



CENTRAL BANK OF THE GAMBIA

Monetary Policy Report

February 2026

Preface

The Central Bank of The Gambia Monetary Policy Report summarizes developments and outlook for key economic sectors that informed the decision of the Monetary Policy Committee (MPC). The objective is to keep the public informed of the MPC decision as part of the accountability and transparency obligation in the conduct of monetary policy.

Monetary Policy in The Gambia

The mandate of the Central Bank of The Gambia (CBG) is to achieve and maintain price and financial sector stability as well as create an enabling environment for sustainable economic growth. The Bank continues to operate a monetary targeting framework. Targets for key monetary aggregates are set in line with the Bank's medium-term inflation objective of 5 percent. In addition, the MPC meets to set the monetary policy rate (MPR) to signal the policy stance of the Bank.

Monetary Policy Committee

The Monetary Policy Committee (MPC) was established by the CBG Act 2005 (amended 2018 Act) as the apex monetary policy decision-making body of the Bank. The membership comprises the Governor (Chairman), the two Deputy Governors, heads of Banking, Financial Supervision, and Economic Research Departments of the Bank, and three persons from outside the Bank appointed by the Minister of Finance and Economic Affairs. The MPC meets every quarter to review developments and near-term outlook in the international and domestic economy and set the monetary policy rate. This signals the policy stance of the Bank. The decision-making process is by consensus. The Chairman communicates the decision of the Committee in a press statement and a press conference. The press release and the minutes of each meeting are posted on the Bank's website for wider access by the public.

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Executive Summary

The Monetary Policy Committee (MPC) of the Central Bank of The Gambia convened on February 25–26, 2026, to assess recent macroeconomic and financial developments. Following the assessment, the Committee decided to reduce the Monetary Policy Rate (MPR) to 14.0 percent, the required reserve ratio and the standing deposit were maintained, while the standing lending facility was lowered to 15 percent, set at MPR plus 1.0 percentage point. This policy stance aims to consolidate disinflation gains, anchor inflation expectations, and safeguard macroeconomic stability.

Global economic activity remains steady but uneven across regions. Global output expanded by 3.3 percent in 2025 and is projected to maintain a similar pace in 2026, despite persistent geopolitical tensions and trade policy uncertainties. Growth in advanced economies is expected to average around 1.8 percent, while emerging market and developing economies are projected to grow by 4.2 percent, driven largely by Asia. In Sub-Saharan Africa, growth is projected to strengthen modestly to 4.6 percent. Global inflation continues to moderate as supply conditions normalise and energy prices ease, although disinflation remains uneven, with monetary policy in major economies gradually shifting toward easing.

The Gambian economy remains resilient, supported by strong domestic demand and sustained inflow from remittances and tourism. Revised estimates show real GDP growth for 2023 increased to 5.9 percent, and 5.6 percent for 2024, driven by financial services, distributive trade, construction, and mining and quarrying. Growth prospects remain favourable, with the Central Bank projecting 6.4 percent growth in 2025, supported by higher public investment, increased private sector activity, improved demand for tourism services, and strong remittance inflows.

Inflationary pressures have continued to ease, supported by improved domestic food supply conditions, contained non-food price dynamics, and relatively stable exchange rate movements. Monetary conditions also supported this moderation, with strong growth in broad money and reserve money helping to improve liquidity and anchor inflation expectations. External sector conditions also improved, with the current account deficit narrowed to US\$75.9 million (3.2 percent of GDP) in 2025 from US\$103.9 million (4.4 percent

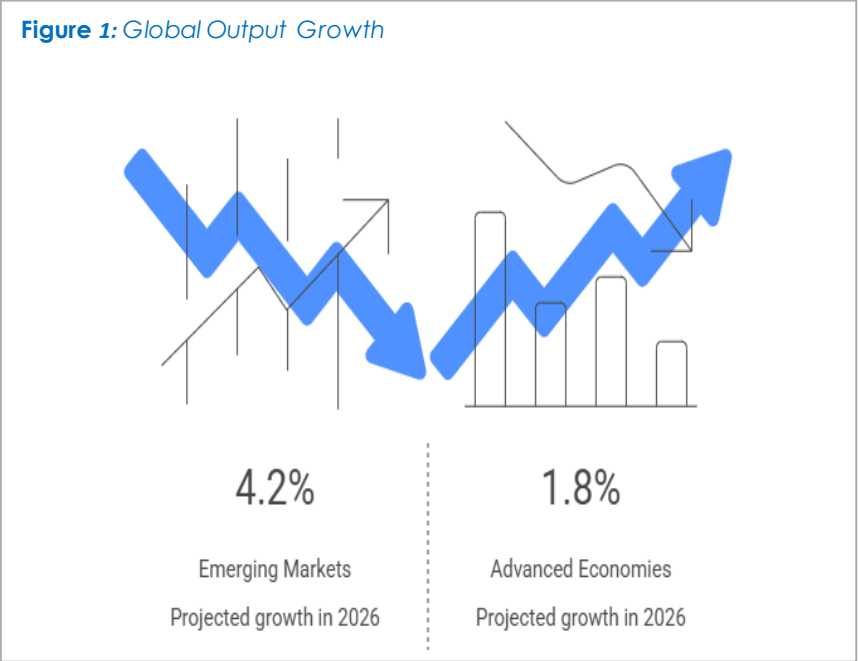
of GDP) in 2024, reflecting lower goods imports, stronger remittance inflows, and a recovery in tourism services. Foreign exchange market conditions improved, supported by increased FX supply and remittance, contributing to higher reserve buffers and relative stable exchange rate despite moderate depreciation pressures.

Fiscal developments indicate strong revenue mobilisation supported by improvements in tax administration, although expenditure pressures remain elevated. The banking sector remains resilient, profitable, and highly liquid, with capital and liquidity ratios well above regulatory thresholds. The non-bank financial sector also expanded, supported by growth in assets, deposits, and increased lending to SMEs and households. In view of prevailing macroeconomic conditions, the MPC emphasised maintaining a cautiously tight monetary policy stance to ensure inflation gradually converges toward the 5.0 percent medium-term target, while sustaining macroeconomic stability and growth.

Global Economic Developments

The global economy enters 2026 with steady but uneven growth, reflecting divergence across regions and sectors. Global output expanded by around 3.3 percent in 2025 and is projected to maintain a similar pace in 2026 before moderating slightly thereafter. While aggregate growth remains resilient, the expansion is increasingly concentrated in a limited number of economies and sectors, particularly technology-related industries.

Advanced economies continue to record modest growth supported by easing financial conditions and selective fiscal support, while several emerging markets benefit from resilient exports and domestic demand. Growth prospects vary significantly across regions. Advanced

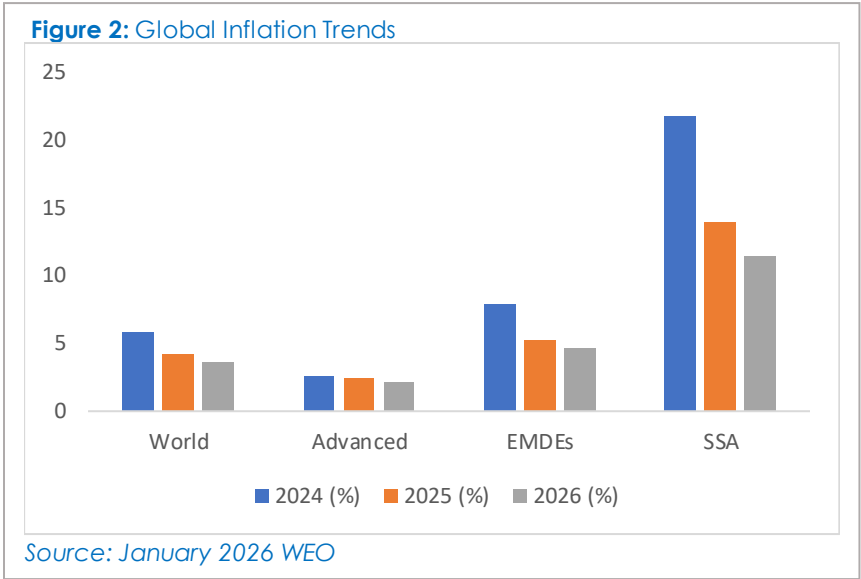


economies are projected to expand by around 1.8 percent in 2026, reflecting moderate activity in the United States and gradual recovery in the euro area. Growth in emerging market and developing economies remains stronger at about 4.2 percent, led by robust expansion in Asia. China's growth is expected to moderate as structural adjustments weigh on domestic demand, while India continues to record strong expansion. In Sub-Saharan Africa, growth is projected to strengthen modestly to about 4.6 percent, supported by improving domestic demand and ongoing macroeconomic stabilisation efforts.

Global trade momentum has weakened following earlier distortions from tariff adjustments and front-loading of shipments. World trade growth is estimated at 4.1 percent in 2025 but is expected to slow to around 2.6 percent in 2026 before recovering modestly thereafter. Although technology-related exports continue to support trade

flows in some regions, elevated trade barriers and policy uncertainty continue to weigh on global merchandise trade.

