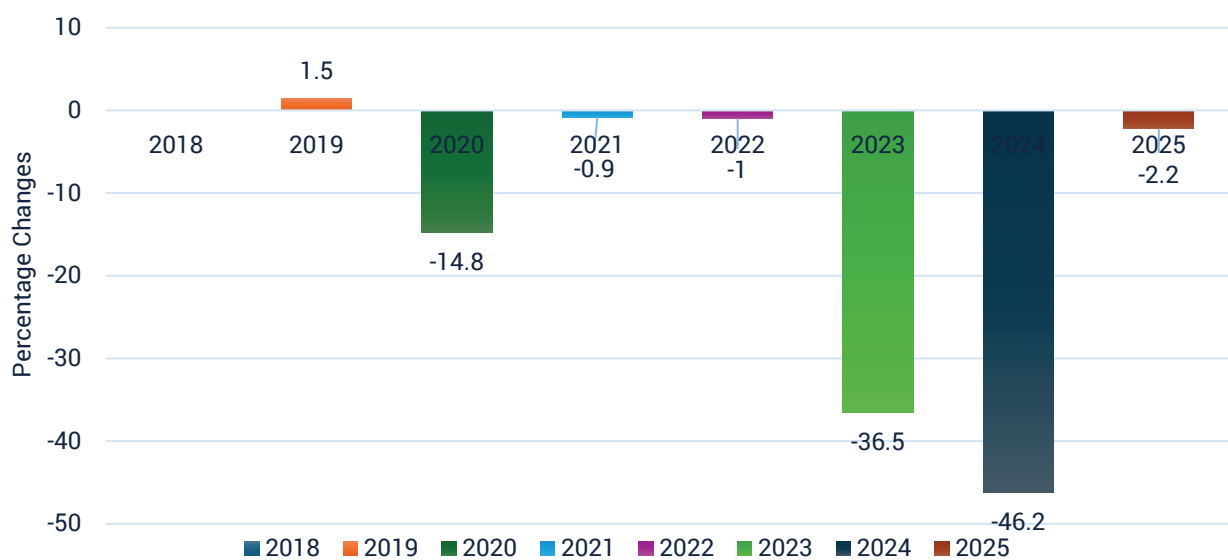
Source: MoF, 2025

4.1.2 Debt Stock Dynamics and Annual Debt Reduction

Following a modest increase of 1 percent in 2019, Somalia’s external public debt entered a sustained period of decline. The debt stock fell by 15 percent in 2020, reflecting initial progress in debt restructuring and creditor reconciliation efforts. Reductions moderated during 2021 and 2022, with annual declines of approximately 1 percent each year.

The most substantial reductions occurred following the HIPC Completion Point. In 2023, external debt declined by 37 percent, followed by a further reduction of 46 percent in 2024. Together, these reductions accounted for nearly US\$2,925 million and were the primary drivers of the improvement in Somalia’s debt position. By 2025, the pace of debt reduction moderated to 2 percent, suggesting that the major debt relief operations had largely been completed and that the debt portfolio had entered a more stable phase.

Figure 21: Annual Change in External Public Debt Stock (2018–2025)



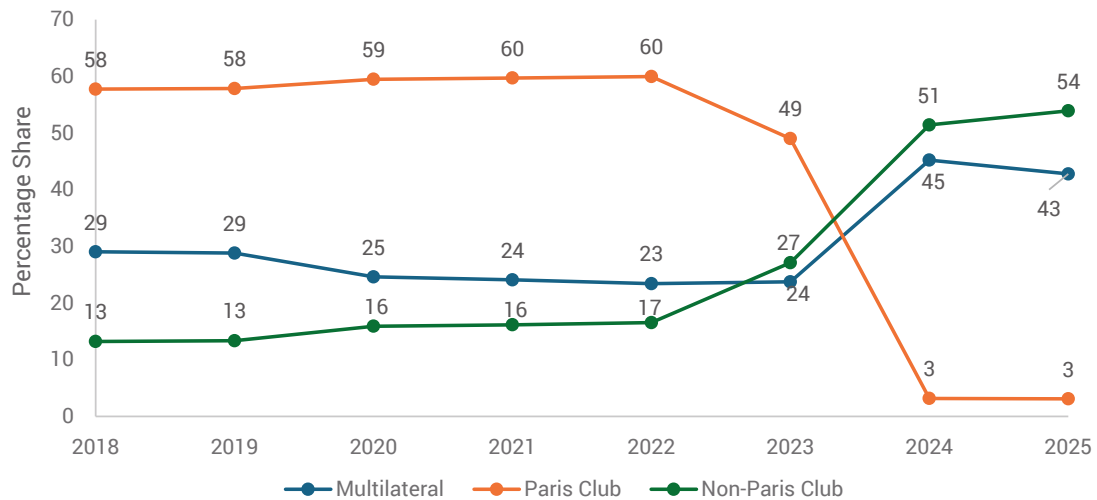
Source: MoF, 2025

4.1.3 Debt Composition and Portfolio Transformation

The restructuring of Somalia’s external debt portfolio significantly improved its sustainability profile. Paris Club debt declined from being the dominant component of the debt stock to only 3 percent of total external debt by 2025. At the same time, the relative shares of non-Paris Club and multilateral creditors increased, reflecting the substantial reduction in Paris Club obligations.

The resulting debt structure is concentrated on official and predominantly concessional financing sources, reducing debt-servicing pressures, refinancing risks, and exposure to market-based borrowing. This transformation has strengthened confidence among development partners and enhanced Somalia’s access to concessional financing.

Figure 22: Composition of External Public Debt by Creditor Group (2018–2025)

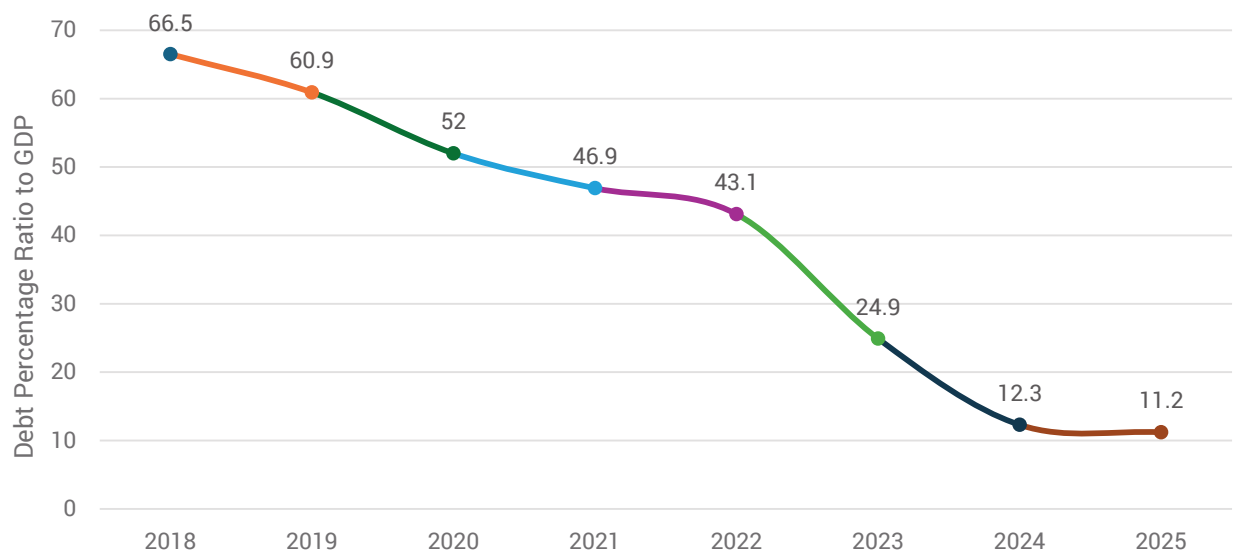


Source: IMF, 2025

Somalia's debt sustainability indicators improved markedly during the review period. The external debt-to-GDP ratio declined from 67 percent in 2018 to 11 percent in 2025, indicating a substantial reduction in the economy's external debt burden. The most significant improvement occurred during 2023–2024, following the implementation of comprehensive debt relief measures.

Overall, these developments demonstrate a significant strengthening of debt sustainability and a reduction in debt vulnerabilities. The lower debt burden has improved fiscal space, reduced future debt-service obligations, and enhanced the government's capacity to finance development priorities. However, preserving these gains will require continued reliance on concessional financing, prudent borrowing practices, strengthened debt management capacity, and sustained fiscal reforms.

Figure 23: External Debt-to-GDP Ratio (2018–2025)



Source: IMF, 2025



5

FINANCIAL SECTOR DEVELOPMENT



In September 2025, CBS signed a partnership agreement with the International Finance Corporation (IFC) to implement a Credit Infrastructure Project to establish two critical financial market infrastructures

The year 2025 marked a period of sustained progress and consolidation of reforms in Somalia's financial sector under the leadership of the Central Bank of Somalia (CBS). Building on earlier reforms, the authorities focused on modernizing financial infrastructure, strengthening regulatory and supervisory frameworks, expanding financial inclusion, and safeguarding financial stability. These efforts were supported by continued improvements in governance, transparency, and institutional capacity, reinforcing confidence in the financial system. A major legislative milestone was achieved in May 2025 with the enactment of the revised Financial Institutions Law (FIL), which established the legal and regulatory framework for microfinance institutions and strengthened the foundation for financial sector development.

Building on this legal framework, the Central Bank of Somalia approved the first licenses for seven Non-Deposit-Taking Microfinance Institutions (NDTMFIs) in November 2025 through its Board of Directors. This marked an important step toward expanding access to responsible financial services for households, micro-entrepreneurs, women-owned businesses, and youth-led enterprises, particularly those that have historically been underserved by the formal financial sector. In parallel, the Central Bank continued to strengthen Somalia's financial market infrastructure. In September 2025, CBS signed a partnership agreement with the International Finance Corporation (IFC) to support the legal foundations of the implementation of the Credit Infrastructure Project to establish two critical financial market infrastructures: a Credit Information System (CIS) and a Collateral Registry (CR). Both systems will be hosted and operated by the Central Bank of Somalia and are expected to enhance access to credit, improve risk assessment, and support private sector development.

A key milestone was the rollout of the Somalia Instant Payment System (SIPS), operated through the Somalia Payment Switch (SPS), enabling real-time, 24/7 transfers across banks and, progressively, mobile money operators, while supporting the national QR code standard (SOMQR). This has strengthened interoperability, improved efficiency, and expanded access to financial services, particularly for underserved populations.

