CENTRAL BANK OF THE GAMBIA

ANNUAL REPORT 2009

TABLE OF CONTENTS

FORWARD BY THE GOVERNOR

The global economy which saw the worst downturn since the Great Depression of the 1930s, is gradually coming out of the recession with glaring signs of recovery. The year 2009 was characterized by contraction in global economic activity and steep declines in world trade and industrial production. While fiscal and monetary stimulus packages may have averted a complete collapse of the global financial system and limited the depth of the recession, conditions for a robust and sustainable world economic recovery are still uncertain.

The Gambia maintained macroeconomic stability thanks to prudent monetary policy, implementation of structural reforms and technical and financial support from development partners.

The Gambian economy grew by 5.6 percent driven mainly by strong growth in agriculture and wholesale and retail trade. Prices stabilized to a low level since the end of 2008. End-period inflation declined from 6.3 percent in December 2008 to 2.7 percent in December 2009. The external position weakened during late 2008 and early 2009. The decline in tourism and remittances receipts caused an increase in the current account deficit, despite falling import prices for oil and food commodities, thus exerting pressure on the exchange rate of the domestic currency. Government's fiscal operations weakened moderately in 2009 compared to 2008.

The Bank continued to strengthen the financial sector. The Credit Reference Bureau (CRB) became operational in July 2009. By strengthening banks' capacity to assess credit risk, it contributes to improving underwriting standards and a reduction in non-performing loans. In addition, the bank piloted a Prompt Corrective Action (PCA) framework in 2009. The framework is a means to promote a safe and sound financial system by monitoring each bank's compliance and performance against "five critical elements" and ensuring progressively more stringent corrective measures are taken in response to deteriorating compliance or performance of a bank. During the year, the Bank also reviewed the Microfinance Policy Guidelines and drafted a Non-Bank Financial Institutions Bills (NBFIs).

The Bank continued to support Government's overall macroeconomic objective of sustained growth and poverty reduction. Monetary policy was tightened in 2009 to mitigate the impact of the fiscal deficit which widened significantly in the last quarter of 2009.

In the face of capacity constraints resulting from the increase in the number of banks operating in The Gambia, the Bank stepped up efforts to strengthen supervision by hiring four new full-time banking supervision staff.

All these positive developments would not have been possible without the dedication of Bank staff and the Board of Directors. I am grateful for their support.

BOARD OF DIRECTORS

Momodou B. Saho	-	Governor/Chairman
Benjamin J. Carr	-	Member
Mustapha A. Kah	-	Member
Rene Geoffrey Renner	-	Member
Mod A.K. Secka	-	Member, Permanent Secretary, MOFEA
Momodou B. Mboge	-	Secretary

DEPARTMENTAL OVERVIEW

Administration Department

- **Herbert M.V. Carr**
- Haddy Joof
- Omar K. Janneh

This Department performs critical support services including human resource management, coordinating training of Bank staff, procurement, protocol services as well as organizing meetings and conferences.

Banking Department

- **Amadou Colley**
- William W. Eunson
- Baboucarr Koita
- Mbye M. Jammeh

This Department is made up of the following Units:

- Banking and Payment Systems
- Open Market operations
- Currency Unit

The Banking Unit is responsible for providing banking services to Government and commercial banks. The Unit is also responsible for ensuring that the payment and settlement systems are safe and efficient.

The Open Market Operations Unit plans and executes open market operations in line with the policy stance of the Bank. The frequent contact of the staff with money market participants enables them to contribute to the monetary policy formulation process. The Unit also manages the issue and redemption of the domestic debt.

The Currency Unit discharges the Bank's statutory obligation of ensuring that there are enough banknotes and coins to meet the demand of the public.

Economic Research Department

- Ismaila Jarju
- Fatou Jagne
- Bakary Jammeh

This Department is made up of the following Units:

- Money, Credit and Banking
- Balance of Payments
- Liquidity Forecasting and Public Finance
- Statistics
- Real Sector and Non-Bank Finance

The Economic Research Department (ERD) is responsible for providing the Bank with the economic analysis necessary to conduct monetary policy. Staff of the ERD perform research on developments in the Gambian and international economy and produce the quarterly Bulletins and Annual Report. Staff of the Department also play a key role in the Bank's relationship with the International Monetary Fund (IMF), West African Monetary Institute (WAMI) and West African Monetary Agency (WAMA). The Department provides reports for Monetary Policy Committee (MPC), in addition to conducting special studies for the Governor and the Board. The Statistics Unit compiles the monetary and other financial statistics.

Finance Department

- **Ousainou Corr**
- Michael Barrai

This Department is made up of the following Units:

- Treasury
- Budget and Finance
- Verification and Implementation

The Department is responsible for financial planning. It prepares and monitors the budget to ensure that the financial transactions are consistent with the accounting procedures. Staff of the Department are also responsible for preparing the annual accounts, payroll and foreign currency budget as well as foreign currency payments and receipts and debt service payments on behalf of the Government.

Additionally, the Department provides back office services in the management of the external reserves, including settlement of interbank foreign exchange deals entered into by the Bank.

Financial Supervision Department

- **Ousman A. Sowe**
- Essa Drammeh
- Abdoulie Jallow
- Paul Mendy
- Pa Alieu Sillah

This Department is made up of the following Units:

- Banking Supervision
- Insurance

The maintenance of a sound and stable financial system is one of the most important functions of the Bank. Financial stability, a precondition for a strong and sustained growth, is achieved by, inter alia, regulating and supervising commercial banks and insurance companies.