Global inflation continues to moderate as supply conditions normalise and energy prices ease. Headline inflation is projected to decline from 4.1 percent in 2025 to 3.8 percent in 2026, with further easing expected thereafter. The pace of disinflation remains uneven across economies. Price pressures are easing more rapidly in the euro area and parts of Asia, while inflation in the United States is expected to converge more gradually



toward target, reflecting persistent services inflation and tariff pass-through.

Monetary policy in major economies is gradually shifting toward easing as inflation declines, although policy rates remain above pre-pandemic levels. Financial conditions remain broadly supportive, with resilient equity markets and contained credit spreads, although sovereign yields have firmed amid elevated public debt and continued government borrowing. Financing conditions remain tighter for frontier economies, reflecting higher risk premia and limited market access.

Commodity markets present mixed dynamics. Oil prices have moderated due to softer global demand and ample supply, while industrial metals remain supported by investment linked to technology and energy transition. Agricultural prices have stabilised but remain vulnerable to climate-related disruptions and logistical bottlenecks.

Overall, the balance of risks to the global outlook remains tilted to the downside. Key risks include renewed trade tensions, geopolitical disruptions affecting energy and shipping routes, climate-related shocks, and potential financial market volatility associated with

high global debt levels. Nonetheless, stronger productivity gains from technological innovation and improved international policy coordination could support a more durable global expansion.

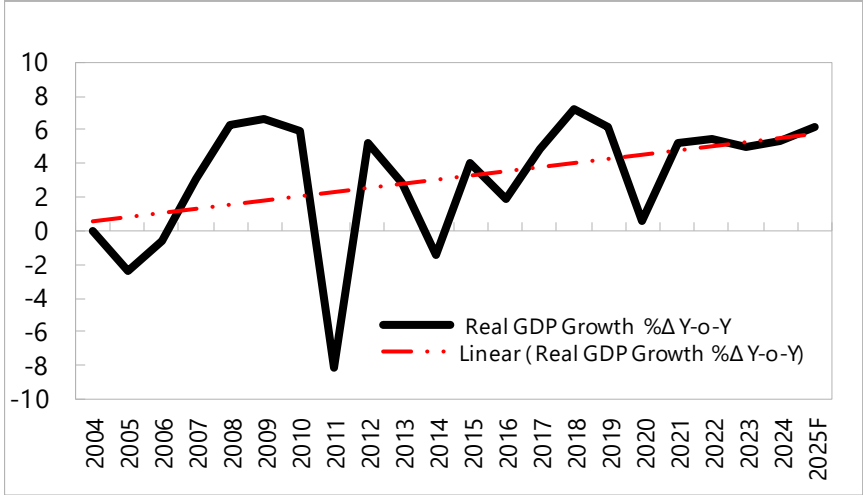
The Domestic Economy

Real Sector

Recent revisions to the national accounts by The Gambia Bureau of Statistics (Gibos) indicate that The Gambian economy maintained stable and resilient growth despite past external shocks.

Real GDP growth for 2023 increased to 5.9 percent, reflecting an upward revision of 0.9 percentage points, while growth in 2024 was revised upward by 0.3 percentage points to 5.6, reflecting a marginally stronger

Figure 3: Real GDP Growth



Source: GBoS, CBG staff calculations

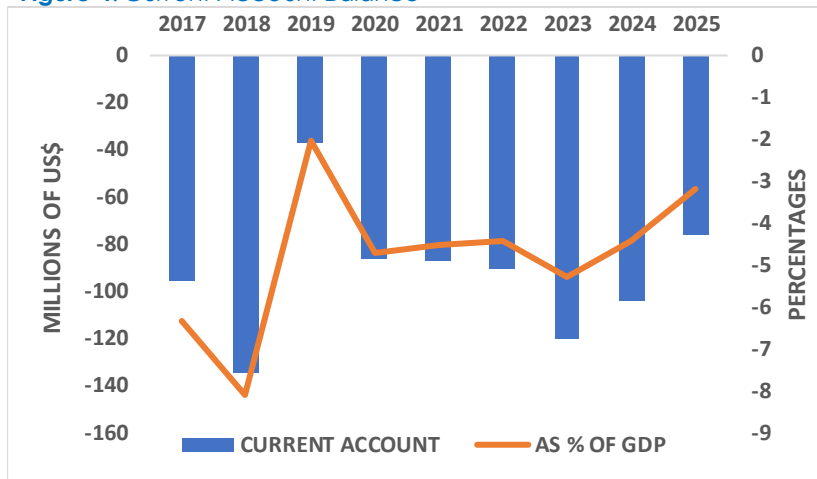
pace of expansion than previously reported. The improved performance in 2024 was driven mainly by financial services, distributive trade, construction, and mining and quarrying. In addition, stable remittance inflows and strong public investment aid the domestic demand. Prospects remain favourable, with CBG estimating 6.4 per cent growth in 2025, supported by strong public and private consumption and investment. The projected growth is driven by higher public investment in infrastructure and social services, coupled with rising private sector activity, improved external demand for Gambian services, tourism, and strong remittance inflows, which finance private consumption and investment (construction) demand.

Overall, the Gambian economy remains resilient, with encouraging near- and medium-term prospects. However, challenges remain, particularly in agriculture, export competitiveness, and climate-related risk.

Balance of Payments

Preliminary Balance of Payments estimates under the review period indicate that external pressures continue to persist due to a perseverance deficit in the goods account. The current account deficit moderated to US\$75.93 million (3.2 percent of GDP) in 2025, from US\$103.9 million (4.4 percent of GDP) in 2024. This is on the back of a slight decline in the value of goods imported, steady improvement in the inflow of personal

Figure 4: Current Account Balance



Source: CBG

transfers, mainly workers' remittances, and a gradual recovery from personal travel(tourism) of the services account.

The deficit in the goods account moderated to US\$962.79 million (40.1 percent of GDP) in 2025, from a deficit of US\$1025.01 million (43.82 percent of GDP) in the preceding year, reflecting the decline in the value of goods imports (FOB), resulting from lower global commodity prices and a reduction in demurrage and logistics costs. This stems from the ongoing decongestion efforts at the Port of Banjul, where the waiting time for ships to harbour has significantly shortened, allowing for timely

Figure 5: Goods Account



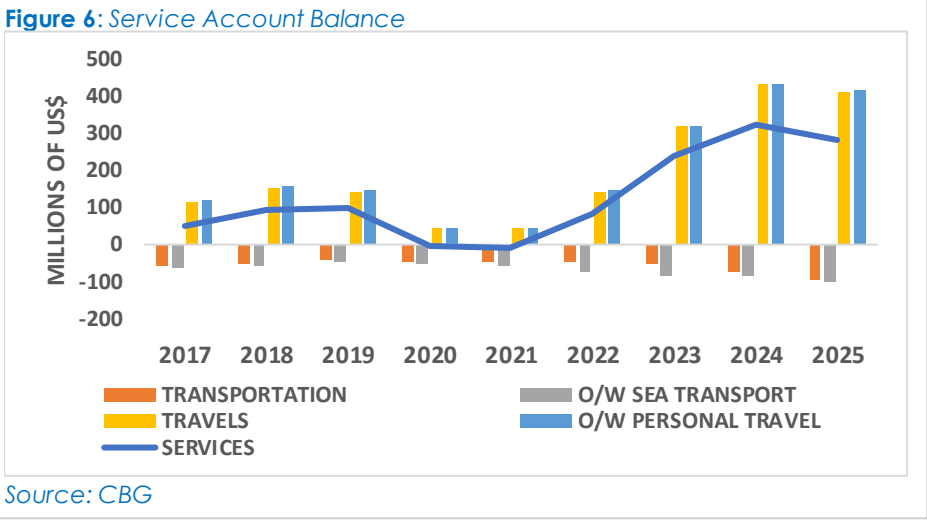
Source: CBG

offloading of goods. Total imports (FOB) amount to US\$1370.48 million (57.1 percent of GDP) in 2025, compared to US\$1388.32 million (59.4 percent of GDP) in 2024. China

remained The Gambia's import partner globally, while Senegal remained the main import partner in the regional block (ECOWAS). Exports (FOB) grew by 12.2 percent to stand at US\$407.70 million (17.0 percent of GDP) in the review period, from US\$363.32 million (15.5 percent of GDP) in 2024, driven by a rebound in re-export trade to partner countries such as Mali and Guinea Bissau. The main items re-export are mineral fuel and oil, and vehicles.

Year on year, the services account balance is estimated to register a surplus of US\$284.57 million in 2025, from US\$323.32 million in the previous year. This reflects the increasing

exports of hospitality-related services as an alternative cheaper accommodation in the form of Airbnb, which is gaining prominence in the country. Similarly,



imports of other services are also on the rise, particularly in freight charges for the importation of merchandise goods.

The secondary income account surged to US\$605.54 million in 2025, up from a net inflow of US\$554.03 million in 2024. This represents a 9.3 percent annual growth, associated with a rise in inflows of private remittances and significant inflows of government budget support in the form of program grants. Personal transfers, mainly workers' remittances (net), grew by 3.8 percent to reach US\$527.18 million in 2025, from US\$507.78 million in the preceding year. This trend has persisted since the pandemic, signifying the role remittances continue to play in foreign currency supply, a key financier of household consumption and investment.