Domestically, CBS advanced a comprehensive regulatory agenda to address structural gaps. Key developments included amendments to the AML/CFT framework alongside the enactment of the Takaful Insurance Law, supported by new regulations on licensing, capital and solvency requirements, and financial reporting. At the same time, financial integrity measures were strengthened through stricter customer identification requirements, including the mandatory use of a national ID for new accounts and the expansion of the Hubiye eKYC platform.

Financial sector activity remained robust throughout the year. The banking sector expanded steadily, supported by deposit growth, increased lending, and rising public confidence, with total assets reaching US\$2,299 million by December. Money transfer businesses continued to play a central role, facilitating substantial remittance inflows that support household consumption, private sector activity, and economic resilience.

As of December 2025, Somalia's financial sector comprised 13 domestic commercial banks, 1 international bank branch, 14 money transfer businesses, and 6 mobile money operators, totaling 34 licensed core financial institutions. In addition, the sector included a growing number of microfinance institutions, with 7 non-deposit-taking microfinance institutions licensed in November 2025, marking an important step toward expanding financial inclusion and formal oversight.

5.1 Banks

Somalia's banking sector continued to demonstrate strong growth in 2025, reflecting sustained confidence and deepening financial intermediation. Total banking assets increased from US\$2,020 million (18 percent of GDP) in 2024 to US\$2,299 million (20 percent of GDP) in 2025, representing a 14 percent increase. This expansion was driven by continued financing activity, steady deposit mobilization, and increased engagement within the formal financial system.

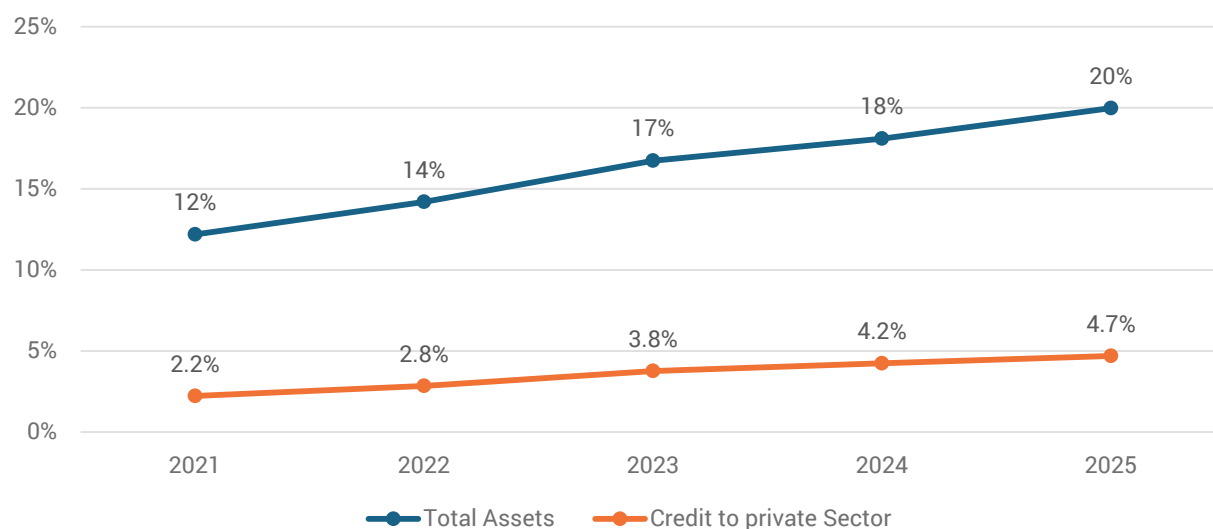
Table 10: Consolidated Balance Sheet for Commercial Banks in Millions of US Dollars (2021–2025)

	2021	2022	2023	2024	2025
Total Assets	1,221	1,462	1,796	2,020	2,299
Financing Assets	223	293	404	473	540
Investment Assets	182	245	302	324	359
Other Assets	81	72	105	58	30
Total Liabilities	1,025	1,247	1,506	1,716	1,976
Customer Deposits	948	1,164	1,431	1,652	1,630
Microfinance Loan	3	3	4	3	7
Other Liabilities	59	57	52	39	66
Total Liabilities and Owner's Equity	1,221	1,462	1,796	2,020	2,299
Total Shareholder's Equity	196	215	289	305	323

Source: CBS, 2025

Financing assets maintained a positive trajectory, rising by 14 percent to US\$540 million in 2025, up from US\$473 million in the previous year, reflecting continued private-sector credit demand. Within the financing portfolio, trade financing and real estate loans remained the largest components, increasing from US\$169 million in 2024 to US\$205 million in 2025 and from US\$111 million in 2024 to US\$139 million in 2025, respectively. This trend highlights sustained commercial activity alongside growing investment in property-related sectors.

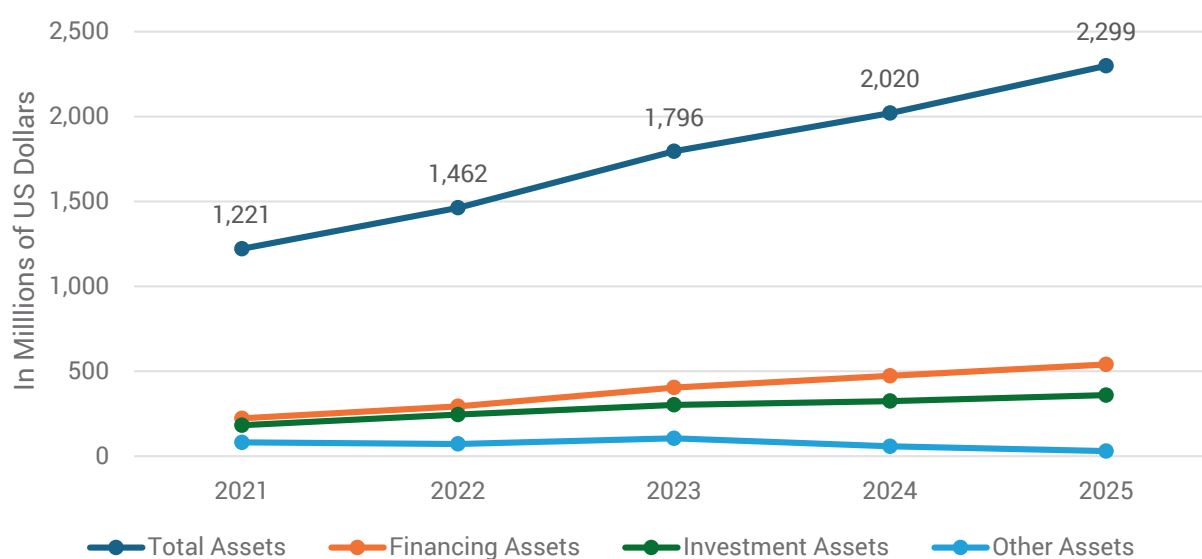
Figure 24: Total Assets and Credit to private Sector (Percent of GDP)



Source: CBS, 2025

Investment assets also recorded steady growth, rising to US\$359 million from US\$324 million in 2024, a 11 percent increase, as banks continued to strengthen and diversify their portfolios. Equity investment remained the largest component, rising from US\$184 million to US\$215 million, followed by property and real estate investment, which increased from US\$118 million to US\$128 million.

Figure 25: Consolidated Commercial Banks Data (Assets) (2021 – 2025)

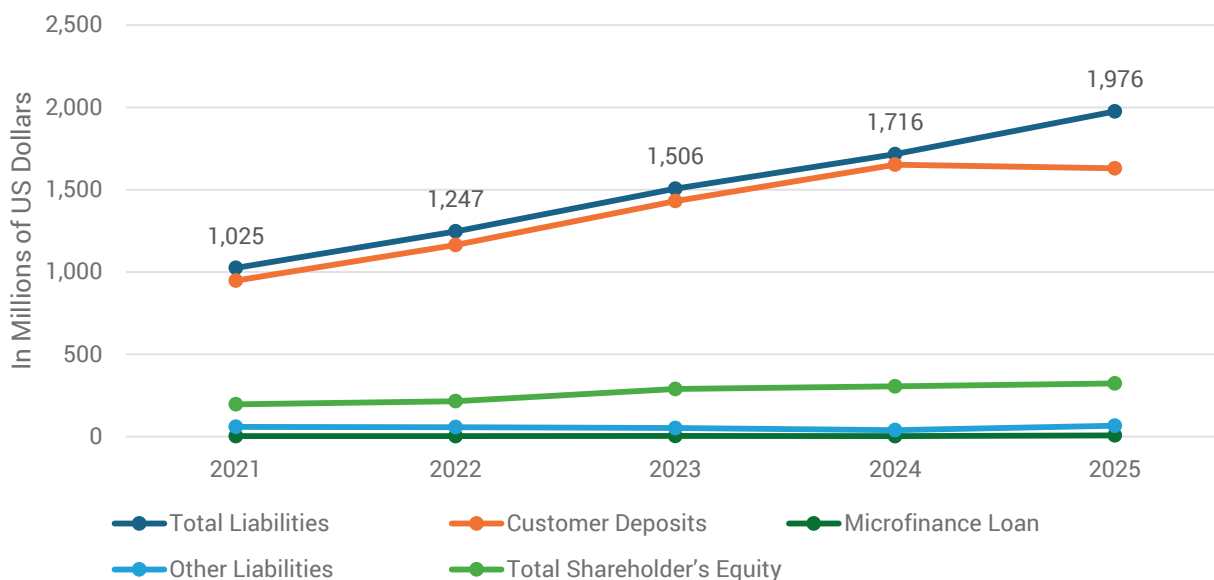


Source: CBS, 2025

On the liabilities side, commercial banks' total liabilities rose to US\$1,976 million in 2025, up from US\$1,716 million in 2024, representing a 15 percent increase. This growth highlights the sector's expanding balance sheet capacity and its ability to support financial intermediation. Customer deposits remained the primary source of funding, totaling US\$1,630 million, broadly stable compared with US\$1,652 million in 2024. While showing a slight moderation, deposit levels remain elevated, indicating sustained public confidence in the banking system.

Customer deposits accounted for approximately 82 percent of total liabilities, maintaining their position as the dominant funding base for commercial banks, albeit at a lower share compared to the previous year.