The Department is responsible for evaluating application for Insurance and bank licence as well as preparing and implementing regulatory and supervisory guidelines but in a manner that does not stifle innovation and competition. The Department also conducts on-site examination with a view to ensuring that the financial system as a whole is safe and sound.

The supervision of insurance companies was added to the mandate of the Bank by the 1997 Constitution.

Foreign Department

- **Omar Jaata**
- Ebrima A.C. Ndong

The Foreign Department is responsible, jointly with the Financial Supervision Department, for evaluating applicants to operate foreign exchange bureaus. The remit of the Department also includes the management of the foreign reserves portfolio inline with the Foreign Reserve Management Guidelines.

Internal Audit Department

- **Lansana Farti**

The Internal Audit Department provides an independent appraisal of the adequacy and effectiveness of the Bank's internal control systems. The Department can delve into every aspect of the Bank's work with the aim of providing independent advice to the Board and senior management that the Bank is taking appropriate levels of risk. Although the head of the Department reports to the Governor, the Department reports to the Audit Committee of the Board.

Micro Finance Department

- **S. Bai Senghor**
- **Fatou Deen-Touray**
- Seeku Jaabi

This Department is made up of the following Units:

- Development
- Supervision

The Department performs functions similar to the Financial Supervision Department, but with a focus on the microfinance sector. Microfinance currently accounts for a small part of the Gambian financial system but has been growing rapidly.

The Development Unit formulates the institutional and operational framework and regulatory guidelines for the Microfinance Institutions (MFIs). The Unit also works with the stakeholders to prepare strategic action plans for the sector.

The Supervision Unit is responsible for registration, licensing and supervision to ensure the safety and soundness of MFIs. The Unit is also mandated to collect, analyze and disseminate data relating to MFIs as well as prescribe corrective action.

Legal Unit

- **Momodou B. Mboge**

The Legal Unit provides advice on legal matters and ensures maximum protection of the Bank's interest with respect to contracts.

Information Technology Unit

- **Peter Prom**
- Saffie Secka

The Unit is responsible for the management of the Bank's information system, provides information technology support to the departments and coordinates the development of new information system projects.

Risk Management Unit

- **Alieu B.S. Gaye**

The Risk Management Unit is the middle office for external reserves management purposes. It is responsible for risk identification, risk management and financial performance measurement.

GOVERNANCE

The Central Bank of The Gambia (CBG) has varied responsibilities. It has responsibility for achieving and maintaining price stability, conducts research and analysis of domestic and external economic and financial matters as well as ensuring that the financial system is safe and sound. The Bank supervises banks, insurance companies, foreign exchange bureaus, MFIs in addition to its oversight responsibility of the country's payment systems. The Bank also serves as fiscal agent to Government and manages the domestic debt. Additionally, the Bank has sole responsibility for issuing banknotes and coins.

The governance framework is set by the Central Bank of The Gambia Act 2005, which provides for a Board of Directors, Committees of the Board and a Monetary Policy Committee.

The Board of Directors

The Board consists of the Governor, who is also the Chairman, and four other directors. Members of the Board are appointed by The President of the Republic of The Gambia, in consultation with the Public Service Commission. The members, other than the Chairman, are appointed for a term of two years and are eligible for re-appointment.

Under the Act, the Board is responsible for the observance of the objectives of the Bank and its general administration and the formulation of policies necessary for the achievement of these objectives.

Among the issues discussed by the Board during 2009 were:

- Decisions of the MPC.
- Impact of the global economic crisis on the Gambian economy.
- Revised foreign exchange reserves management guidelines;
- Poverty Reduction and Growth Facility (PRGF) program with the International Monetary Fund (IMF);
- Code of conduct for participants in the foreign exchange markets;
- The increase in the minimum capital of banks;
- The Bank's adoption of International Financial Reporting Standard (IFRS) as a Financial reporting framework.

The Committees of the Board

The Board has the following Committees:

- The Audit Committee
- The Financial Supervision Committee
- The Human Resources Committee

The Audit Committee

The CBG Act establishes the Audit Committee as a Committee of the Board. Under the Act, the functions of the Committee are to:

- Establish appropriate accounting procedures and controls;
- Monitor compliance with laws applicable to the Bank;
- Review the external auditor's report;
- Review the work of the Internal Audit Department;
- Make a decision on any matter brought to its attention by the Board or Bank Management.

The Committee was chaired by Mr. Mustapha A. Kah. The other members were Mr. Benjamin J. Carr and Mr. Rene Geoffrey Renner. The Audit Committee meets at least once every quarter. The Committee reviewed the 2009 Audit Plan and the quarterly reports of the Internal Audit Department.

The Financial Supervision Committee

The Committee is responsible for overseeing the functions of the Financial Supervision Department. The Committee reviews onsite examination reports of financial institutions and takes decisions on appropriate actions to address shortcomings. The Committee is chaired by Mr. Benjamin J. Carr. The other members are Mr. Mustapha A. Kah and Mr. Rene Geoffrey Renner.

During the year, the Committee reviewed the examination reports of eight financial institutions including non-bank financial institutions.

The Human Resources Committee

The Human Resources Committee has responsibility for recruitment of professional staff. During 2009, its mandate was expanded to include responsibility for staff retention, career development, succession planning and remuneration policies.

The Committee is chaired by Mr. Rene Geoffrey Renner. The other members are, Mr. Benjamin J. Carr and Mr. Mustapha A. Kah.