The capital account balance for 2025 slightly moderated to a surplus of US\$113.23 million, from a surplus of US\$117.88 million in 2024, mainly attributed to a decline in the amount

of project funds disbursed during the review period. Meanwhile, the financial account recorded a surplus of US\$34.99 million in 2025, compared to a net incurrence of liability of US\$314.31 million in the preceding year, reflecting improved resident investment. Of the components of financial accounts, direct investment inflows increased to US\$274.20 million, from a positive inflow of US\$232.36 million in 2024. The change in reserve assets recorded an increase in financial asset inflow of US\$74.49 million, while other investments registered a surplus of US\$458.69 million in 2025.

Exchange Rate Developments

In the local FX market, interbank foreign exchange activities improved during this period. Annual FX turnover increased by 8.7 percent to US\$2.38 billion in 2025, up from US\$2.19 billion in the corresponding period of the previous year. This increase reflects improved supply conditions. FX supply increased to US\$1.27 billion in 2025, up from US\$1.05 billion in 2024, while demand declined to US\$1.11 billion in 2025, down from US\$1.14 billion in 2024. The market shifts from an excess demand position in 2024 to an excess supply position in 2025, reflecting strong supply conditions. However, the improvement in supply conditions was insufficient to generate a significant appreciation of the dalasi.

Quarterly activity peaked in Q1 2025 before moderating in subsequent quarters. Total interbank FX turnover declined from US\$670.1 million in Q1 2025 to US\$614.21 million in Q2 2025, US\$551.19 million in Q3 2025 and further to US\$541.03 million in Q4 2025. The quarterly decline did not depict any seasonality as both the second and third quarters, classified as lean periods, recorded a relatively higher volume than quarter four.

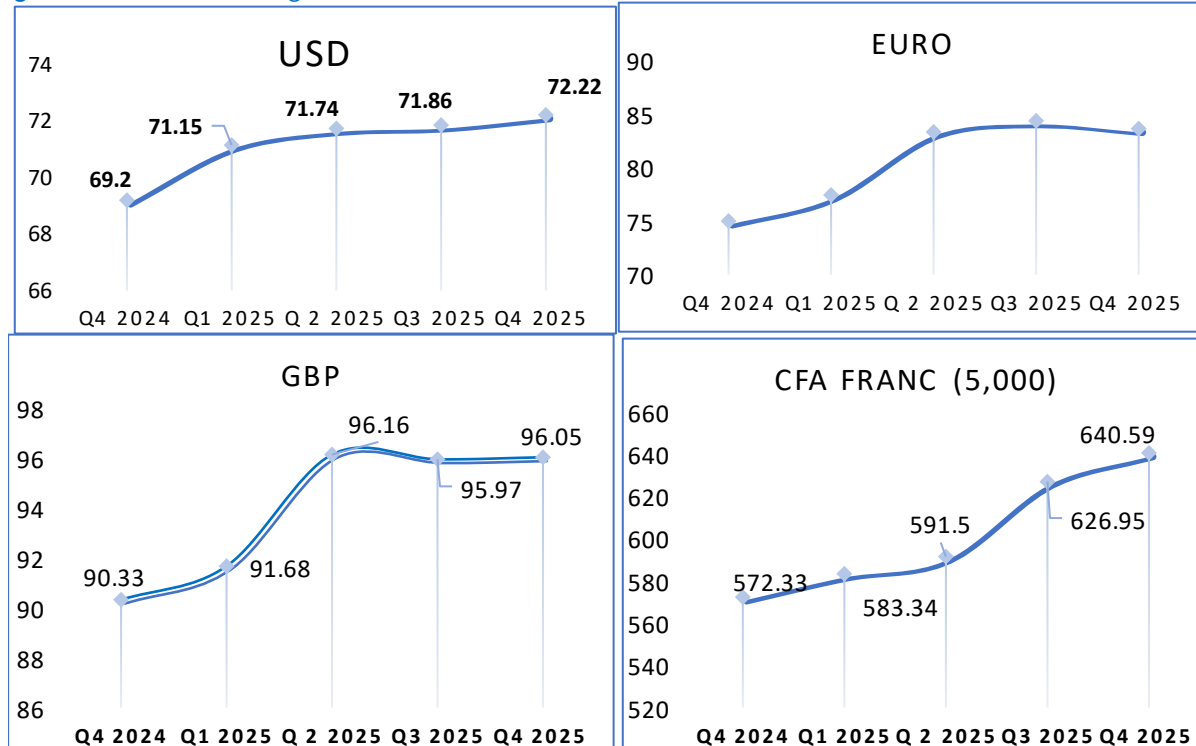
Remittance inflows have remained a key driver of FX supply. Inflows increased by 12.44 percent to US\$872.14 million in 2025 relative to \$775.63 million recorded in 2024. In Q4 2025, inflows increased further due to festive season effects. The Gambia remains among the most remittance-dependent economies relative to GDP. The main corridors remained strong during the review period despite the difficult climate.

The exchange rate developments during the review period were on a stable trajectory with no significant volatility. The Dalasi remains largely resilient despite the depreciation against the US Dollar, Pound Sterling, and CFA. Quarter-on-quarter, the Dalasi

depreciated against the US Dollar by 0.5 percent, Pound Sterling by 0.08 percent, and CFA by 2.18 percent, while appreciating against the Euro by 0.86 percent during the same period. On a year-on-year basis, the Dalasi depreciated markedly against all major trading currencies in the domestic FX market. The Dalasi depreciated against the USD, Euro, Pound Sterling, and CFA by 4.36 percent, 11.53 percent, 6.33 percent, and 11.93 percent, respectively. The depreciation of the dalasi is partly influenced by international currency strength and domestic fiscal pressures.

FX interventions were minimal, with the Bank purchasing only US\$2.0 million during Q4 and making no sales, reflecting improved supply conditions in the market. FX currency shipments increased significantly to support commercial banks' international-trade operations. In terms of external buffers, usable reserves increased significantly by 23.14 percent to US\$648.05 million in 2025 up from US\$526.26 million in 2024, reflecting improved inflows. The higher reserve position strengthened the import cover ratio to 5.4 months of import cover, comfortably above the three-month benchmark.

Figure 7: Nominal Exchange Rates



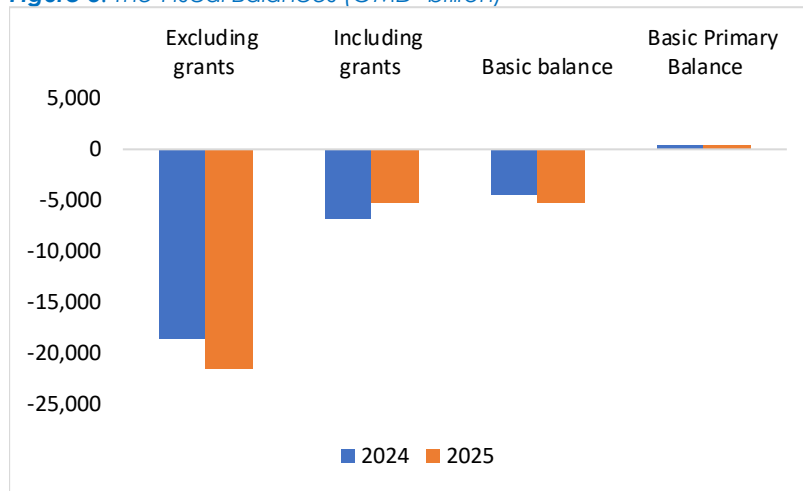
Source: CBG

Overall, while the Dalasi experienced depreciation pressures amid sustained import demand, the FX market remained robust in 2025, characterized by improved supply conditions, strong remittance inflows, stable exchange rate movements, and strengthened reserve buffers. Continued prudent FX management and seasonal inflows associated with the tourism peak are expected to support relative stability in the near term.

Government Fiscal Operations

Preliminary fiscal outturns for 2025 indicate a worsened fiscal position relative to 2024, despite strong revenue performance during the review period. The overall deficit, excluding grants, the overall deficit excluding grants increased to D21.4 billion (11.5 percent of GDP) in 2025 from D18.7 billion (11.5 percent of GDP) in 2024, reflecting continued expenditure pressures. However, the overall deficit, including grants, improved to D5.2 billion in 2025 from D6.8 billion in 2024, underscoring the high dependence on grants, thus pointing to a structural imbalance in domestic finances. The basic balance deficit widened by 15.5 percent D5.2 billion (2.8 percent of GDP) from D4.5 billion (in the previous year). However, the primary balance recorded a surplus of D0.46 billion (0.25 percent of GDP in 2025), lower than D0.5 billion (0.32 percent of GDP) the year earlier.