Figure 26: Consolidated Commercial Banks Data (Liabilities) (2021 – 2025)



Source: CBS, 2025

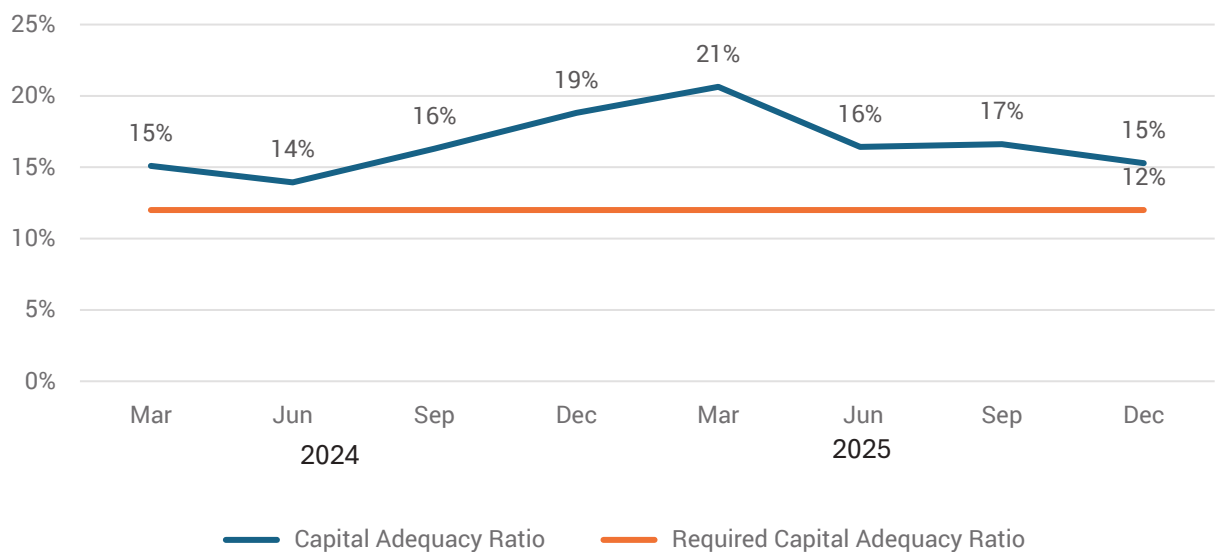
Considering all this, developments in 2025 point to a resilient and expanding banking sector, supported by sustained asset growth, stable funding conditions, and increased financing to the private sector. These trends underscore the sector's growing role in supporting economic activity and financial sector development in Somalia.

5.1.1 Banking Sector Financial Soundness Indicators

The banking sector remained financially sound during the review period. Capital adequacy and core capital ratios continued to exceed regulatory requirements, while liquidity levels remained strong across the banking system. The Capital Adequacy Ratio (CAR) remained above the regulatory minimum requirement of 12 percent throughout the review period, reflecting adequate capital buffers in the banking

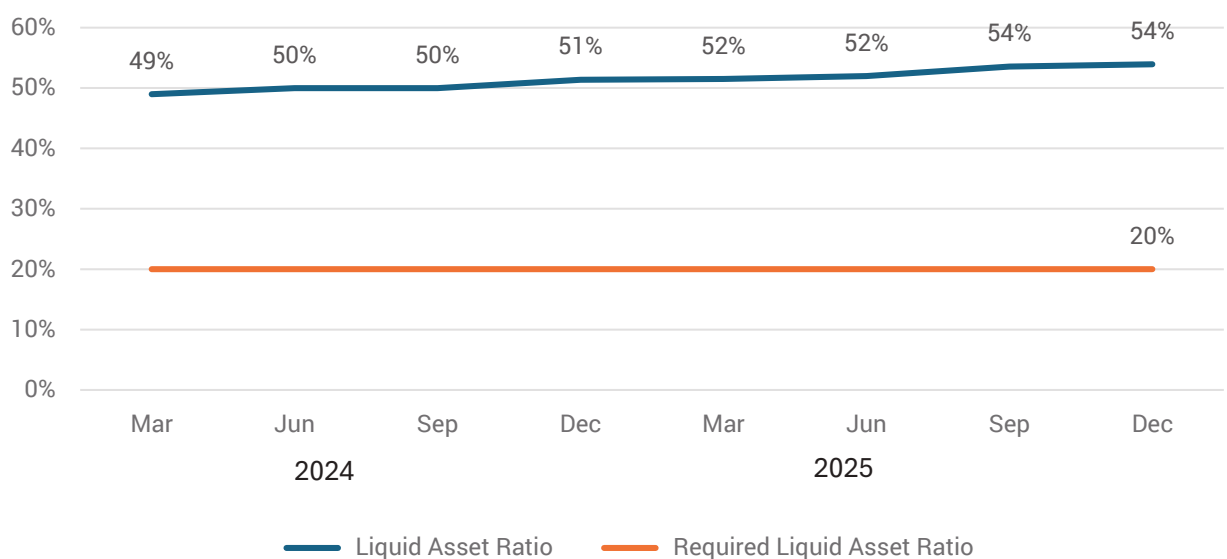
sector. The ratio increased during late 2024 and remained relatively strong during early 2025, reaching about 18 percent in the first half of the year. A gradual moderation was observed during the second half of 2025, with the ratio declining slightly toward the end of the year. By December 2025, the capital adequacy ratio stood at around 15 percent. Despite this decline, the ratio remained well above the regulatory requirement, indicating that banks continued to maintain sufficient capacity to absorb potential losses.

Figure 27: Commercial Banks' Capital Adequacy Performance



Source: CBS, 2025

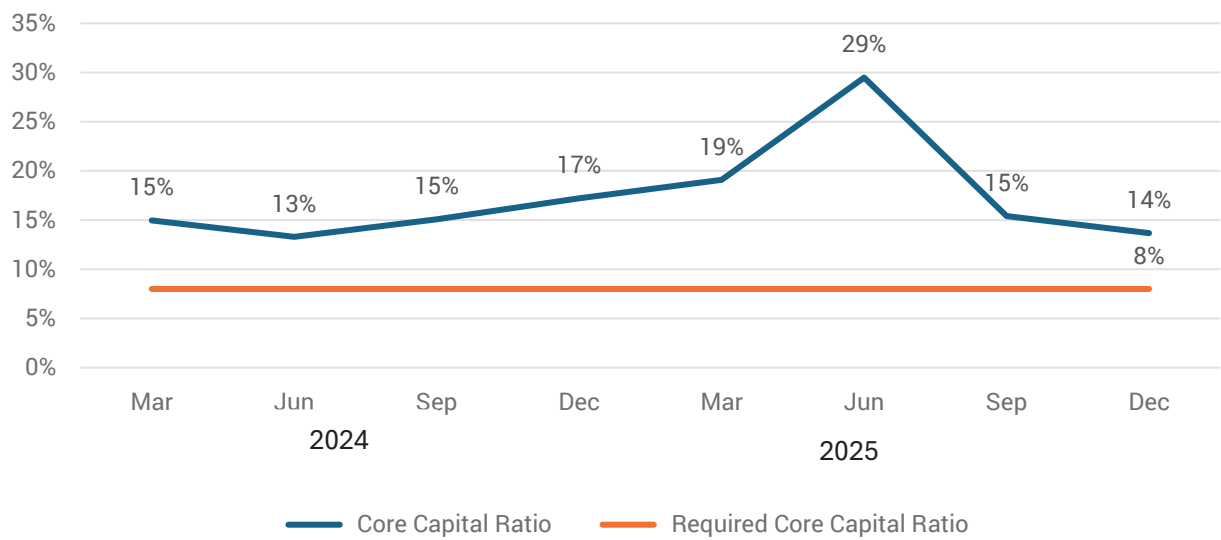
Figure 28: Liquidity Position of Commercial Banks



Source: CBS, 2025

The Liquidity Asset Ratio remained well above the regulatory minimum requirement of 20 percent throughout the review period, indicating a strong liquidity position in the banking sector. The ratio fluctuated between approximately 47 percent and 54 percent over the period. Liquidity levels improved gradually during 2025, reaching about 54 percent by December. This indicates that banks maintained a high level of liquid assets relative to short-term liabilities, supporting their ability to meet withdrawal demands and other short-term obligations.

Figure 29: Core Capital Strength of the Banking Sector



Source: CBS, 2025

The Core Capital Ratio also remained consistently above the regulatory minimum requirement of 8 percent throughout the review period. The ratio fluctuated between about 13 percent and 16 percent during 2024, before strengthening in early 2025 to around 17 percent. During the second half of 2025, the ratio declined gradually and reached about 14 percent by December 2025. Despite this moderation, the core capital ratio remained comfortably above the required threshold, reflecting the continued strength of banks’ high-quality capital positions.

5.2 Remittances

Remittances remained a central pillar of Somalia's economic stability in 2025, supporting household consumption, private sector activity, and humanitarian operations. Total inward transfers for the year reached US\$6,786 million, a 5 percent increase from US\$6,434 million in 2024. Stronger individual remittances and higher other transfers primarily drove this growth.

Individual remittances totaled US\$3,134 million (24 percent of GDP) in 2025, up from US\$2,720 million (22 percent of GDP) in 2024, a 15 percent increase that reaffirms their role as the largest and most stable source of inflows. Business-related transfers totaled US\$2,454 million, while NGO transfers totaled US\$936 million. Other SWIFT-related transfers increased to US\$262 million, contributing to overall inflow growth.