The Monetary Policy Committee

The CBG Act 2005 provides for a Monetary Policy Committee (MPC) to enable the Bank discharge its core function of attaining price stability effectively. Price stability is an important pre-requisite to achieving balanced and sustainable growth. The MPC is responsible for:

- Providing the statistical data for the formulation of monetary policy and importantly;
- Setting the policy interest rate to achieve the price stability objective of the Bank;

The MPC meets every two months. The membership comprises of the Governor, the two Deputy Governors, three other members from the Bank and two members appointed by the Minister of Finance and Economic Affairs.

MEMBERS OF THE MPC

Momodou B. Saho	-	Governor (Chairman)
Basiru A. O Njai	-	First Deputy Governor
Oumie Savage-Samba	-	Second Governor
Mod A.K Secka	-	Permanent Secretary, MOFEA
Serign Cham	-	Permanent Secretary, Ministry of Finance
Ousman Sowe	-	Director, Financial Supervision Dept.
Amadou Colley	-	Director, Banking Department
Ismaila Jarju	-	Deputy Director, Research Department

PART 1

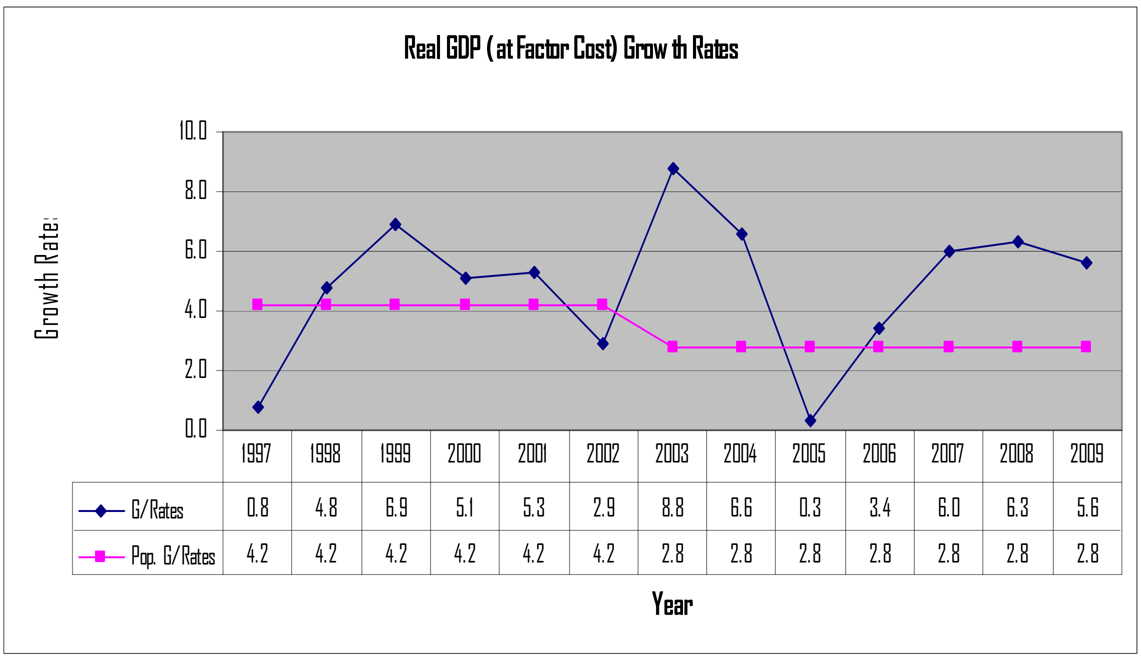
DEVELOPMENTS IN THE DOMESTIC ECONOMY

1.0 Gross Domestic Product (GDP)

Background

In 2009, growth in Gross Domestic Product (GDP) was 5.6 per cent compared to 6.3 per cent in 2008. The decline in GDP growth was due in the main to the lower-than-expected agricultural output and the impact of the global economic crisis. However, the growth rate was higher than the IMF revised forecast of output growth of the world economy (-0.8 percent) and sub-Saharan Africa (1.6 percent).

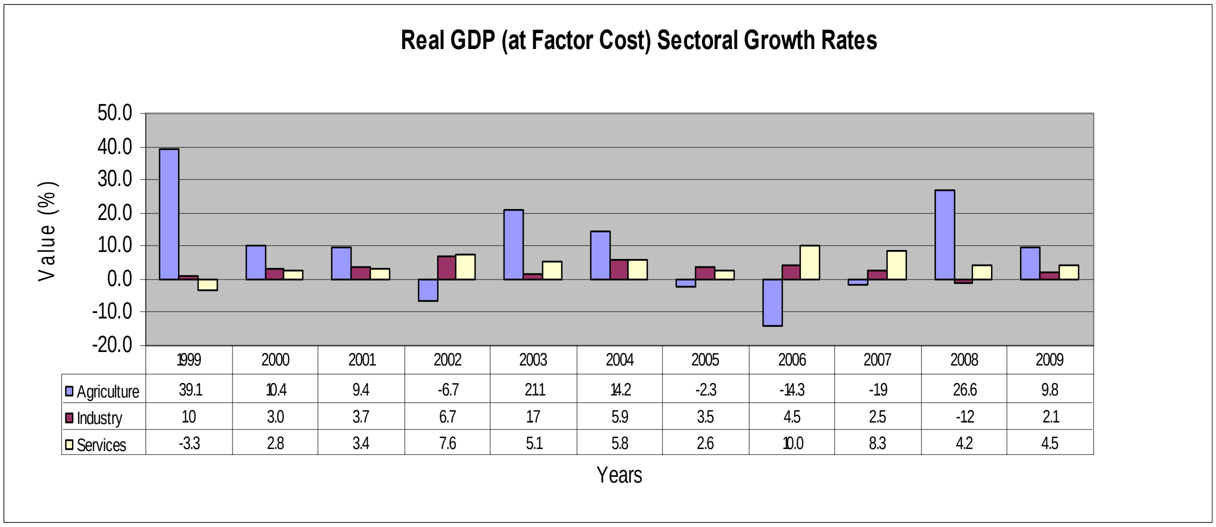
Figure 1:



	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
G/Rates	0.8	4.8	6.9	5.1	5.3	2.9	8.8	6.6	0.3	3.4	6.0	6.3	5.6
Pop. G/Rates	4.2	4.2	4.2	4.2	4.2	4.2	2.8	2.8	2.8	2.8	2.8	2.8	2.8

It is noteworthy that real growth in GDP was quite strong in the past three years. The average growth rate between 2007 and 2009 was 6 percent, within the 6 - 7 per cent range commonly used as a marker if a country is to achieve the Millennium Development Goal of significantly reducing poverty by 2015. Given the population growth rate of 2.8 percent, average per capita growth for the past three years was 3.2 percent.

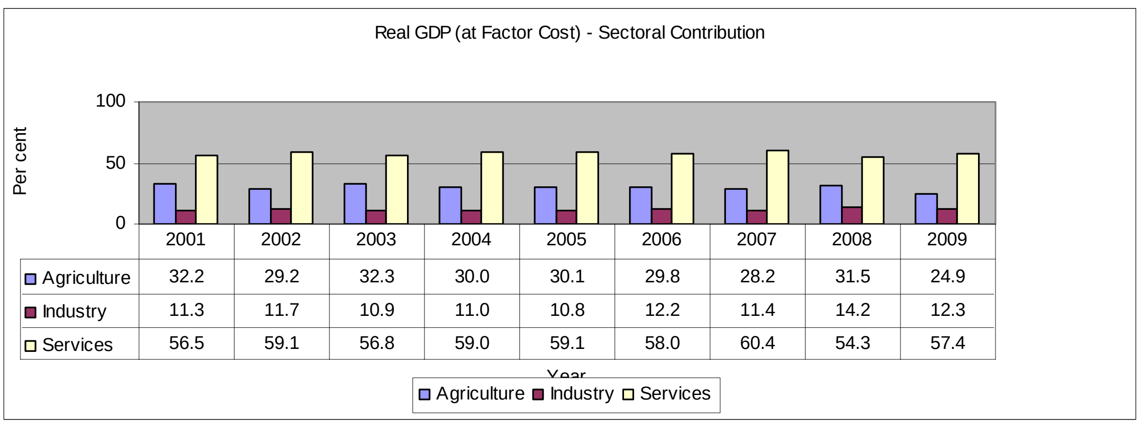
Figure 2:



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Agriculture	39.1	10.4	9.4	-6.7	21.1	14.2	-2.3	-14.3	-1.9	26.6	9.8
Industry	1.0	3.0	3.7	6.7	1.7	5.9	3.5	4.5	2.5	-1.2	2.1
Services	-3.3	2.8	3.4	7.6	5.1	5.8	2.6	10.0	8.3	4.2	4.5

In terms of contribution to GDP, at factor cost, agriculture contributed 24.9 percent, industry (12.3 percent) and services (57.4 percent).

Figure 3:



	2001	2002	2003	2004	2005	2006	2007	2008	2009
Agriculture	32.2	29.2	32.3	30.0	30.1	29.8	28.2	31.5	24.9
Industry	11.3	11.7	10.9	11.0	10.8	12.2	11.4	14.2	12.3
Services	56.5	59.1	56.8	59.0	59.1	58.0	60.4	54.3	57.4

1.1 Agriculture

Agriculture, the mainstay of the Gambian economy, employing about 60-70 percent of the workforce, grew by 9.8 percent in 2009. Low level of technology, lack of inputs and marketing challenges continue to stymie production. The average growth rate of the agricultural sector between 2001 and 2009 was estimated at 6.2 percent.

(i) Government's Strategic Objectives for the Agriculture Sector

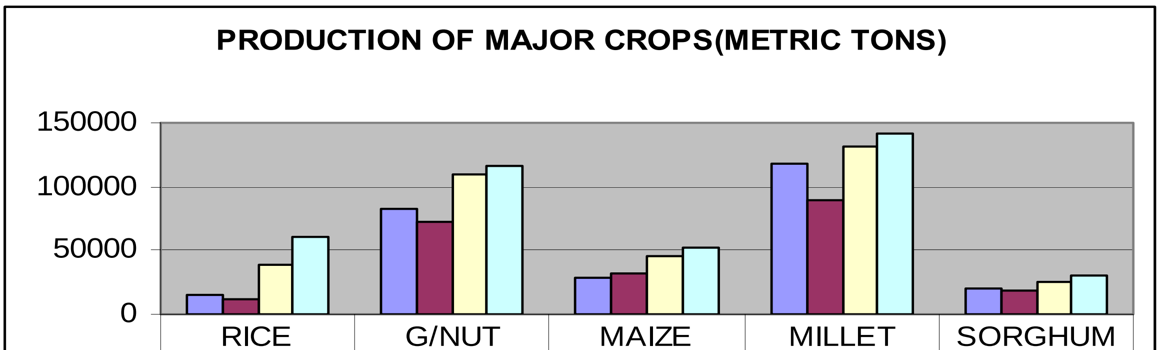
The strategic objectives of the agricultural sector are articulated in three key strategic documents: the Vision 2020, the Poverty Reduction Strategy Paper and Strategy for Poverty Alleviation (PRSP/SPAII) as well as the Agriculture and Natural Resource Policy (ANRP).