Figure 8: The Fiscal Balances (GMD' billion)



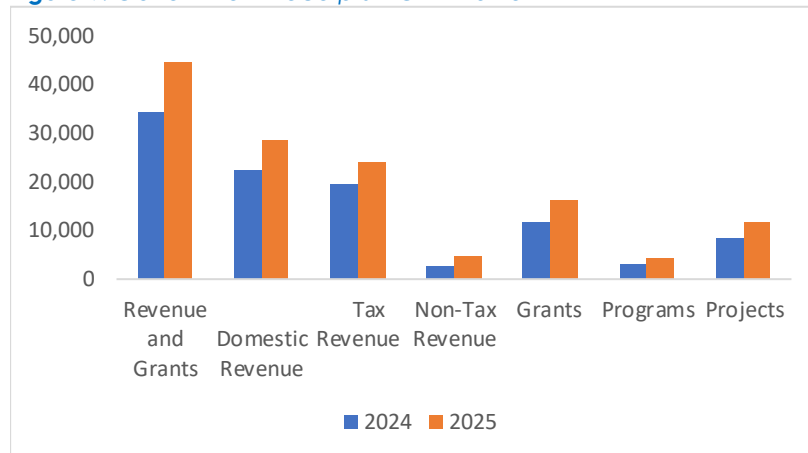
Source: MOFEA & ERD Calculations

Revenue performance was strengthened due to improvements in tax administration. Reforms such as the single-window platform, digital weighbridge, and broadening of the tax base have facilitated smoother revenue collection while reducing obstacles in the clearance and shipment of goods. Additionally, the automation of tax processes has

improved administrative efficiency. As a result, total revenue and grants in 2025 increased to D44.9 billion (24.1 percent of GDP), representing a 30.1 percent rise from the previous year, driven mainly by higher domestic revenue and a slight increase in grants.

Domestic revenue rose by 26.6 percent to D28.6 billion (15.4 percent of GDP) in 2025, from D22.6 billion (13.9 percent of GDP) a year ago. Of the components, tax revenue grew by 21.6 percent to D23.97 billion (12.9 percent of GDP) in 2025, driven by higher

Figure 9: Government Receipts – GMD' billion



Source: MOFEA CBG staff calculations

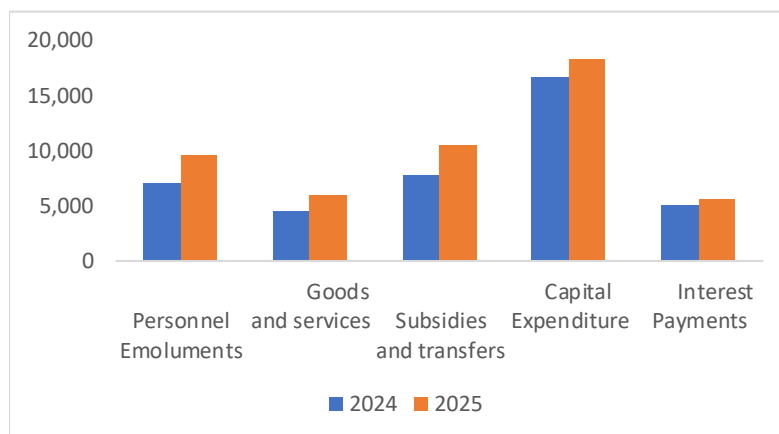
collections from indirect taxes. Non-tax revenue surged by 60.5 percent to D4.6 billion (2.5 percent of GDP) in 2025. Grants rose to D16.2 billion (8.7 percent of GDP), with project grants accounting for 73 percent of grants during the period under review.

On the expenditure side, government expenditure and net lending in 2025 increased by 21.4 percent to D50.1 billion (26.9 percent of GDP) from D41.3 billion (22.2 percent of GDP) in 2024, largely driven by a surge in current expenditure. Current expenditure rose by 29.2 percent to D31.7 billion (17.0 percent of GDP) from D24.5 billion (15.1 percent of GDP) and accounted for 59.4 percent of total expenditure and net lending. All components increased during the year, with other charges—comprising goods and services, and subsidies and transfers—rising by 31.8 percent. Goods and services, and subsidies and transfers grew by 29.7 percent and 33.1 percent, respectively. Personal emoluments increased by 36.4 percent to D9.6 billion (5.1 percent of GDP) from D7.0 billion (4.3 percent of GDP). Interest payments increased during the period, while external interest payments declined by 11.3 percent, and domestic interest payments rose by 17.3 percent, indicating a shift toward domestic financing of the deficit, which may help reduce foreign currency risk and support debt and fiscal sustainability. Capital

expenditure marginally increased by 9.9 percent to D18.4 billion (9.9 percent of GDP) in 2025, from D16.7 billion (10.3 percent of GDP) in 2024.

Overall, fiscal developments in 2025 reflect strong revenue mobilization, alongside rising expenditure pressures, particularly from recurrent spending. Despite the significant increase in expenditure, improved domestic revenue and a slight rise in grants helped to support the fiscal position. Nevertheless, the fiscal balance remains under pressure, highlighting the need for continued fiscal discipline and consolidation efforts to preserve macroeconomic stability and contain debt vulnerability.

Figure 10: Expenditures in billions

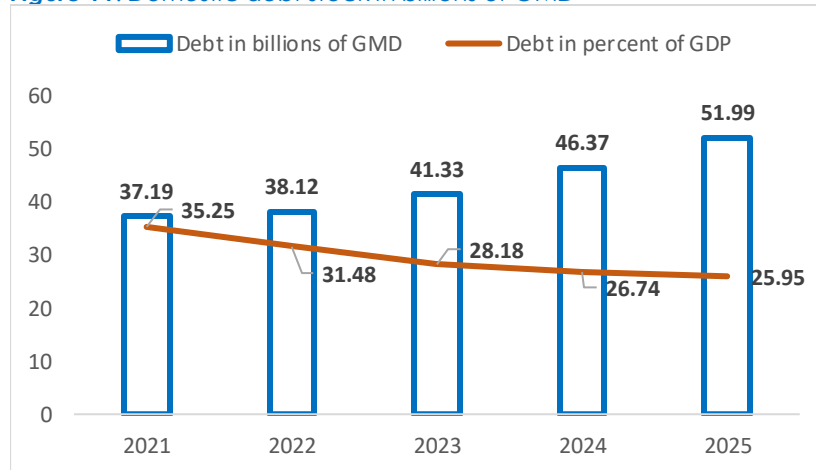


Source: MOFEA CBG staff calculations

Domestic Debt

Government expenditure increased by 21.4 percent during the review period, exerting financing pressure. Consequently, total domestic debt stock increased by 12.1 percent to D52.0 billion in 2025, up from D46.4 billion in 2024. This increment reflects persistent fiscal financing needs during this period. The expansion was driven by the

Figure 11: Domestic debt stock in billions of GMD



Source: MOFEA CBG staff calculations

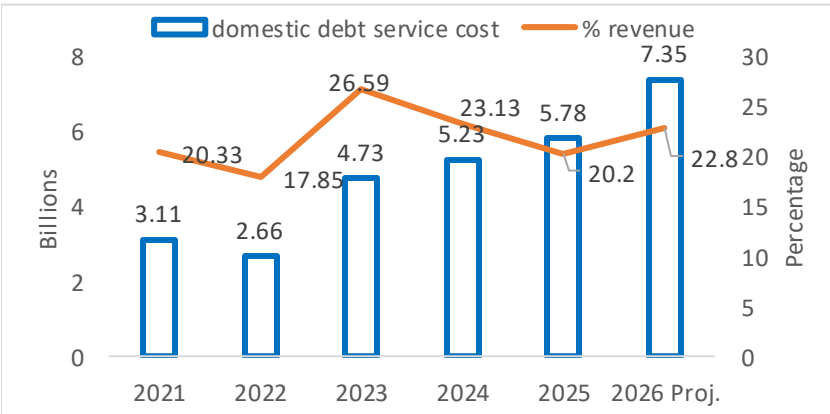
increased issuance of Treasury Bills and Sukuk Al-Salaam instruments, alongside moderate

expansion in Treasury Bonds. Treasury bills are the dominant instrument for budget financing. Short-term instruments accounted for 53.8 percent of the total stock, up from 48.6 percent in 2024. The dominance of short-term instruments underscores elevated rollover exposure, as more than half of total domestic debt matures within one year. Both Treasury bills and Sukuk Al-Salam bills increased to D23.4 billion and D4.6 billion, respectively. Treasury bonds increased to D16.5 billion, reflecting continued issuance. The portfolio maturity structure remains compressed at the short end, with 68 percent maturing within one year, 17 percent between one and three years, and 14.5 percent beyond 10 years. There was no meaningful exposure in the three–ten-year segment. The composition of the debt stock indicates sustained reliance on short-term financing, largely held by commercial banks, increasing fiscal exposure to banking system liquidity conditions, and significantly influencing government borrowing costs and rollover risk.

Gross domestic borrowing amounted to D 29.7 billion in 2025, reflecting the elevated refinancing risks. On the repayment side, maturities totalled D 25.3 billion, resulting in new borrowing of D4.47 billion. The heavy reliance on short-term instruments indicates that fiscal needs are being met in a manner that increases rollover exposure, potentially increasing budgetary uncertainty in the coming years.