Table 11: Remittance Inflows in Millions of US Dollars (2021-2025)

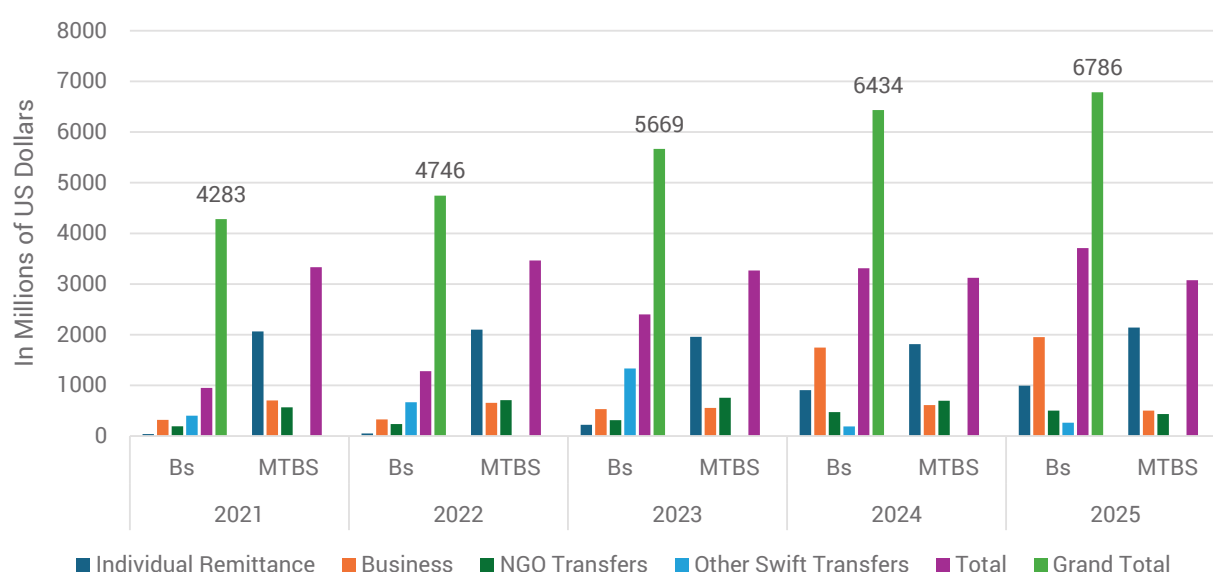
		Individual Remittance	Business	NGO Transfers	Other Swift Transfers	Total	Grand Total
2021	Bs*	38	318	192	402	950	4,283
	MTBs**	2,064	703	566	-	3,333	
2022	Bs	51	328	235	667	1,281	4,746
	MTBs	2,100	656	709	-	3,465	
2023	Bs	223	530	314	1,334	2,401	5,669
	MTBs	1,958	556	754	-	3,268	
2024	Bs	905	1,746	473	188	3,312	6,434
	MTBs	1,815	610	697	-	3,122	
2025	Bs	993	1,952	502	262	3,709	6,786
	MTBs	2,141	502	434	-	3,077	

* Banks

** Money Transfer Businesses

Source: CBS, 2025

Figure 30: Total Inward Transfers (2021-2025)



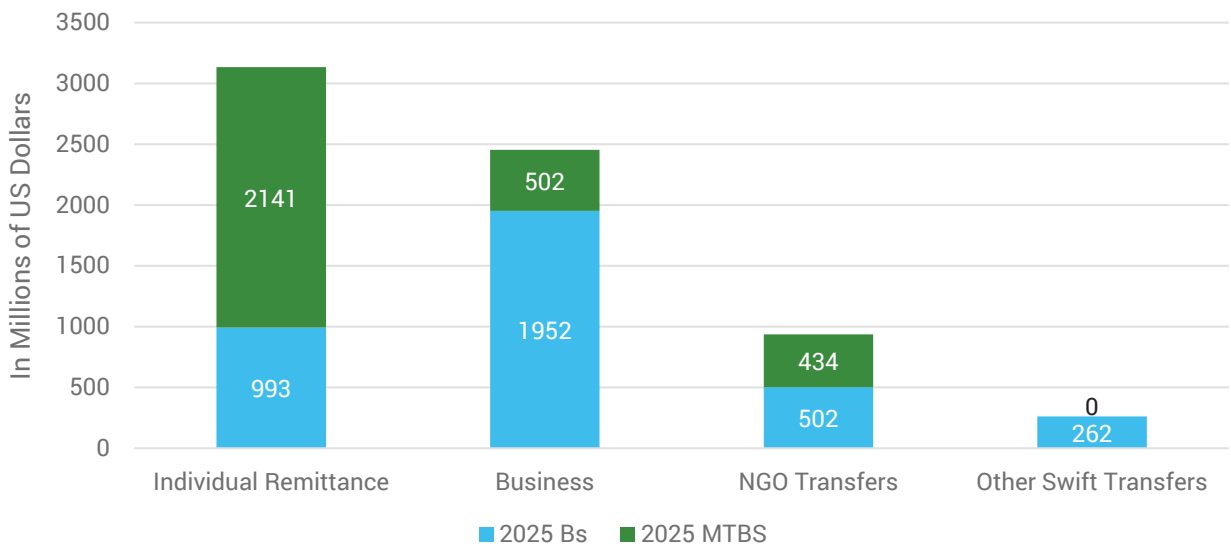
Source: CBS, 2025

In composition terms, individual remittances accounted for approximately 46 percent of total inflows, followed by business transfers at 36 percent and NGO-related flows at 14 percent, while other transfers represented about 4 percent. The overall structure of inflows remained stable, with household remittances continuing to dominate.

Commercial banks processed a significant share of total inflows, particularly for business and institutional transactions. Total inflows through commercial banks reached US\$3,709 million in 2025, a 12 percent increase from US\$3,313 million in 2024. Business transfers remained the largest component, amounting to US\$1,952 million and accounting for approximately 53 percent of total inflows through banks. Individual remittances processed through banks totaled US\$993 million (27 percent), while NGO-related transfers reached US\$502 million (14 percent). Other SWIFT-related transfers amounted to US\$262 million, representing approximately 7 percent of total inflows through commercial banks.

Money transfer businesses (MTBs) continued to play a critical role in facilitating remittance inflows to households. Total inflows processed through MTBs reached US\$ 3,077 million in 2025, a slight decline from US\$3,121 million in 2024. Individual remittances remained the dominant component, totaling US\$2,141 million and accounting for approximately 70 percent of MTB inflows. NGO-related transfers reached US\$434 million (14 percent), while business-related remittances amounted to US\$502 million (16 percent).

Figure 31: Remittance Inflows by Source and Channel in 2025



Source: CBS, 2025

In summary, the distribution of remittance inflows highlights the complementary roles of financial institutions: commercial banks facilitate most of the business and institutional transfers, while money transfer businesses remain the primary channel for household remittances and diaspora-linked flows. These inflows continue to play a critical role in supporting external stability, sustaining domestic demand, and underpinning foreign exchange liquidity in the economy.

5.3 National Payment System

The National Payment System (NPS) continued to play a central role in advancing Somalia's financial modernization in 2025, providing a reliable and efficient platform for digital transactions. By enhancing connectivity among financial institutions, the system has streamlined payment processes, strengthened transparency, and supported compliance with anti-money laundering and counter-terrorism financing standards.

The system demonstrated strong growth over the year, processing a total of 1,409,151 transactions with a combined value of approximately US\$2,422 million. This represents a 10 percent increase in transaction volume and a 25 percent increase in total value compared with 2024, reflecting growing adoption of electronic payment channels and increased interbank settlement activity.

Real Time Gross Settlement (RTGS) transactions continued to account for the majority of transaction value, totaling approximately US\$1,850 million during the year and representing about 76 percent of the total value processed through the system. This highlights the system's critical role in facilitating large-value interbank payments and maintaining financial system stability.

The Automated Clearing House (ACH) remained the primary driver of transaction volumes, processing the majority of payments within the system. Total ACH transaction value reached approximately US\$572 million in 2025, reflecting continued growth in retail and lower-value transactions, supported by increasing use of digital payment channels.

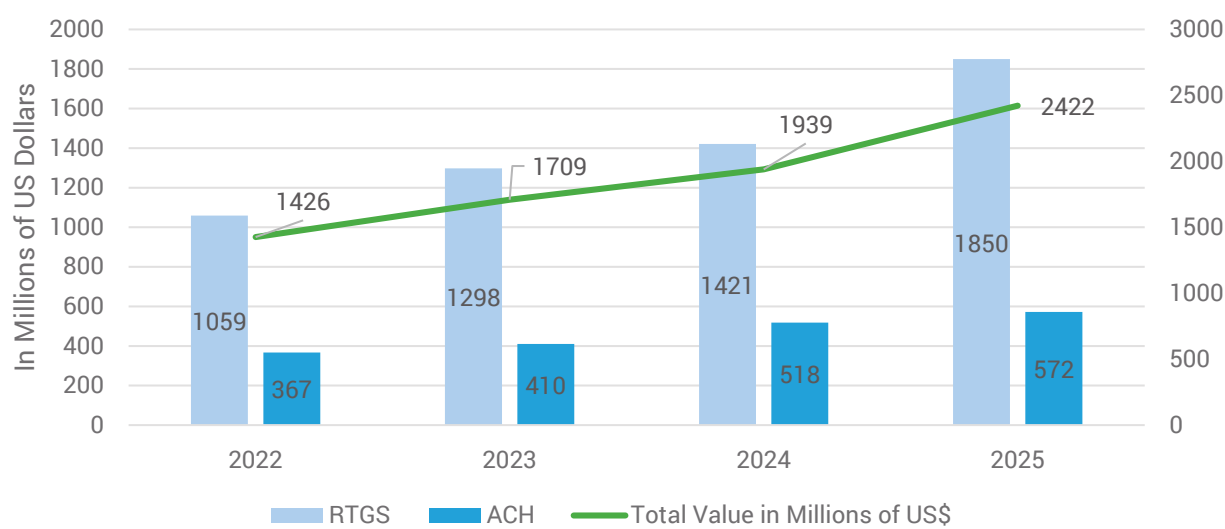
Overall, the continued expansion of the NPS underscores its growing importance within Somalia's financial ecosystem. Its capacity to handle increasing transaction volumes while supporting efficiency, security, and interoperability positions its role as a key enabler of financial inclusion, innovation, and long-term economic resilience.

Table 12: National Payment System Report in Millions of US Dollars (2022-2025)

	2022	2023	2024	2025
RTGS	1059	1298	1421	1850
ACH	367	410	518	572
Total Value in Millions of US\$	1426	1709	1939	2422
Total Transactions	922,904	1,062,103	1,277,216	1,409,151

Source: CBS, 2025

Figure 32: National Payment System (2022-2025)



Source: CBS, 2025



6

MONETARY POLICY DEVELOPMENTS

In 2025, Somalia's monetary policy continued to evolve in line with the country's broader efforts toward economic stabilization, institutional strengthening, and financial sector modernization under the leadership of the Central Bank of Somalia and with continued support from the International Monetary Fund.

The Somali economy continued to rely heavily on the United States dollar and mobile money platforms. Nevertheless, the CBS maintained its commitment to strengthening monetary governance and laying the institutional foundation for future monetary independence.