To significantly reduce poverty, the PRSP targets an overall GDP growth of 6.3 percent. ANRP on the other hand has four strategic objectives.

- Maintain good and measurable level of food and nutrition security of the country, particularly for the vulnerable groups of the Gambian population;
- Ensure a commercialized agricultural sector with a view to ensuring efficient and reliable food and agriculture value chains with easy access to markets;
- Capacity building to strengthen institutions and create an enabling environment to improve and sustain food and nutrition security;
- Good and sustainable natural resource management.

Furthermore, the Government also set measurable long-term output targets for some key crops, for example, rice which is the stable food of the country.

Figure 4:



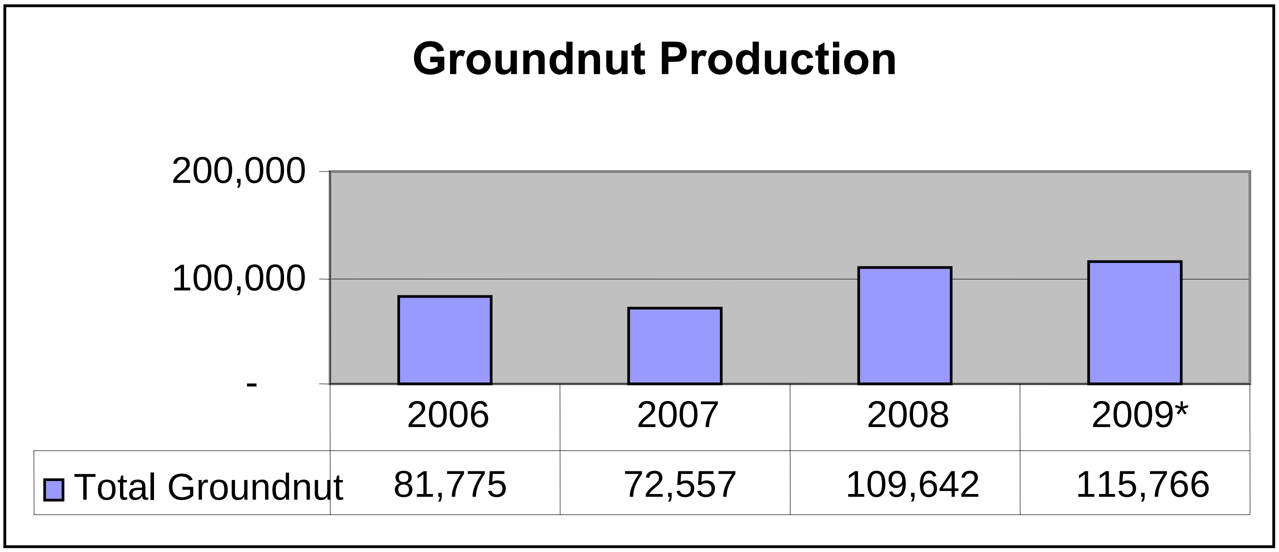
	RICE	G/NUT	MAIZE	MILLET	SORGHUM
2006	15832	81775	29147	118160	20266
2007	11394	72557	31408	89186	17951
2008	38300	109642	44894	131814	25624
2009	61025	115766	51733	141529	30441

1.2 Production of Major Crops

(i) Groundnut Production

Groundnut production increased both in terms of output and yield per hectare (kg/ha) due mainly to good rains during the crop season. Total output of groundnut increased to 115,766 metric tonnes, or 5.6 per cent relative to the previous year. Total area cultivated and output per hectare (kg/ha) also increased by 11 per cent and 2.5 per cent respectively.

Figure 5:



(ii) Cereal Production

Cereal production, which comprises principal food crops such as sorghum, maize, millet and rice, increased to 284,728 metric tonnes, or 18.3 percent. The total area under cereal cultivation increased by 17.4 per cent.

Figure 6:

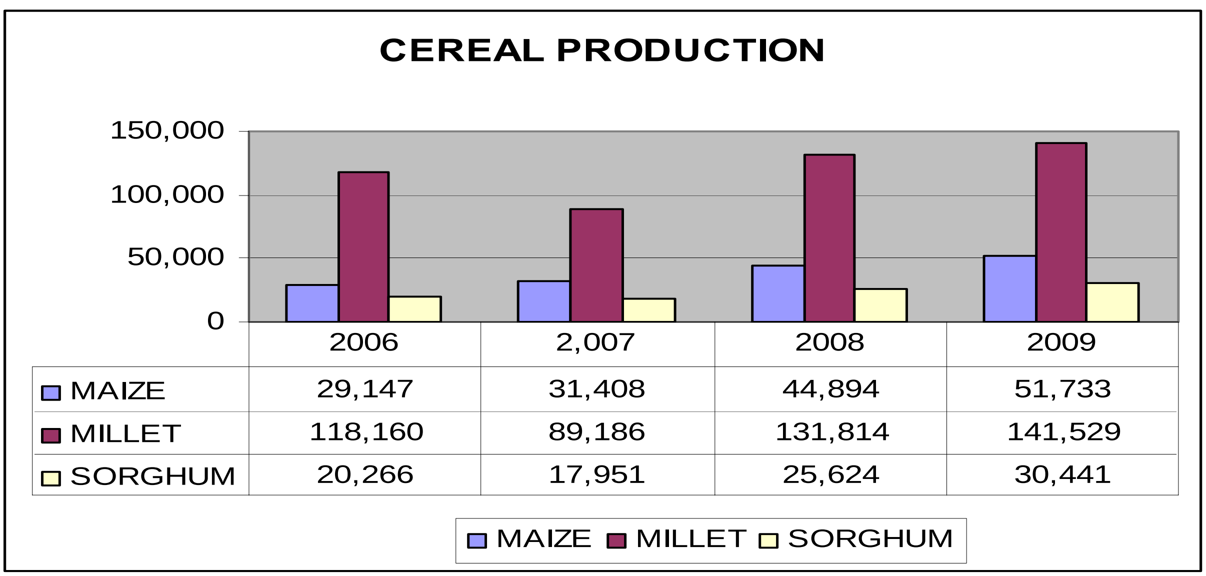
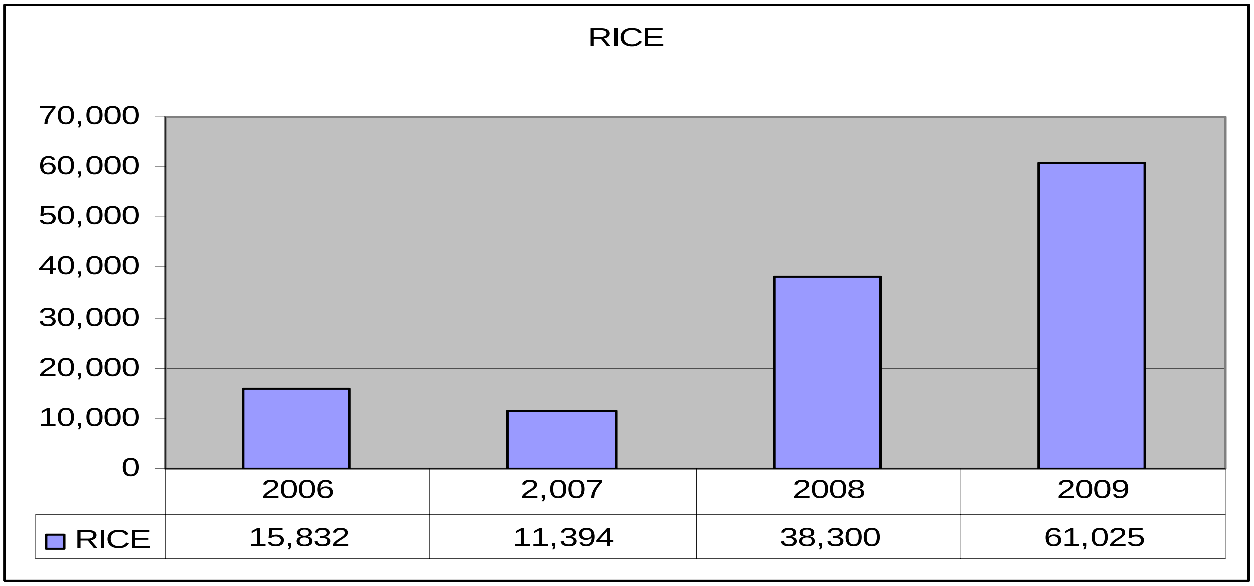


Figure 7:



Rice production increased substantially to 61,025 metric tonnes, or 59.3 percent reflecting mainly the increase in cultivated area. Total area under cultivation rose to 61,500 hectares, or 81.0 percent relative to 2008.

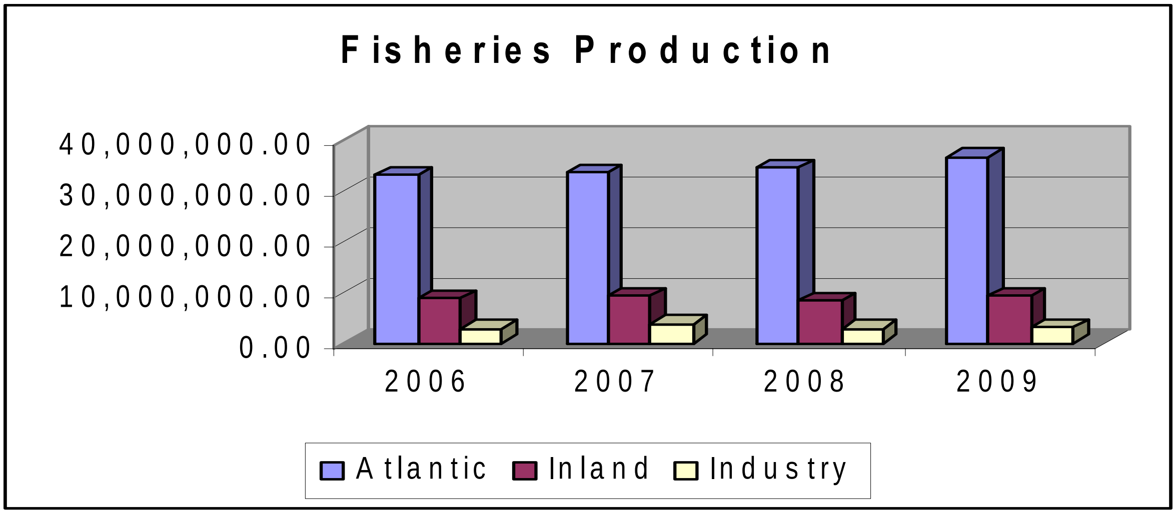
Total output of upland rice increased by 108.3 per cent while area under cultivation rose by 5.2 per cent.