Debt servicing pressure remains elevated. Domestic debt services are projected to increase in 2026. It increase D 5.8 billion in 2025, up from D 5.2 billion in 2024. The increase is driven by higher interest costs on short-term debt amounting to D3.16 billion, SDR repayments to the IMF totalling D

Figure 12: Domestic Debt servicing in billions GMD



Source: MOFEA & CBG staff calculations

778.06 million, Treasury Bond coupon payments of D 2.55 billion, and servicing of the 7% 30-Year Bond amounting to D 864.24 million. The increase in debt service obligations is

placing pressure on fiscal space and limiting the government's capacity for discretionary expenditures.

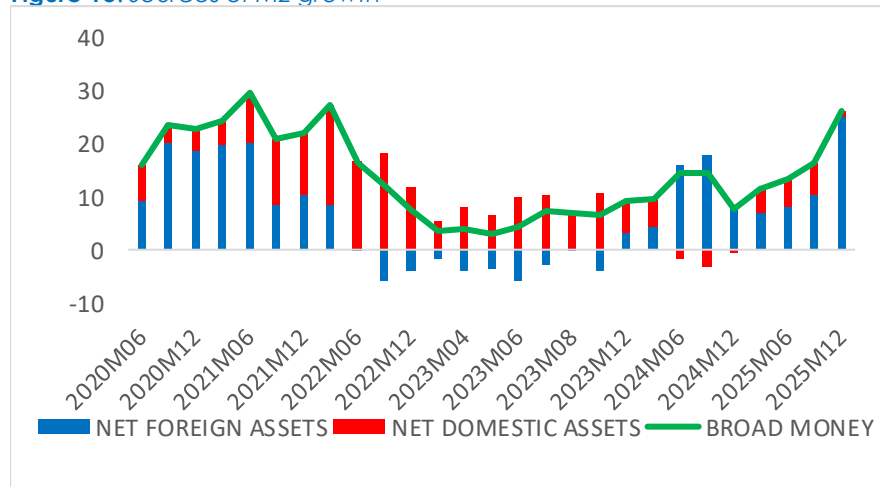
Overall, while the domestic debt market remains functional, structural vulnerabilities related to maturity concentration and rising service costs have intensified. Going forward, debt issuance should align with inflation and exchange rate objectives to safeguard macroeconomic stability and boost investor confidence.

Monetary Aggregates

Monetary conditions in 2025 are characterized by an upward trajectory in broad money growth, supported by an improved contribution from the NFA of the banking system.

Broad money growth accelerated to 26.2 percent in 2025, up from 7.8 percent recorded in 2024. The acceleration was primarily driven by the strong growth in net foreign assets (NFA), which remain the main source of

Figure 13: Sources of M2 growth



Source: CBG staff calculations

liquidity in the banking system. Similarly, net domestic assets (NDA) increased in 2025, reversing the negative growth recorded in 2024. On a quarterly basis, broad money growth also increased to 10.5 percent in Q4 2025, up from 3.7 percent in Q3, reflecting an uptick in the growth of both narrow money and other deposits, as currency in circulation increased during the review period.

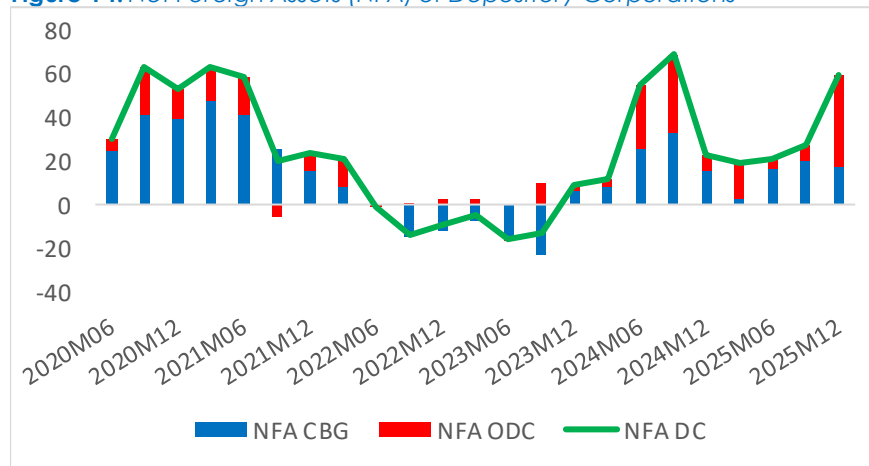
Credit to the private sector continues to increase at a moderate rate during the review period, reflecting elevated lending rates, it grew by 6.3 percent year-on-year in 2025, contributing 2.2 percent to NDA growth, this reflects the banks' continued confidence in domestic economic activity. While credit growth remains positive and supportive of

economic activity. The moderation in credit to the private sector calls for concrete measures to stimulate lending, particularly towards productive sectors. De-risking sectors such as agriculture and aligning credit with productive investment will help in diversification and support economic growth.

In 2025, the NFA of depository corporations grew significantly to 59.6 percent to D51.2 billion, substantially higher than the 22.6 percent growth registered a year ago, the buildup in foreign assets reflects an acceleration in other claims on non-residents and

gross reserves, improving the banking system's external position, which will help ease pressures on the dalasi. On a quarterly basis, NFA growth accelerated to 40.6 percent in Q4 2025, compared to 2.9

Figure 14: Net Foreign Assets (NFA) of Depository Corporations



Source: CBG staff calculations

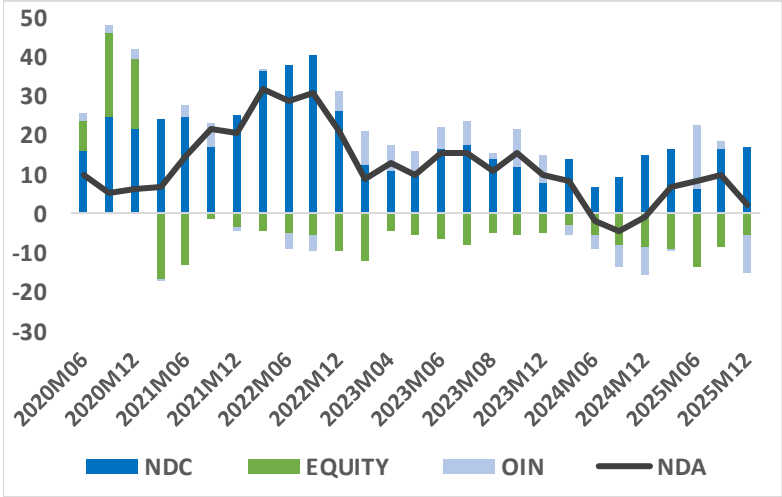
percent in Q3. This strong expansion was driven by increases in both gross international reserves and other claims on non-residents, contributing to the observed expansion in broad money during the quarter.

Despite the increased external commitments, NFA of the Central Bank grew by 28.2 percent year-on-year to D24.8 billion in 2025, enhancing reserve adequacy. This is supported by an increase in claims on non-residents and gross reserves. However, liabilities to non-residents also rose, reflecting IMF-related disbursements and SDR-related obligations. The Bank maintained a positive external position, which softened the supply conditions of foreign currency and anchor confidence in the domestic economy. Furthermore, the increase in external liabilities highlights the importance of monitoring debt dynamics to ensure the sustainability of long-term obligations.

Meanwhile, the NDA of the banking system expanded by 2.0 percent year-on-year in 2025, reversing the contraction observed a year earlier, this reflects an increase in net claims on the government.

The increase in NDA indicates stronger domestic credit creation and an increase in domestic borrowing to finance fiscal operations. Net claims on central government grew by 15.8 percent, reflecting ongoing fiscal pressures. The expansion in domestic

Figure 15: Net Domestic Assets (NDA) of Depository Corporations



Source: CBG staff calculations

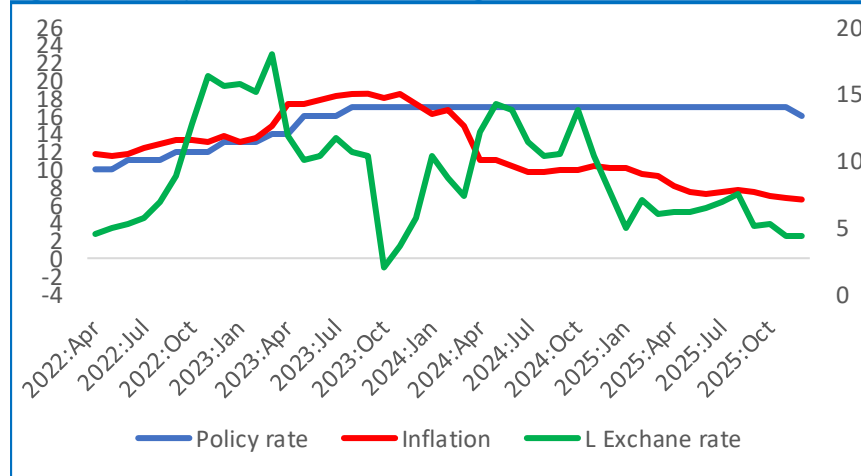
credit could fuel exchange rate pressures, with a passthrough effect on inflation, furthermore, it underscores the continued reliance on domestic financing, with implications for liquidity conditions and monetary policy operations.