A major priority during 2025 was the continued advancement of the reintroduction of the Somali Shilling (SOS) through the implementation of a Currency Board Arrangement (CBA). CBS intensified efforts to secure co-financing for the national currency exchange project and continued consultations with all Federal Member States (FMS) to achieve a comprehensive agreement on the implementation framework. The reintroduction of the Somali Shilling remains a critical national objective aimed at restoring monetary sovereignty, strengthening confidence in the domestic currency, and enhancing the effectiveness of monetary policy over the medium term.

With technical assistance from the IMF, the Central Bank of Somalia act was revised and submitted to the parliament during 2025. The proposed amendments are designed to establish the legal basis for the Currency Board Arrangement while further strengthening the Central Bank's mandate, governance framework, operational autonomy, transparency, and accountability provisions.

In parallel, the Central Bank began preparing the regulatory frameworks required for the implementation of the Currency Board Arrangement once the amended legislation is enacted. These efforts include developing foreign exchange (FX) regulations that outline the criteria for selecting counterparties and specify the obligations of such counterparties toward the general public under the CBA framework, consistent with IMF recommendations. In addition, the Central Bank has been preparing regulations to establish procedures for the production and publication of the CBA balance sheet weekly, with minimal reporting lag, to strengthen transparency and operational credibility.

Monetary sector reforms during 2025 also focused on strengthening Somalia's financial infrastructure and improving the efficiency of the national payment system. The Central Bank continued implementing the Somalia Instant Payment System (SIPS) and related digital payment initiatives to improve interoperability between commercial banks and mobile money operators. Given the widespread use of mobile financial services across Somalia, these reforms contributed to enhanced financial inclusion, greater transaction efficiency, reduced transfer costs, and improved oversight of financial flows within the formal financial sector.



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.

7

CORPORATE GOVERNANCE AND BOARD OVERSIGHT

7.1 Board of Directors

The Central Bank of Somalia continued to strengthen its corporate governance framework during 2025, in accordance with the Central Bank of Somalia Act (Law No. 130 of 22 April 2012) and ongoing institutional reform commitments under the IMF-supported reform program. The Board of Directors is the highest policy-making organ of the Bank and provides strategic direction and oversight over the Bank's core mandates, including monetary policy reforms, financial sector supervision, payment systems modernization, currency reform initiatives, and institutional governance. The Board is composed of seven members: the Governor, who serves as Chairperson; the Deputy Governor, who serves as Vice Chairperson; and five non-executive members. The Governor, as Chief Executive Officer and Chair of the Board, is responsible for convening Board meetings and guiding strategic policy deliberations. In the absence of the Governor, these responsibilities are undertaken by the Deputy Governor.

In line with the provisions of the CBS Act, the Board continued to delegate specific operational and oversight responsibilities to specialized committees while retaining exclusive authority over core monetary policy decisions and strategic institutional matters. Throughout 2025, the Board maintained a high level of engagement and oversight, with particular emphasis on strengthening institutional governance, operational independence, transparency, accountability, and risk management frameworks. The Board continued to promote a governance culture grounded in professionalism, integrity, and adherence to international central banking standards and best practices.

The Board also provided oversight over the implementation of the Bank's Strategic Plan 2025–2029, with a focus on currency reform, modernization of monetary and foreign exchange policy frameworks, enhancement of financial stability, expansion of financial inclusion, modernization of payment systems, and strengthening operational excellence across the institution.

In 2025, the Board was supported by several standing committees, including:

- Audit Committee
- Licensing and Supervision Committee
- Currency Committee
- Human Resource Committee

These committees continued to support effective oversight and specialized review of the Bank's operational, financial, regulatory, and governance functions.

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 and Vice Chairperson
	Dr. Aues Abo Scek	Member
	Faysal A. Warsame	Member
	Prof. Abdullahi Sh. Ali	Member
	Prof. Hussein A. Warsame	Member
	Hanifa Mohamed Ibrahim	Member

Source: CBS, 2025

7.2 Board Meetings

During the year ended 31 December 2025, the Board of Directors held 10 regular meetings together with sessions of its standing committees to deliberate on strategic, operational, regulatory, and governance matters affecting the Bank and the wider financial sector. The Board maintained active oversight of the implementation of institutional reforms and reviewed progress across key operational priorities. Discussions focused on strengthening monetary and financial stability, improving governance frameworks, advancing currency reform, modernizing payment systems, and enhancing regulatory and supervisory effectiveness.

Key agenda items considered by the Board during 2025 included:

- Financial Sector Laws and Regulations
- Risk management, internal control systems, compliance, and Business continuity
- Currency Reform, currency project, and Asset recovery
- Licensing and supervision Matters
- Budget implementation and financial management, Audit reports
- Reserve Management

The Board and its committees continued to play an important role in evaluating institutional policies and providing strategic recommendations to support sound governance, operational resilience, and financial sector development.

7.3 Governance and Reform Roadmap

In 2025, Somalia continued to make significant progress on its economic reform agenda through close cooperation with the International Monetary Fund and other international development partners. The reform agenda remained focused on strengthening macroeconomic stability, enhancing institutional governance, improving financial sector resilience, and supporting sustainable economic growth.

The Central Bank of Somalia continued implementing reforms under the Extended Credit Facility (ECF) arrangement for the period 2023–2026. The Bank maintained compliance with key structural benchmarks relating to central bank governance, financial sector supervision, transparency, and operational independence.

One of the major priorities in 2025 was advancing the Somali Shilling reintroduction project and the proposed Currency Board Arrangement (CBA). The Bank continued preparations for currency exchange reforms and development of the supporting legal and regulatory framework required for implementation of the CBA. In collaboration with the IMF, amendments to the CBS Act continued to be finalized to strengthen the Bank's mandate, governance framework, transparency, autonomy, and accountability provisions.

The Bank also continued strengthening internal governance and compliance systems through enhanced risk management frameworks, improved operational controls, and reinforcement of Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) mechanisms. Institutional reforms are further focused on strengthening internal audit functions, procurement oversight, financial reporting systems, and information technology governance.

In line with the Strategic Plan 2025–2029, the Bank continued implementing initiatives to modernize monetary operations, strengthen financial inclusion, improve payment infrastructure, and enhance institutional effectiveness. The operationalization of the Somalia Instant Payment System (SIPS) and expansion of digital financial infrastructure remained key priorities during the year.

The Bank also continued investing in human capital development through professional training programs, institutional capacity-building initiatives, and reforms to strengthen performance management and organizational effectiveness. These efforts contributed to the development of a professional, accountable, and performance-oriented institutional culture.

7.4 Progress and Achievements Under the CBS Strategic Framework

During 2025, the Central Bank of Somalia continued implementing its Strategic Plan 2025–2029, aimed at strengthening institutional capacity, enhancing monetary and financial sector governance, modernizing payment systems, and promoting financial stability and inclusion. Under the area of monetary and financial sector reforms, the Bank made progress in strengthening supervisory and regulatory frameworks for banks, mobile money operators, and financial institutions. The Bank also continued implementation of Risk-Based Supervision frameworks and strengthened oversight of financial sector compliance and reporting systems. Significant progress was made in modernizing payment systems and digital financial infrastructure. The Somalia Instant Payment System (SIPS) is expected to expand interoperability between banks and mobile money operators, supporting greater financial inclusion, transaction efficiency, and transparency in financial flows.



Significant progress was achieved in modernizing the national payment infrastructure.

Institutional governance reforms also continued during the year. The Bank strengthened committee-based governance structures, enhanced internal audit and compliance functions, and continued implementation of organization-wide risk management frameworks. Internal policies and operational procedures were further reviewed and strengthened to align with international standards and evolving operational requirements.

In the legal and regulatory area, the Bank continued work on amendments to the Central Bank of Somalia Act and supporting regulations related to the Currency Board Arrangement, payment systems oversight, and financial sector supervision. Progress was also made in strengthening legal frameworks supporting digital finance, AML/CFT compliance, and financial institution governance.

The Bank maintained strong financial governance and transparency standards during 2025. Financial reporting continued to comply with International Financial Reporting Standards (IFRS), while internal and external audit mechanisms remained important pillars supporting accountability and institutional integrity.

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	Met
	Submit amendments to the CBS Law to Parliament, in line with IMF safeguard recommendations.		End-March 2025	Met
II	Issue detailed instructions to capital adequacy (CAR) and liquidity coverage ratios (LCR) templates reported by banks	September 2024–September 2025	End-July 2025	Met
III	Submit to Parliament amendments to the CBS Law, including to cover the currency board arrangement, in line with IMF recommendations	June 2025–September 2026	End-Dec 2025	Met
IV	CBS Board approval of foreign exchange regulations outlining the CBS criteria for selecting counterparties and specifying how these counterparties will fulfil their obligations to the general public under the CBA, in line with IMF recommendations		End-May 2026	Met
V	CBS Board approval of a regulation, to become effective with currency exchange, that specifies the process to produce and publish the CBA balance sheet on a weekly basis with minimal lag		End-July 2026	Ongoing
VI	Publish regulation to gradually introduce a prudential reserve requirement framework		End-Aug 2026	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
21		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 2025**

CENTRAL BANK OF SOMALIA

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

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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 Sceh Faysal A. Warsame Prof. Abdullahi Sh. Ali Prof. Hussein A. Warsame Hanifa Mohamed Ibrahim
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

I am pleased to present the audited financial statements of the Central Bank of Somalia (CBS) for the financial year ended 31 December 2025. These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

I am proud to report that CBS has once again received unqualified external audit opinion. This marks the sixth consecutive year in which the bank has achieved a clean audit outcome, underscoring our sustained commitment to sound financial management, institutional discipline, transparency, and accountability.

Over recent years, the Bank has continued to advance a broad-based institutional reform agenda aimed at strengthening governance, enhancing operational effectiveness, and aligning our systems and practices with international standards. Significant progress has been made in implementing recommendations arising from the IMF safeguards assessment, reinforcing internal controls, and establishing a stronger policy and procedural framework across key operational areas, including financial management, procurement, human resources, foreign exchange operations, information technology, and fraud risk management. The Bank has also made substantial progress in transitioning to a function-based organisational structure better suited to the discharge of a modern central banking mandate.