Output of swamp rice declined markedly to 850 metric tonnes, or 19.0 per cent due mainly to floods in some parts of the country. Total cultivated area increased to 11,500 hectares, or 15.0 percent and the average yield rose by 28.5 per cent.

1.3 Fisheries Production

Fish production increased to 48.9 thousand metric tonnes relative to 45.8 thousand metric tonnes in 2008. Total catches in the Atlantic stratum increased to 36.6 thousand metric tonnes, or 6.3 per cent. Similarly, catches for the Inland and Industry stratums rose by 10.3 per cent and 4.2 per cent to 9.2 thousand metric tonnes and 3.1 thousand metric tonnes respectively. The most important fishing stratum in the country in terms of catches is the Atlantic stratum which contributed about 74.8 per cent of the total catches in 2009.

Figure 8:



Total Catches (in ooo M/Tonnes)

Total Catches (in ooo kg)					
	2006	**2007**	**2008**	**2009**	**% change**
Atlantic	**32,975.90**	**33,574.56**	**34,464.66**	**36,639.98**	**6.3**
Gunjur	9,402.96	9,589.59	10,641.38	11,492.69	**8.0**
Tanji	7,334.27	7,466.90	8,835.34	9,683.53	**9.6**
Brufut	4,957.71	4,991.78	4,211.60	4,380.07	**4.0**
Bakau	3,226.38	3,078.56	2,924.23	2,997.34	**2.5**
Banjul	2,728.96	2,972.73	2,815.06	2,851.65	**1.3**
New/Old Jeshwang	2,505.35	2,803.17	2,727.83	2,793.30	**2.4**
Sanyang	1,648.43	1,678.21	1,477.61	1,551.49	**5.0**
Kartong	548.85	512.99	480.52	501.18	**4.3**
T/batokunku	308.61	293.45	231.72	250.26	**8.0**
Barra	314.37	187.18	119.37	138.47	**16.0**
Inland	**8,904.80**	**9,432.14**	**8,376.61**	**9,241.46**	**10.3**
Upper R.South Bank	4,310.69	4,566.19	4,142.06	4,651.53	**12.3**
Lower R.South Bank	3,610.71	3,824.27	3,214.87	3,529.92	**9.8**
Lower R.North Bank	721.61	764.38	756.64	779.34	**3.0**
Upper R.South Bank	261.78	277.30	263.04	280.67	**6.7**
Industry	**2,829.52**	**3,891.36**	**2,973.91**	**3,100.00**	**4.2**
TOTAL	**44,710.21**	**46,898.06**	**45,815.17**	**48,981.43**	**6.9**

1.4 Services

The service sector continued to be the dominant sector of the economy accounting for about 62.8 percent of GDP. Growth in the services sector was 4.2 percent in 2008 compared to 8.3 percent in 2007. It is estimated to have grown by 4.5 percent in 2009.

(i) Transportation

The number of registered vehicles decreased to 8,316, or 12 percent from 2008. Private and commercial vehicles registered fell to 3,960 and 2,178, or 16.5 percent and 7.4 percent respectively. The number of motor cycles registered also decreased to 2,161, or 14.8 percent.

(ii) Communication

With a total of four GSM operators (Gamcel, Africel, Comium and Qcell), the telecommunications sub-sector is quite competitive. The national tele-communications company, (GAMTEL) is the only company providing fixed line telephony. Five radio stations and six newspapers, registered with the Registrar of Companies, operated in 2009.

(iii) Wholesale and Retail Trade, Financial Sector, Public Administration and Education

Wholesale and retail trade contracted by 2.3 percent. On the other hand, value added of the financial sector, public administration and education were estimated to have increased by 28.2 percent, 43.0 percent and 38.2 percent respectively.