Reserve money, the Bank's operational target, increased significantly in 2025, growing by 18.4 percent, a stark reversal from the 5.6 percent contraction recorded the previous year. The expansion reflects the moderate growth in the NFA of the Central Bank, largely due to official inflows, although the NDA of the Central Bank declined by 40.1 percent. Furthermore, CBG net claims on the central government saw a notable shift, increasing by 25.3 percent year-on-year, compared to a 23.2 percent contraction a year ago. On the demand side, the increase in reserve money reflected growth in currency in circulation and commercial banks' reserves, consistent with stronger transactional demand amid rising economic activity and improved liquidity conditions in the banking system

Overall, monetary conditions in 2025 were marked by increased liquidity, driven by an increase in broad money growth. Reserve buffers improved strengthening the external position. Private sector credit continued to expand, albeit at a moderate rate, reflecting elevated lending rates. However, sustained fiscal pressures and elevated net claims on government continue to pose risks to price stability and monetary policy effectiveness.

Strengthened coordination between fiscal and monetary authorities remains essential to anchor inflation expectations, preserve external buffers, ensure that credit growth is increasingly aligned with productive investment and sustainable economic growth.

Figure 16: Policy rate, Inflation & Exchange rate Movement

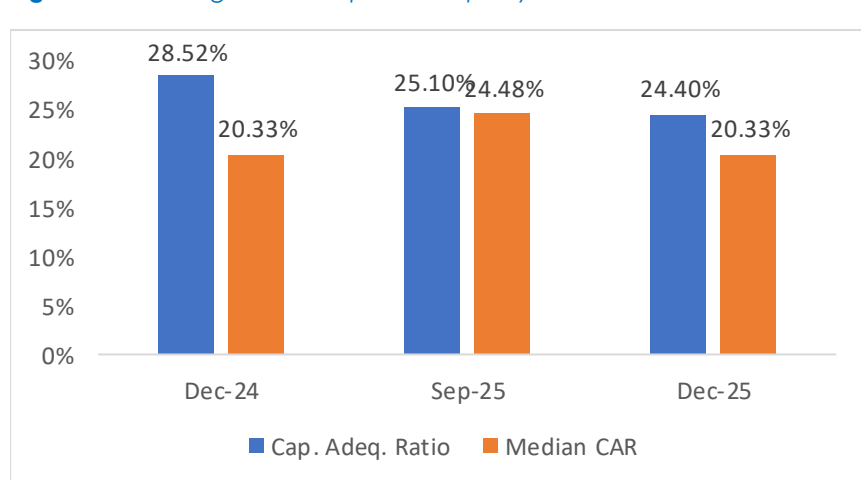


Source: CBG staff calculations

Banking Sector

On an annual basis, deposits, credits, assets, revenue and net income have increased year on year, signalling sustained growth, improved performance, and enhanced public confidence in the banking sector, underscoring its continued resilience and stability. However, the sector continues to experience increase in overheads due to rising operating and staff cost. Total deposits increased by 15.6 percent to D83.1 billion, up from D66.4 billion recorded in 2024. Similarly, private sector credit expanded, while total industry assets increased to D128.6 billion. Revenue and net income also improved on account of higher interest income and non-

Figure 17 : Banking sector Capital Adequacy Ratio



Source: CBG staff calculations

interest income Overall, the sector remains resilient, profitable, and supported by sustained public confidence.

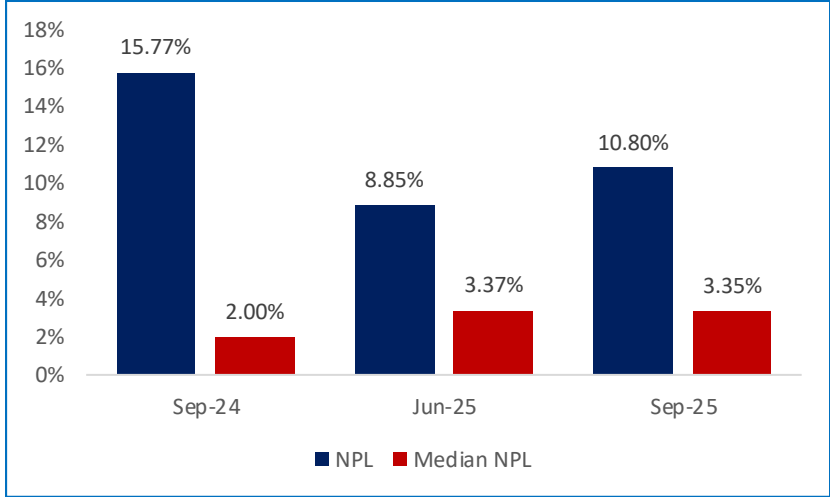
Total capital and reserves increased to D14.2 billion in 2025 from D12.0 billion in 2024, mainly driven by increased Paid up capital, undivided profit, statutory reserve and other reserves. Meanwhile, Tier 1 capital increased to D12.2 billion, reflecting increased paid-up capital and earnings of banks. The Capital Adequacy Ratio (CAR) stood at 24.4 percent, a 4.1 percentage point drop from the previous year, which is well above the prudential minimum of 10 percent, this was largely driven by growth in Risk-Weighted Assets (RWA), which rose to D56.5 billion from D40.3 billion in 2024, supported by increased loans and off-balance sheet exposures. This indicates that the industry remains adequately capitalized and capable of absorbing potential shocks.

The growth in risk-weighted assets (RWA) was driven primarily by growth in loans and advances, which increased to D19.8 billion from D18.8 billion the previous year. Additionally, Acceptances, Endorsements and Guarantees increase relative to the same period last year. alongside higher exposures related to trade finance and off-balance sheet commitments. Notwithstanding this increase, capital buffers remain strong relative to regulatory requirements.

Asset quality improved compared to the corresponding period in 2024. Non-performing loan (NPL) ratio declined significantly to 8.1 percent from 14.6 percent in 2025 and 10.8 percent in September

2025, reflecting repayments of loans and expansion of the denominator. The stock of NPLs decreased to D1.66 billion from D2.7 billion in the previous year. NPL concentration remained highest in Distributive Trade

Figure 18: Non-Performing Loans Ratios



Source: CBG staff calculations

(25.1%), Building & Construction (18.7 percent), Public Sector (13.7 percent), Manufacturing (11.5 percent), and Energy (11.3 percent). The downward trend in NPL

ratio suggests gradual improvement in credit, however, vulnerabilities in these segments persist.

Liquidity conditions remained strong, supported by increased holdings of government sector investment. The industry liquidity ratio stood at 76.8 percent in 2025, well above the 30 percent prudential minimum. The industry appetite for risk assets may seem low as indicated by the loan to deposit ratio of 23.8 percent but is highly concentrated.

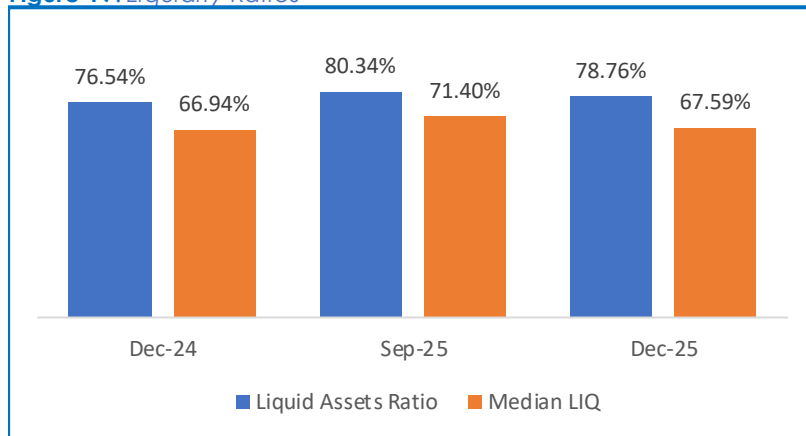
Government securities remain a significant

component of industry assets, reflecting both risk considerations and sovereign exposure dynamics.

With respect to market risk, the Net Open Position in 2025 was long 0.6 percent overall and 18 percent for USD. FX related income has decreased to D607 million in the review period from D610 million a year earlier, the long NOP position exposes the banking sector to valuation gains, thereby potentially enhancing earnings.

The 2025 stress-testing results affirm that the Gambian banking system is resilient under current macroeconomic conditions, supported by adequate capital and liquidity buffers. Improvements in asset quality and stabilization in foreign exchange risk exposures are positive developments. However, the assessment also confirms that systemic resilience is unevenly distributed across institutions. Structural weaknesses persist in elevated borrower concentration risk, high reliance on large depositors in smaller banks, continued sovereign exposure and sensitivity to correlated macro-financial shocks. Overall, these developments reflect the continued resilience of the banking sector, strengthened financial performance, and sustained public confidence in the financial system.