Looking ahead, we remain firmly focused on further strengthening the Bank's governance, risk management, and compliance architecture. Particular attention is being given to building a more robust second line of defence, enhancing information security and operational resilience, and improving business continuity arrangements. These priorities are essential not only to safeguarding the integrity of the institution, but also to ensuring that CBS remains resilient, credible, and fit for purpose in an increasingly complex and innovation-driven financial environment.

Building on this reform momentum, CBS continues to strengthen the stability, credibility, and development of Somalia's financial system. Under our five-year strategic framework launched in 2025, priority areas include strengthening payment systems, establishing the regulatory framework for credit infrastructure, expanding supervision to insurance and microfinance institutions, and promoting a more inclusive and resilient financial sector. Together, these reforms are critical to deepening the financial system and supporting sustainable economic development.

The progress reflected in these financial statements has been made possible by the commitment and hard work of the Bank's staff, management, and Board of Directors. I wish to express my sincere appreciation to all of them for their continued dedication and service. As we build on the gains achieved to date, we remain resolute in our determination to further strengthen the Central Bank of Somalia as a credible, effective, and forward-looking institution serving the public interest.



Abdirahman M. Abdullahi
CBS Governor

25/4/2026

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 2025, 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 management 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 management confirms that International Financial Reporting Standards (IFRS) have been followed and that the financial statements have been prepared on a going concern basis. The management 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

	2025 USD	2024 USD
Profit for the year	<u>487,609</u>	<u>483,392</u>

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

25/4/ 2026

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 10 meetings during the year ended 31 December 2025. 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 2025 included the following:

CENTRAL BANK OF SOMALIA

STATEMENT ON CORPORATE GOVERNANCE (Continued)

Board Meetings (Continued)

During the 2025 Board meetings, the following strategic and operational areas were deliberated:

1. **Financial Sector Laws and Regulations**
 - Review and approval revised CBS Act
 - Review and approval of key regulatory updates for financial institutions with the focus on the Takaful and Microfinance
 - Amendments to prudential guidelines to enhance governance and risk management
 - Alignment of domestic regulations with international best practices
2. **Risk Management, Compliance and Business Continuity**
 - Discussion and endorsement of the key policies related to ERM, Compliance and Business Continuity Management.
3. **Currency Reform, Currency Project & Asset Recovery**
 - Updates on the national currency reform program together with the currency board arrangement
4. **Licensing & Supervision Matters**
 - Review of licensing applications for banks, MTBs, Insurance, Microfinances and mobile money operators
 - Strengthening supervisory processes and compliance monitoring
 - Assessment of sectoral risks affecting licensing decisions
5. **Budget, Financial Management, and Audit Reports**
 - Review and approval of the Bank's annual budget and quarterly financial statements
 - Consideration of internal and external audit findings
 - Follow-up actions on audit recommendations to strengthen governance and controls
6. **Reserve Management Policies**
 - review and endorsed key reserve management policies including investment policy, strategic asset allocations and investment guidelines.

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

Date of meeting	23-Jan	18-Feb	14-April	22-May	29-June	30-July	29-Aug	27-Sept	9-Nov	9-Dec
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	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Hanifa Mohamed Ibrahim	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

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.

CENTRAL BANK OF SOMALIA

STATEMENT ON CORPORATE GOVERNANCE (Continued)

Board Committees (Continued)**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.

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.

CENTRAL BANK OF SOMALIA

STATEMENT ON CORPORATE GOVERNANCE (Continued)

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.

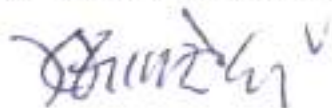
Conflicts of interest

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 25/4/2026, 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 management 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 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 oversight of 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:

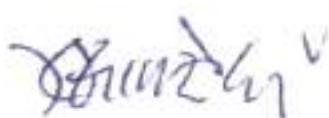
- (i) Designing, implementing and maintaining internal control necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;
- (ii) Selecting and applying appropriate accounting policies; and
- (iii) Making accounting estimates and 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 2025 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:

25/4/26

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS 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 18 to 51, which comprise the statement of financial position as at 31 December 2025, and 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 2025 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), as applicable to audits of the financial statements of public interest entities together with the ethical requirements that are relevant to our audit of the financial statements of public interest entities 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

Management is 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.

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 auditors' 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.

INDEPENDENT AUDITORS' REPORT (Continued)

Responsibilities of Directors for the Financial Statements

Directors have responsibility for the oversight of the preparation and fair presentation of 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 oversight of the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF CENTRAL BANK OF SOMALIA (Continued)

Report on the Audit of the Financial Statements (Continued)

Auditors' 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: M.R. Richard
NBAA Registration No. ACPA-PP 4498
Dar es Salaam

15 May 2026

CENTRAL BANK OF SOMALIA

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025

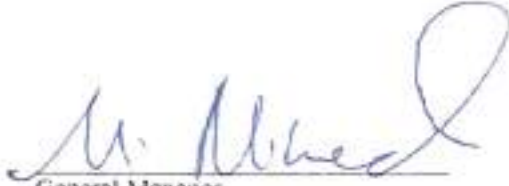
	Notes	2025 USD	2024 USD
Finance income	6 (a)	3,396,265	4,825,450
Finance costs	7	(215,044)	(753,260)
Net finance income		3,181,221	4,072,190
Fees and commissions	6(b)	11,282,814	10,769,069
Other income	6(c)	3,174,588	2,433,947
Operating expenditure	8	(17,138,631)	(16,792,302)
Foreign currency exchange(losses)/ gains		(12,383)	488
Profit for the year		487,609	483,392
Other comprehensive income			
Revaluation gains on gold bullion	13	28,180,256	8,843,057
Revaluation surplus		-	15,362,808
Total other comprehensive income		28,180,256	24,205,865
Total comprehensive income for the year		28,667,865	24,689,257

CENTRAL BANK OF SOMALIA
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	Notes	2025 USD	2024 USD
ASSETS			
Cash and cash equivalents	11(a)	198,008,883	224,383,563
Gold bullion	13	70,569,110	42,388,854
Receivables	14	150,801	98,251
Loans and advances -on lent	15	2,910,000	2,910,000
Due from the Government of Somalia	16	40,559,404	40,774,448
IMF PRG-HIPC Trust	17	-	183
Due from International Monetary Fund (IMF)	18(a)	545,639,923	493,856,593
Property and equipment	19	159,161,302	159,064,898
Intangible assets	20	-	56,188
TOTAL ASSETS		1,016,999,423	963,532,978
LIABILITIES			
Treasury deposits	21	93,951,816	141,304,087
Deposits from banks	22	65,078,317	44,134,355
Security deposits	23	26,620,000	23,400,000
Microfinance grant	24	3,000,000	3,000,000
Other payables	25	1,081,399	4,664,150
Due to International Monetary Fund (IMF)	18 (b)	553,964,411	512,267,402
Balance on Government SDR allocation	26	31,867,368	21,994,737
TOTAL LIABILITIES		775,563,311	750,764,731
RESERVES			
Share capital	27	200,000	200,000
Revenue reserve	27	18,444,530	17,956,921
Revaluation reserve	27	203,474,164	175,293,908
Gold reserve	27	19,317,418	19,317,418
TOTAL RESERVES		241,436,112	212,768,247
TOTAL LIABILITIES AND RESERVES		1,016,999,423	963,532,978

The financial statements in pages 18 to 51 were approved and authorized for issue by the Board of Directors on 25 April 2026 and were signed on its behalf by:


Governor


General Manager
25/4/26

CENTRAL BANK OF SOMALIA

STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 DECEMBER 2025

	Share Capital USD	Revenue Reserve USD	Revaluation Reserve* USD	Gold Reserve* USD	Total USD
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	<u>200,000</u>	<u>17,956,921</u>	<u>175,293,908</u>	<u>19,317,418</u>	<u>212,768,247</u>
At 1 January 2025	200,000	17,956,921	175,293,908	19,317,418	212,768,247
Total comprehensive income for the year	-	487,609	28,180,256	-	28,667,865
At 31 December 2025	<u>200,000</u>	<u>18,444,530</u>	<u>203,474,164</u>	<u>19,317,418</u>	<u>241,436,112</u>

*See note 27 for details of these reserves.

CENTRAL BANK OF SOMALIA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025

		2025 USD	2024 USD
CASH FLOWS FROM OPERATING ACTIVITIES	Notes		
Profit for the year		487,609	483,392
<i>Adjustments for:</i>			
Finance income (note 6 (a))		(3,396,265)	(4,825,450)
Finance cost (note 7)		215,044	753,260
Effect on exchange rate differences on cash and cash equivalents		5,742	-
Depreciation (note 19)		970,106	776,839
Amortisation (note 20)		56,188	52,430
<i>Working capital changes:</i>			
(Increase)/ decrease in receivables		(52,550)	155,124
Decrease in due from the Government of Somalia		215,044	753,260
Decrease in IMF PRG-HIPC Trust		183	319,630
Increase in due from International Monetary Fund (IMF)		(51,783,330)	(20,659,492)
Increase in due to International Monetary Fund (IMF)		41,697,009	20,261,619
Increase/(decrease) in balance on Government SDR allocation		9,872,631	(353,175)
(Decrease)/increase in treasury deposits		(47,352,271)	26,440,228
Increase in deposits from Banks		20,943,962	13,383,095
Increase in security deposits		3,220,000	-
Decrease in other payables		(3,582,751)	(1,320,460)
Net cash (used in)/generated from operations		(28,483,649)	36,220,300
Finance income received		3,181,221	4,072,190
Net cash (used in)/generated from operating activities		(25,302,428)	40,292,490
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	19	(1,066,510)	(1,326,507)
Purchase of intangible asset	20	-	(70,235)
Net cash used in investing activities		(1,066,510)	(1,396,742)
CASH FLOWS FROM FINANCING ACTIVITIES			
Share capital received		-	200,000
Net cash generated from financing activities		-	200,000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(26,368,938)	39,095,748
CASH AND CASH EQUIVALENTS AT 1 JANUARY		224,383,563	185,287,815
Effect on exchange rate differences on cash and cash equivalents		(5,742)	-
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	11 (a)	198,008,883	224,383,563

CENTRAL BANK OF SOMALIA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

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 (continued)***Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability**

The Bank has adopted the amendments to IAS 21 for the first time in the current year. The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

The amendments did not have 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>Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of financial instrument</i>	<i>1 January 2026</i>
<i>Annual Improvements to IFRS Accounting Standards – Volume 11 - Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, and IAS 7 Statement of Cash Flows</i>	<i>1 January 2026</i>
<i>Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity</i>	<i>1 January 2026</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 IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments**

The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Entities can early adopt the amendments that relate to the classification of financial assets plus the related disclosures and apply the other amendments later.