Figure 19: Liquidity Ratios



Source: CBG

Non-Bank Financial Sector

The non-bank financial sector expanded in 2025, supported by growth in assets, deposits, and capital buffers, alongside sustained financial intermediation. Total assets of finance companies and credit unions rose to GMD 10.51 billion in 2025, driven primarily by strong deposit mobilisation and increased lending activities. Finance companies accounted for GMD 6.14 billion (58 percent) of total assets, while credit unions held GMD 4.36 billion (42 percent), reflecting their complementary roles in advancing financial inclusion and extending credit to underserved segments of the economy.

FCs have continued to experience a steady growth in deposits across the sector. Total deposits increased to GMD 8.09 billion, driven by increased deposits from finance company and credit union. Finance companies continued to dominate deposit holdings, accounting for about 56.8 percent

Figure 20: Assets Size of Non-Banks Financial Sector



Source: CBG staff calculations

of total deposits, while credit unions contributed the remaining 43.2 percent.

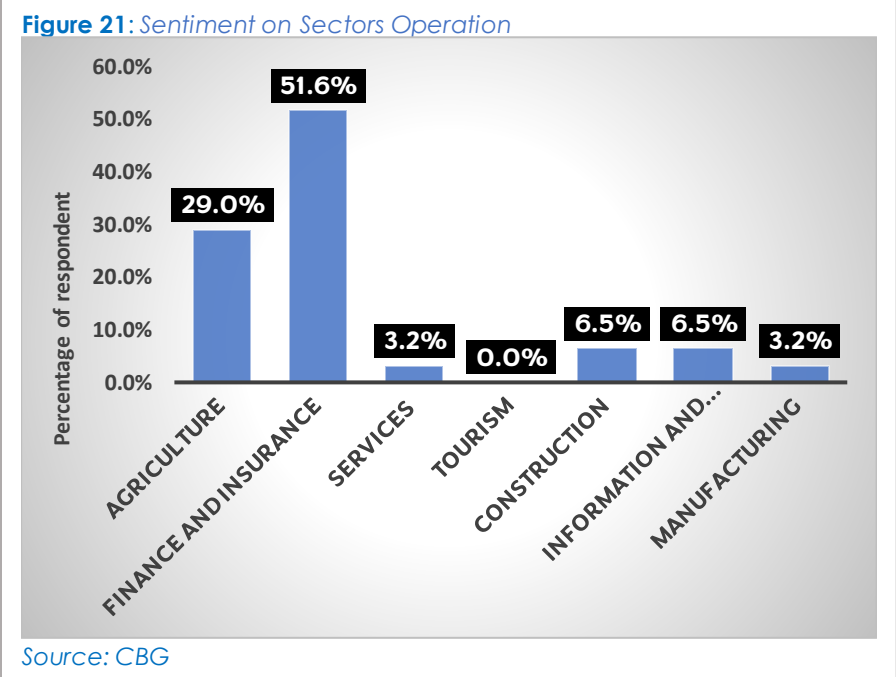
Credit expansion remained positive. Total loans outstanding rose to GMD 4.41 billion. Lending remained concentrated in petty SME trading, personal loans, and construction activities. The loan-to-deposit ratio stood at 43 percent for finance companies and 70 percent for credit unions, indicating adequate liquidity buffers across the sector. Capital adequacy remained strong, with the industry CAR at about 33 percent, well above the regulatory minimum. Liquidity ratios also remained comfortable across institutions. Asset quality improved slightly during the period, with the non-performing loan ratio declining to 6 percent from 7 percent in the previous quarter, although it remains above the prudential benchmark. Overall, the sector remained stable, well-capitalised, and resilient, supported by strong deposit growth, improved profitability, and sound liquidity conditions.

The stress testing assessed the resilience of the microfinance sector to severe shocks in credit quality, capital adequacy, and liquidity. The results indicate that while the sector remains broadly stable and well-capitalised, vulnerabilities emerge under extreme scenarios from sharp increases in non-performing loans, borrower concentration, and large depositor withdrawals. Overall, the findings suggest that risks are largely institution-specific rather than systemic, highlighting the need for targeted supervisory engagement to strengthen capital buffers, diversify funding sources, and manage concentration risks.

Business Sentiment Survey

The 2025Q4 Business Sentiment Survey indicates a significant improvement in business sentiment among private sector community, reflecting stronger economic activity, increased investment, and remittances, and government spending. As capital

expenditure and employment hiring improved significantly to meet with the high demand, reflecting broad-based expansion across key sectors. Firms reported higher real economic activity during the quarter, consistent with the seasonal upturn. However, firms



expect inflation to remain elevated in the near term, driven by higher food and fuel prices, exchange rate depreciation, and strong festive demand. though expectations point to a gradual easing in inflation after the festive period supported by improved supply conditions and monetary measures.

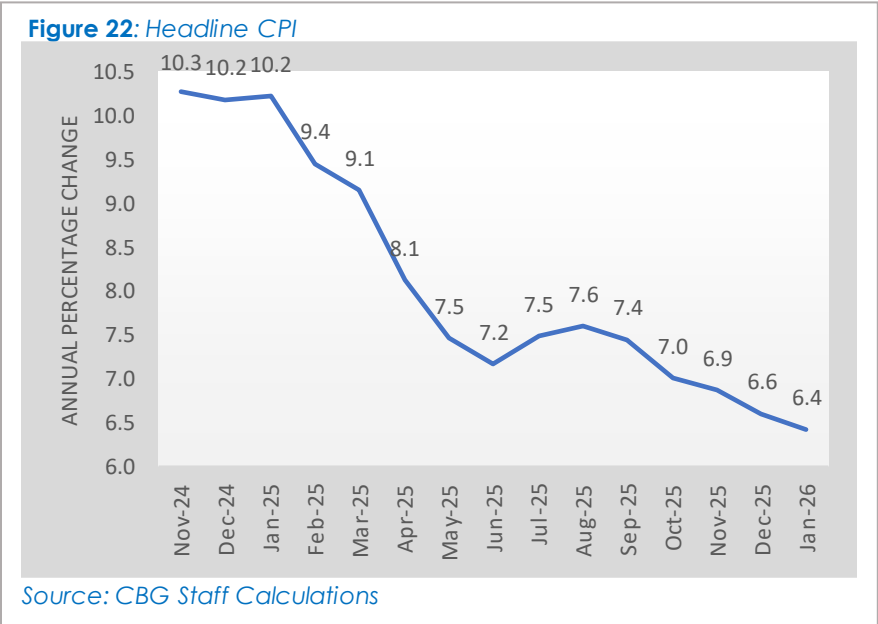
On the macroeconomic front, perceptions improved toward both the global and domestic economies, with expectations of stronger economic activity in early 2026, citing

anticipated improvements in international trade, easing inflation, and stable commodity markets, however, concerns over geopolitical tensions and trade fragmentation persist. The lending rate stance continued to be perceived as tight, as most respondents attributed higher borrowing costs to increased cost of funds for banks, tighter monetary conditions, and stronger credit risk management. Notwithstanding these headwinds, business satisfaction with the Central Bank's performance improved markedly, reflecting strong confidence in the Bank's efforts to maintain monetary stability, manage liquidity conditions, and safeguard financial sector stability.

Overall, the survey results reflect a positive sentiment: businesses reported stronger domestic activity, improved investment and employment conditions, and rising confidence in the Central Bank's monetary policy stance, even as persistent concerns about exchange rate depreciation, indicating widespread perception of dalasi depreciation elevated inflation expectations, high borrowing costs, and structural trade imbalances continue to weigh on the near-term outlook.

Price Developments

Inflationary pressures continued to moderate at the start of 2026, extending the disinflation trend observed throughout 2025. Headline inflation declined to 6.4 percent in January 2026, from 6.6 percent in December 2025 and 9.4 percent a year earlier, indicating that inflation has stabilised within the mid-single-digit range. The moderation reflects easing food inflation, contained non-food price dynamics, improved domestic



food supply conditions, and relatively stable exchange-rate developments throughout

2025. Food inflation eased to 6.2 percent, driven largely by moderation in staple categories such as bread and cereals, oils and fats, sugar, and fish. The deceleration suggests improved supply conditions and a reduction in the pass-through from earlier global commodity price shocks. Nevertheless, price pressures remain elevated in some categories, particularly fruits and nuts, vegetables, and non-alcoholic beverages, reflecting seasonal factors and supply constraints in perishable and processed food items. Non-food inflation remained broadly stable at 6.4 percent, supported by a marked decline in housing and utilities inflation following earlier peaks associated with fuel and utility adjustments. Price pressures in transport, health, and communication remained subdued, consistent with relatively stable fuel prices and limited cost pass-through. However, services inflation remained relatively firm, particularly in hotels, cafés and restaurants, reflecting strong demand conditions within the services sector.

Measures of underlying inflation indicate that broad-based price pressures remain contained. Core inflation declined to 3.4 percent (Core 1) and 4.6 percent (Core 2) in January 2026, suggesting that inflationary pressures are concentrated in a limited number of components rather than embedded across the broader economy. Monthly and quarterly indicators reinforce this assessment, with modest sequential price increases and a moderation in inflation momentum following the temporary food-driven uptick observed in the third quarter of 2025.