Key requirements

In May 2024, the Board issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7), which:

- Clarifies that a financial liability is derecognised on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition.
- It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.
- Clarified how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.
- Clarifies the treatment of non-recourse assets and contractually linked instruments.

Requires additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

The publication of the amendments concludes the classification and measurement phase of the IASB's post implementation review (PIR) of IFRS 9 Financial Instruments. The new requirements will be applied retrospectively with an adjustment to opening retained earnings. Prior periods are not required to be restated and can only be restated without using hindsight. An entity is required to disclose information about financial assets that change their measurement category due to the amendments.

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 9 and IFRS 7– Contracts Referencing Nature-dependent Electricity

The amendment is effective for annual periods beginning on or after 1 January 2026.

The amendments include:

- Clarifying the application of the 'own-use' requirements.
- Permitting hedge accounting if these contracts are used as hedging instruments.
- Adding new disclosure requirements to enable investors to understand the effect of these contracts on a Bank's financial performance and cash flows.

The clarifications regarding the 'own use' requirements must be applied retrospectively, but the guidance permitting hedge accounting have to be applied prospectively to new hedging relationships designated on or after the date of initial application.

The directors do not expect that the adoption of the amendment will have a material 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)

ii) *New and amended standards in issue but not yet effective (continued)***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 2025, 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.

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

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 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.

Annual Improvements to IFRS Accounting Standards cycle – Volume 11

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank financial statements are listed below(Continued)

The following is a summary of the amendments from the Annual Improvements to IFRS Accounting Standards – Volume 11:

IFRS 1 First-time Adoption of International Financial Reporting Standards	Hedge Accounting by a First-time Adopter Paragraphs B5 and B6 of IFRS 1 have been amended to include cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of IFRS 9. These amendments are intended to address potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.
IFRS 7 Financial Instruments: Disclosures	Gain or Loss on Derecognition The amendments update the language on unobservable inputs in paragraph B38 of IFRS 7 and include a cross reference to paragraphs 72 and 73 of IFRS 13 Fair Value Measurement. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.
Guidance on implementing IFRS 7 Financial Instruments: Disclosures	Introduction The amendments to paragraph IG1 of the Guidance on implementing IFRS 7 clarify that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7, nor does it create additional requirements.
Guidance on implementing IFRS 7 Financial Instruments: Disclosures	Disclosure of Deferred Difference between Fair Value and Transaction Price Paragraph IG14 of the Guidance on implementing IFRS 7 has been amended mainly to make the wording consistent with the requirements in paragraph 28 of IFRS 7 and with the concepts and terminology used in IFRS 9 and IFRS 13.

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)***Annual Improvements to IFRS Accounting Standards cycle – Volume 11 (Continued)**

Guidance on implementing IFRS 7 Financial Instruments: Disclosures	Credit Risk Disclosures Paragraph IG20B of the Guidance on implementing IFRS 7 has been amended to simplify the explanation of which aspects of the IFRS requirements are not illustrated in the example.
IFRS 9 Financial Instruments	Transaction Price Paragraph 5.1.3 of IFRS 9 has been amended to replace the reference to 'transaction price as defined by IFRS 15 Revenue from Contracts with Customers' with 'the amount determined by applying IFRS 15'. The use of the term 'transaction price' in relation to IFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of IFRS 9. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.
IFRS 10 Consolidated Financial Statements	Determination of a 'De Facto Agent' Paragraph B74 of IFRS 10 has been amended to clarify that the relationship described in paragraph B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor. The amendments are intended to remove the inconsistency with the requirement in paragraph B73 for an entity to use judgement to determine whether other parties are acting as de facto agents. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.
IFRS 9 Financial Instruments	Lessee Derecognition of Lease Liabilities Paragraph 2.1 of IFRS 9 has been amended to clarify that, when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 and recognise any resulting gain or loss in profit or loss. However, the amendment does not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.
IAS 7 Statement of Cash Flows	Cost Method Paragraph 37 of IAS 7 has been amended to replace the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

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 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 2025.

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 IFRS Accounting Standards as issued by the International Accounting Standards Board 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 rate.

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)

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.

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 2025	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	56,522,850	(32,033)	56,490,817
Loans and advances-onlent	None	12	2,910,000	-	2,910,000
Receivables	None	12	150,801	-	150,801
Due from the Government of Somalia	None	12	40,559,404	-	40,559,404
Due from International Monetary Fund (IMF)	None	12	545,639,923	-	545,639,923
Total			645,782,978	(32,033)	645,750,945

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 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-on lent	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

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 2025	United states of America USD	Turkey USD	Djibouti USD	Federal republic of Somalia USD	Total USD
Balances from Banking institutions	55,150,986	486,216	631,373	222,242	56,490,817
Loans and advances -on lent	2,910,000	-	-	-	2,910,000
Receivables	150,801	-	-	-	150,801
Due from the Government of Somalia	40,559,404	-	-	-	40,559,404
Due from International Monetary Fund (IMF)	545,639,923	-	-	-	545,639,923
Total	644,411,114	486,216	631,373	222,242	645,750,945

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 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

(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 2025					
Due to International Monetary Fund (IMF)	-	-	-	553,964,411	553,964,411
Balance on government SDR allocation	31,867,368	-	-	-	31,867,368
Treasury deposits	93,951,816	-	-	-	93,951,816
Deposits from Banks	65,078,317	-	-	-	65,078,317
Security deposits	26,620,000	-	-	-	26,620,000
Micro finance grant	3,000,000	-	-	-	3,000,000
Other payables	1,081,399	-	-	-	1,081,399
Total financial liabilities	221,598,900	-	-	553,964,411	775,563,311
	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

(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 2025, 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 2025	EURO USD	SLS USD	Others USD	Total USD
Financial assets				
Cash in hand	-	473,152	-	473,152
Balances due from Banking institutions	337,022	-	-	337,022
Total financial assets	337,022	473,152	-	810,174
Total financial liabilities	-	-	-	-
Net position	337,022	473,152	-	810,174
At 31 December 2024	EURO USD	SLS USD	Others USD	Totals 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

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:

	2025 USD	2024 USD
Retained earnings	18,444,530	17,956,921
Revaluation reserve	203,474,164	175,293,908
Gold reserve	19,317,418	19,317,418
Share capital	200,000	200,000
	<u>241,436,112</u>	<u>212,768,247</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
2025				
Gold Bullion	<u>70,569,110</u>	<u>-</u>	<u>-</u>	<u>70,569,110</u>
2024				
Gold Bullion	<u>42,388,854</u>	<u>-</u>	<u>-</u>	<u>42,388,854</u>

CENTRAL BANK OF SOMALIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2025 USD	2024 USD
6 a) FINANCE INCOME		
Interest on Government of Somalia Promissory Note (note 16) *	215,044	753,260
Interest income from deposits held in Federal Reserve Bank of New York -	3,181,221	4,072,190
	<u>3,396,265</u>	<u>4,825,450</u>
b) FEES AND COMMISSIONS**	<u>11,282,814</u>	<u>10,769,069</u>
c) OTHER INCOME		
Grant income***	1,811,911	1,067,591
License fees****	777,188	607,116
Rental income -short term	305,980	342,810
Other income	239,626	43,092
Registration fee	37,400	29,000
Sundry revenue	2,300	1,450
Utilization of the grant assistance - IMF PRG-HIPC Trust (note 25) ****	183	331,259
Investment income from grant assistance - IMF PRG-HIPC Trust (note 17) ****	-	11,629
	<u>3,174,588</u>	<u>2,433,947</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.

***The grant income relates to income received from the World Bank Group after the CBS has achieved the Performance based conditions(PBC) 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.

**** 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.

CENTRAL BANK OF SOMALIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2025 USD	2024 USD
7 FINANCE COSTS		
Interest expense and other charges on IMF loans (note 16)	215,044	753,260
8 OPERATING EXPENDITURE		
Staff costs (note 9)	9,068,955	8,056,392
Travel expense*	705,450	538,128
Mission allowance*	648,325	627,775
Staff Training*	336,530	364,660
Study visit Per diem*	703,399	814,354
Development upgrades *	231,505	84,810
Security**	1,023,225	765,157
Asset follow up expense	11,601	33,500
Repair and maintenance	151,226	126,555
Auditors' fees	170,000	182,674
Depreciation (note 19)	970,106	776,839
Amortisation (note 20)	56,188	52,430
Fuel	53,782	47,054
Hotel***	212,712	145,883
Internet expenses	81,460	79,750
Rent	80,700	73,200
Board of Directors expenses	183,200	145,400
Printing, Publications & Subscriptions	53,686	41,277
Miscellaneous vehicle expenses	43,000	48,434
Electricity	270,838	212,223
Tel, fax, and telegraph	4,134	4,653
Office supplies stationaries	84,212	63,935
Water	13,222	8,463
Cleaning	31,542	22,581
Bank charges	95,079	98,483
Consultant fees	93,302	196,905
Professional subscriptions	135,174	75,359
System License	1,121,183	1,262,912
Petty cash expenses	52,976	48,243
Software expenses	223,344	330,940
IT Equipment expenses	59,021	113,948
Communication expenses	27,375	59,414
Refreshments	107,718	93,011
Consultancy fees - Property revaluation services	1,353	146,313
Legal expense	19,458	233,165
CBS field Trip expenses	12,867	22,525
Document translation	600	19,830
CBS currency design	-	416,456
CBS retreat	-	15,783
Amortization of the grant assistance - IMF PRG-HIPC Trust (Note 17)	183	331,259
Investment income from Grant assistance - IMF PRG-HIPC Trust (Note 25)	-	11,629
	17,138,631	16,792,302

CENTRAL BANK OF SOMALIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 OPERATING EXPENDITURE (Continued)

*The travel expense, mission allowance, study visit per diem, staff training and the development upgrades have increase by 8% in the year 2025. Some of these costs relate to the achievement of the Performance Based Conditions (PBC) targets for year 2025 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 reimburse some of these costs as Grant Income of the total Independent Verified Expenditure. In 2025 CBS recovered USD 1,811,911 (2024: 1,067,591) as PBC grant income to offset some of these costs.