The near-term outlook points to broadly stable inflation, although some modest firming may occur in early 2026 due to base effects and seasonal food price dynamics. Risks to this outlook include potential exchange-rate pressures, renewed increases in global food prices, or adjustments in administered prices, which could lead to upside surprises. While global commodity prices remain generally supportive of disinflation, continued vigilance is necessary to manage these risks and preserve the gains achieved in the disinflation process.

Assessment of the Medium-Term Economic Outlook

In the fourth quarter of 2025, staff assessment of current economic conditions revealed that the Gambian economy is expected to remain resilient, supported by strong

domestic demand and favourable external developments. Economic growth is projected to remain robust, underpinned by improved performance in key sectors, particularly services, construction and agriculture, alongside stable remittance inflows and continued public and private investment. Inflationary pressures are expected to continue easing over the medium term, reflecting the sustained moderation in food prices, easing global commodity prices and improved domestic supply conditions. However, the outlook remains subject to risks, including global economic uncertainties, potential exchange rate pressures and fiscal challenges associated with domestic debt dynamics. Nonetheless, with continued macroeconomic policy coordination and prudent policy implementation, the medium-term outlook is expected to remain broadly positive.

Figure 23: Summary of current economic conditions



Source: CBG

Real GDP growth is projected to have grown by 6.4 percent in 2025 and is projected to grow by 6.2 percent in 2026, supported by accommodative fiscal policy alongside strong private sector and resilient external demand. Inflation is expected to average around 5.8 percent in 2026 before gradually easing to the 5 percent medium term target in 2027,

reflecting the continued dissipating of supply shocks and moderating inflation expectations. Consequently, the pace of monetary policy easing is expected to be more gradual than earlier anticipated, supported by active liquidity management through monetary operations. While the dalasi is expected to remain stable with a moderate depreciation, consistent with recent developments.

Table 1: *Summary of economic outlook*

ANNUAL AVERAGES:

	2024Y	2025Y	2026Yf
CPI inflation, headline	11	7.6	5.8
CPI inflation, market	13	8.7	6.5
GDP, constant prices	5.6	6.4	6.2

Note: (f) forecast.

Source: CBG

Decision

Although the growth and inflation outlook remains broadly favourable, the Committee observed that risks to the outlook persist, particularly from global uncertainties and the potential impact of trade fragmentation on domestic inflation. While inflationary pressures have continued to ease and the external position has strengthened, the Committee emphasised the need to safeguard the ongoing disinflation process and anchor inflation expectations. In this regard, the Committee assessed that a cautious easing of the policy stance was appropriate to support economic activity while maintaining price stability. Consequently, the Committee reduced the Monetary Policy Rate (MPR) by 200 basis points to 14 percent. The Committee also maintained the Required Reserve Ratio (RRR) at 13 percent, the interest rate on the Standing Deposit Facility at 5 percent, and the Standing Lending Facility was lowered to 15 percent, which is MPR plus 1.0 percentage point.

Next MPC Meeting

The next Monetary Policy Committee (MPC) meeting is scheduled for Wednesday, May 20, 2026. The meeting will be followed by the policy decision announcement on Thursday, May 21, 2026.

APPENDIX

Table 2: Summary of current account balance

	2017	2018	2019	2020	2021	2022	2023	2024	2025
C/ACCOUNT	-95.24	-135.05	-37.08	-86.55	-86.88	-90.25	-120.06	-103.89	-75.93
GOODS	-330.57	-421.36	-378.01	-511.76	-574.51	-642.38	-877.38	-1025.01	-962.79
SERVICES	48.06	92.15	97.67	-3.54	-9.07	80.24	241.69	323.63	284.57
PRIMARY INCOME	-30.25	-18.81	-15.31	-26.24	-50.46	-31.11	-24.43	43.46	-3.25
SECONDARY INCOME	217.52	212.97	258.57	454.99	547.16	503.00	540.07	554.03	605.54
CAPITAL ACCOUNT	55.68	55.93	69.38	95.16	23.11	43.96	142.42	117.88	113.23
FINANCIAL ACCOUNT	-36.52	-11.60	24.78	-52.23	-181.46	-280.92	-267.01	-314.31	34.99

Source: CBG

Table 3: Summary of goods account balance

	2017	2018	2019	2020	2021	2022	2023	2024	2025
GOODS	-330.57	-421.36	-378.01	-511.76	-574.51	-642.38	-877.38	-1025.01	-962.79
EXPORTS	139.40	157.70	154.46	70.06	32.85	51.62	325.90	363.32	407.70
IMPORTS	469.97	579.06	532.47	581.82	607.36	693.99	1203.28	1388.32	1370.48

Source: CBG

Table 4: Summary of services account balance

	2017	2018	2019	2020	2021	2022	2023	2024	2025
SERVICES	48.06	92.15	97.67	-3.54	-9.07	80.24	241.69	323.63	284.57
TRANSPORTATION	-58.13	-54.80	-40.76	-49.47	-45.95	-45.59	-50.42	-72.45	-95.11
O/W SEA TRANSPORT	-60.73	-60.15	-48.57	-52.89	-56.54	-75.02	-83.93	-85.31	-99.48
TRAVELS	115.24	150.94	142.64	43.09	45.15	141.28	319.21	432.57	412.47
O/W PERSONAL TRAVEL	119.77	156.89	149.08	45.23	46.01	145.69	320.80	434.54	415.78

Source: CBG

Table 5: Summary of capital and financial account balance

	2017	2018	2019	2020	2021	2022	2023	2024	2025
CURRENT ACCOUNT	-95.24	135.05	-37.08	-86.55	-86.88	-90.25	120.06	103.89	-75.93
CAPITAL ACCOUNT	55.68	55.93	69.38	95.16	23.11	43.96	142.42	117.88	113.23
NET LENDING/BORROWING	-39.56	-79.12	32.30	8.60	-63.77	-46.29	22.36	13.99	37.30

Source: CBG

Table 6: Inter-bank Transactions Volumes, Annual (in US 'millions)

Period	Purchases	Sales	Market Turnover	Excess Demand/Supply
	USD (b)	USD (b)	USD (b)	USD (b)
Jan 24 – Dec 24	1.05	1.14	2.19	(0.09)
Jan 25 – Dec 25	1.27	1.11	2.38	0.16

Source: CBG

Table 7: Inter-bank Transactions Volumes (in US 'millions)

Period	Purchases	Sales	Market Turnover
Q4 – 2024	265.05	262.79	527.84
Q1 – 2025	340.73	329.37	670.10
Q2 – 2025	329.11	285.09	614.22
Q3 – 2025	301.45	249.74	551.19
Q4 – 2025	294.11	246.92	541.03

Source: CBG

Table 8: End of period quarterly exchange rates

Period	USD	EURO	GBP	CFA
Q 4 - 2024	69.20	75.02	90.33	572.33
Q1 - 2025	71.15	77.46	91.68	583.34
Q 2 - 2025	71.74	83.36	96.16	591.50
Q3 - 2025	71.86	84.40	95.97	626.95
Q4 - 2025	72.22	83.67	96.05	640.59
Q4 o Q3	-0.50%	0.86%	-0.08%	-2.18%
YoY	-4.36%	-11.53%	-6.33%	-11.93%

Source: CBG

Table 9: The Overall Budget Balance

	GMD' Million		Percent of GDP		Y-o-Y percent
	2024	2025	2024	2025	
Overall balance					
Excluding grants	-18,659.02	-21,480.80	-11.46	-11.53	15.12
Including grants	-6,780.28	-5,243.21	-4.16	-2.82	-22.67
Basic balance	-4,530.40	-5,231.97	-2.78	-2.81	15.49
Basic Primary Balance	513.3388	463.4775	0.32	0.25	-9.7

Source: CBG

Table 10: Revenue and Grants

	2024	2025	2024-2025
Government Receipts	GMD' million	GMD' million	Y-o-Y percent Δ
Total Revenue & Grants	34,492.00	44,857.57	30.1
Percent of GDP	21.2	24.1	
Domestic Revenue	22,613.26	28,619.98	26.6
Percent of GDP	13.9	15.4	
Tax Revenue	19,715.76	23,970.48	21.6
Percent of GDP	12.1	12.9	
Direct Tax	6,062.76	7,498.12	7.7
Personal	1,798.97	2,106.48	17.1
Corporate	3,980.99	4,946.95	24.3
Indirect Tax	13,653.00	16,472.36	20.7
Domestic Tax on goods & services	5,202.59	7,034.89	35.2
Tax on Int'l. Trade	8450.402	9437.47	11.7
Duty	4282.314	4746.992	10.9
Sales tax on imports	4,168.09	4,690.48	12.5
Non-tax Revenue	2,897.50	4,649.50	60.5
Percent of GDP	1.8	2.5	
Grants	11,878.75	16,237.59	36.7
Percent of GDP	7.3	8.7	
Program	3,233.82	4,414.40	36.5
Projects	8,644.93	11,823.19	36.8

Source: MoFEA, CBG Staff calculations and CBG