**The increase in the security expense is due to the enhanced investments in Central Bank security. These include and but not limited to hiring of better trained and armed security guards, purchase of more advanced security camera, and setting up of road blocks that lead to the various CBS offices in Mogadishu and in the Federal Member State offices.

***The increase in hotel cost was due various number of increased CBS staff mission abroad such as meetings with the IMF teams in Nairobi.

	2025 USD	2024 USD
9 STAFF COSTS		
Salaries and wages	3,725,117	3,390,715
Staff allowances	4,260,511	3,744,361
Health Insurance	416,521	403,556
Contract experts	480,184	380,529
Staff medical expenses	31,223	-
Gratuity	23,906	30,731
Bonus	131,493	106,500
	<u>9,068,955</u>	<u>8,056,392</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)

	2025 USD	2024 USD
11 (a) CASH AND CASH EQUIVALENTS		
Cash balances (Note 11 (b))	141,518,066	127,706,621
Deposits and balances due from banking institutions (Note 12)	56,490,817	96,676,942
	<u>198,008,883</u>	<u>224,383,563</u>
(b) CASH BALANCES		
Somali Shillings	473,152	507,434
United States Dollars	141,044,914	127,199,187
	<u>141,518,066</u>	<u>127,706,621</u>
12 BALANCES DUE FROM BANKING INSTITUTIONS		
Balances due from banking institutions -maturing within 3 months	56,522,850	96,708,975
Provision for impairment of unconfirmed bank balances	(32,033)	(32,033)
	<u>56,490,817</u>	<u>96,676,942</u>
Movement in impairment is as follows.		
At 1 January	(32,033)	(32,033)
Impairment charge	-	-
	<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 2025 was Nil (2024 - Nil).		
13 GOLD BULLION	2025 USD	2024 USD
At 1 January	42,388,854	33,545,797
Valuation gain through other comprehensive income	28,180,256	8,843,057
	<u>70,569,110</u>	<u>42,388,854</u>
At 31 December	<u>70,569,110</u>	<u>42,388,854</u>

Gold bullion consists of 16,261 fine troy ounces of gold at the market price of United States Dollar (USD) 4,339.78 per ounce (2024: 16,261 fine troy ounces at USD 2,062.70 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)

	2025 USD	2024 USD
14 RECEIVABLES		
Sundry debtors	47,401	34,451
Rent receivable -short term	103,400	63,800
	<u>150,801</u>	<u>98,251</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>

The micro finance loans are loans which the Bank issued to 9 commercial Banks (2024: 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				
	2025 SDR	2025 USD	2024 SDR	2024 USD
Ministry of Finance Promissory note to settle debt owed to International Monetary Fund	28,979,694	40,559,404	29,133,138	40,774,448

Movement in the government promissory note is as follows:

	2025 USD	2024 USD
At 1 January	40,774,448	41,527,708
Net interest gained on SDR holdings (Note 7 and Note 18)	(215,044)	(753,260)
At end of the year	<u>40,559,404</u>	<u>40,774,448</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)

17 IMF GRANT ASSISTANCE PRG-HIPC TRUST

	2025 SDR	2025 USD	2024 SDR	2024 USD
At 1 January	131	183	228,505	319,813
investment income from HIPC holdings (Note 6 (c),8)	-	-	8,309	11,629
Payment of GRA charges (Note 6 (c),8)	(131)	(183)	(236,683)	(331,259)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December	-	-	131	183
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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.

In 2025 the IMF grant assistance has been fully utilized in the repayment of the GRA charges (General Resources Account charges) and as such there are no more GRA charges to be repaid.

In 2024, the earned an investment income from the Grant Assistance was SDR 8,309 (USD 11,629) and SDR 236,683 (USD 331,259) was applied to offset the General Resources Account (GRA) charges on its existing debt to the IMF.

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

	2025 SDR	2025 USD	2024 SDR	2024 USD
(a) Assets				
IMF balances (SDR asset account)	225,495,572	315,601,347	188,442,593	263,742,369
Accrued Interest on SDR Holdings	961,403	1,345,570	1,015,453	1,421,218
Quota	163,400,000	228,693,006	163,400,000	228,693,006
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total SDR holdings	389,856,975	545,639,923	352,858,046	493,856,593
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
(b) Liabilities				
International Monetary Fund Holding	163,406,345	228,701,887	163,406,345	228,701,886
International Monetary Fund – Borrowings	117,000,000	163,752,030	87,000,000	121,764,330
Accrued interest and charges	944,358	1,321,714	1,152,056	1,612,406
SDR Allocations	114,454,076	160,188,780	114,454,076	160,188,780
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities due to IMF	395,804,779	553,964,411	366,012,477	512,267,402
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

CENTRAL BANK OF SOMALIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

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

Assets	2025 SDR	2025 USD	2024 SDR	2024 USD
At 1 January	352,858,046	493,856,593	338,096,943	473,197,101
Additional PRT loan allocation	30,000,000	41,987,700	15,000,000	20,993,850
Government SDR donation/refund received	7,546,366	10,561,817	-	-
Payment of interest and GRA charges on SDR (Note 26)	(492,420)	(689,186)	(1,450,965)	(2,030,756)
SDR assessment	(967)	(1,353)	(1,581)	(2,213)
(Decrease) / increase in accrued Interest on SDR Holdings (Note 6(a))	(54,050)	(75,648)	15,026	21,030
Government acquisition/(utilized) SDR (Note 26)	-	-	1,198,623	1,677,581
At 31 December	<u>389,856,975</u>	<u>545,639,923</u>	<u>352,858,046</u>	<u>493,856,593</u>
Liabilities				
At 1 January	366,012,477	512,267,403	351,535,652	492,005,783
Additional PRT loan allocation	30,000,000	41,987,700	15,000,000	20,993,850
Interest in accrued interest and charges (Note 6(a))	(207,698)	(290,692)	(523,175)	(732,230)
At 31 December	<u>395,804,779</u>	<u>553,964,411</u>	<u>366,012,477</u>	<u>512,267,403</u>

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.

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 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
At 1 January 2025	146,147,664	11,536,669	427,575	1,212,883	2,107,571	62,294	161,494,656
Additions	-	239,883	82,165	155,100	589,362	-	1,066,510
At 31 December 2025	146,147,664	11,776,552	509,740	1,367,983	2,696,933	62,294	162,561,166
DEPRECIATION							
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
At 1 January 2025	-	-	311,014	803,254	1,253,196	62,294	2,429,758
Charge for the year	-	294,414	42,837	196,250	436,605	-	970,106
At 31 December 2025	-	294,414	353,851	999,504	1,689,801	62,294	3,399,864
NET BOOK VALUE							
At 31 December 2025	146,147,664	11,482,138	155,889	368,479	1,007,132	-	159,161,302
At 31 December 2024	146,147,664	11,536,669	116,561	409,629	854,375	-	159,064,898

* In 2024, 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

	2025 USD	2024 USD
COST		
At 1 January	331,108	260,873
Additions	-	70,235
At 31 December	331,108	331,108
AMORTISATION		
At 1 January	274,920	222,490
Charge for the year	56,188	52,430
At 31 December	331,108	274,920
NET BOOK VALUE		
At 31 December	-	56,188

21 TREASURY DEPOSITS

Denominated in Somali Shillings	123,118	187,871
Denominated in United States Dollars	93,828,698	141,002,307
Government SDR balance held in United States Dollars	-	113,909
	93,951,816	141,304,087

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

	2025 USD	2024 USD
Demand deposits	65,078,317	44,134,355

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

CENTRAL BANK OF SOMALIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23 SECURITY DEPOSITS

	2025 USD	2024 USD
Performance security to undertake Banking and forex business in Somalia	26,520,000	23,400,000
Performance security to undertake Insurance business in Somalia	100,000	-
	<u>26,620,000</u>	<u>23,400,000</u>

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 the year 2025 a security deposit in the sum of UD 100,000 is required from companies that undertake insurance activities in Somalia. In 2025, there were a total of 13 (2024:13) licensed local commercial Banks, 2 international commercial Bank (2024:1), Money Transfers Bureaus 17 (2024:15) and Insurance companies 1 (2024: 0) who maintained security deposits with the Bank. These deposits are non-interest bearing and repayable on demand.

24 MICROFINANCE GRANT

	2025 USD	2024 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

	2025 USD	2024 USD
Sundry creditors	621,220	440,043
Audit fees	170,000	170,000
Deferred rent income	290,179	252,267
SDR deferred income	-	183
Government Interest SDR	-	169,742
Asset recovery funds due to MOF	-	3,631,915
	<u>1,081,399</u>	<u>4,664,150</u>

MOVEMENT OF SDR DEFERRED INCOME

	2025 USD	2024 USD
At 1 January	183	319,813
Investment income from HIPC holdings (6 (c))	-	11,629
Utilization of GRA charges (Note 6)	(183)	(331,259)
At 31 December	<u>-</u>	<u>183</u>

CENTRAL BANK OF SOMALIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26 BALANCE OF GOVERNMENT SDR ALLOCATION

	2025 SDR	2025 USD	2024 SDR	2024 USD
At 1 January	15,715,128	21,994,737	15,967,470	22,347,912
Government SDR donation /refund received (Note 18)	7,546,366	10,561,817	-	-
Total SDR acquisition (Note 18)	-	-	1,198,623	1,677,581
Payment of interest and GRA charges on SDR (Note 18)	(492,420)	(689,186)	(1,450,965)	(2,030,756)
At 31 December	<u>22,769,074</u>	<u>31,867,368</u>	<u>15,715,128</u>	<u>21,994,737</u>

During the year, Government obtained SDR 7,546,366 through donation/refund (2024: acquired SDR 1,198,623 through the via VTA (voluntary trading arrangements) market). The Government also used USD SDR 492,420 (2024: SDR 1,450,965) to settle GRA charges on its SDR allocation.

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.

In 2025, the proposed amendment to CBS Law no. 130 of the Central Bank of Somalia Act of 22 April 2012 was been approved by the Cabinet and is awaiting Parliamentary assent. The draft new law prescribes the authorized capital to be 50 Million United States Dollars. It has prescribed the initial paid-up capital to be 10 Million United States Dollars which shall be fully paid-up within five years from the date on which this Law enters into force i.e. by 31 December 2030.

	2025 USD	2024 USD
Share Capital	<u>200,000</u>	<u>200,000</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 2025, nor are there known significant assets or liabilities with related parties as at 31 December 2025 (2024 – 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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