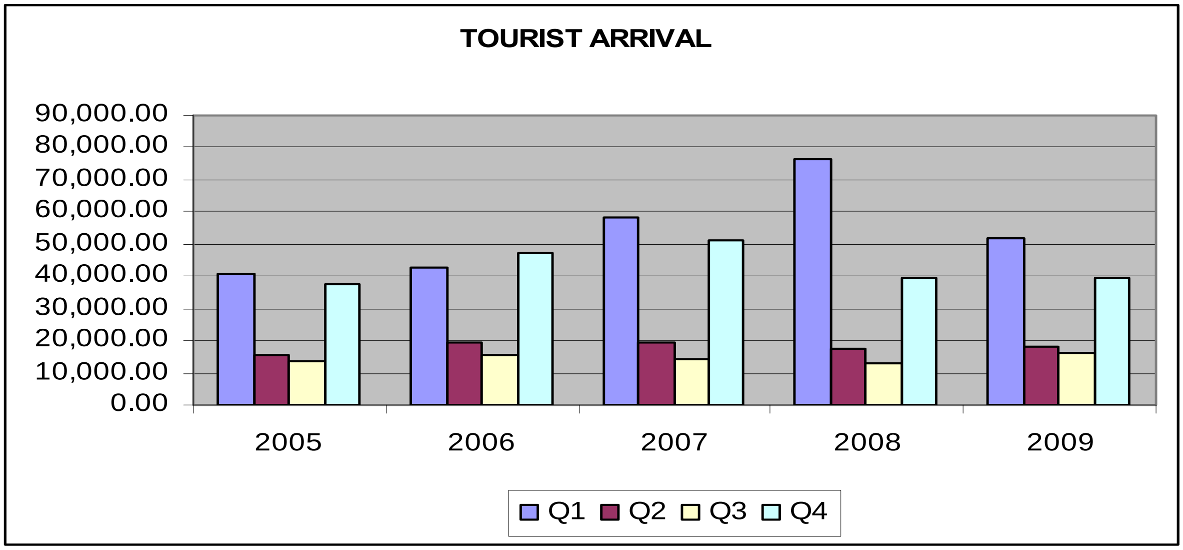
(iv) Tourism

Tourism is one of the fastest growing sectors of the Gambian economy both in terms of infrastructural development and overall contribution to GDP. The industry's growth rate averaged 6.0 percent between 2003 and 2009 and provided significant direct and indirect employment to Gambians. Tourism value-added is estimated to have declined by 14.2 percent in 2009 compared to 2.9 percent in 2008.

A. Number of Air Charter Tourist

The number of air-chartered tourists that visited The Gambia in 2009 declined to 125,511 in 2009, or 14.4 percent from 2008 reflecting the impact of the global economic downturn.

Figure 9:



B. Air Chartered Tourists by Nationality

Great Britain continued to be the most important source market, accounting for 42.6 per cent of total arrivals, slightly lower than the 42.9 percent recorded in 2008. Arrivals from Britain and Germany declined by 16.1 percent and 15.5 percent respectively. Average length of stay for 64.3 percent of the tourists ranged between one to two weeks.

Figure 10:

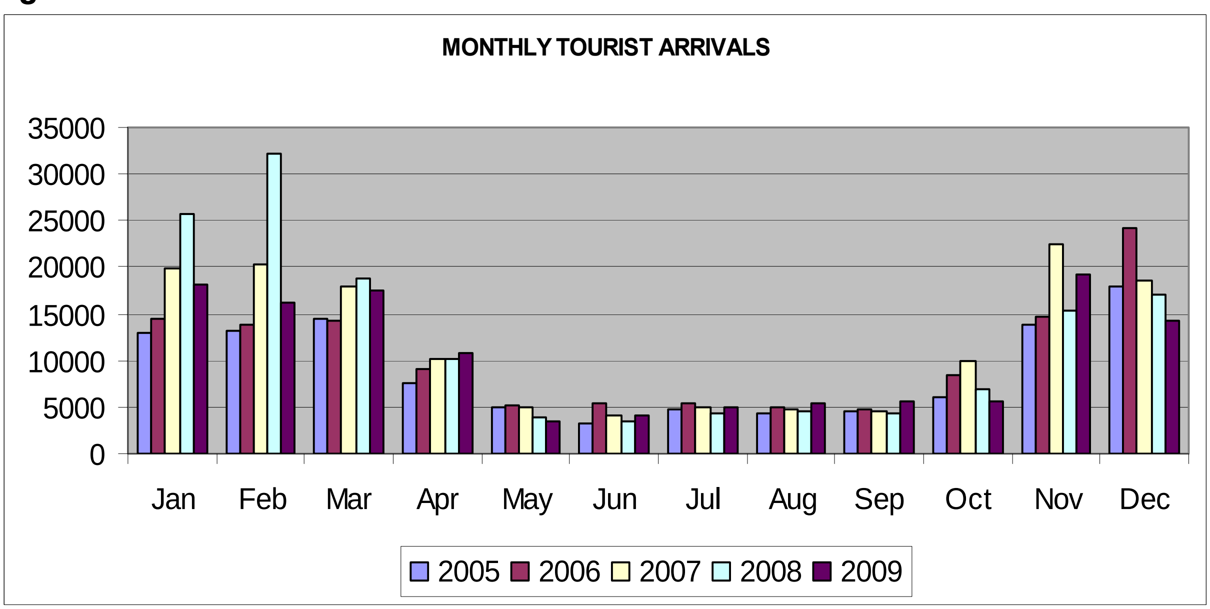


Table 1: Income from Tourism

Details	2005	2006	2007	2008	2009
Number of Air Chartered visitors	**107,904**	**124,800**	**142,662**	**146,759**	**125,511**
Average out of pocket expenditure(Dal)	500	500	500	500	500
Average length of stay.	13	13	13	13	13
Hotel rate per night.(GBP)	12	12	12	12	12
Departure fees(Dalasi)	170	170	170	170	170
Tourists Arrival Tax (GBP)	5	5	5	5	5
Average Exchange rate(Dal/GBP)	49.78	53.89	44.28	41.10	41.41
Income from Hotel Beds (D'000s)	837,948	1,049,174	985,559	940,936	810,742
Total out of pocket expenditure(D' 000s)	701,376	811,200	927,303	953,934	815,822
Income from Arrival fees(D' 000s)	26,857	33,627	31,588	30,158	25,985
Income from Departure fees (D' 000s)	18,344	21,216	24,253	24,949	21,337
Total Income from Air-Chartered tourists (D' 000s)	**1,584,525**	**1,915,217**	**1,968,703**	**1,925,069**	**1,652,591**

Total income from air-chartered tourism decreased to D1.65 billion, or 14 percent. Total out-of-pocket expenditure, departure fees and earnings from hotel beds declined to D815.8 million, D21.3 million and D810.7 million from D953.93 million, D24.95 million and D940.9 million respectively in 2008.

2.0 CONSUMER PRICES

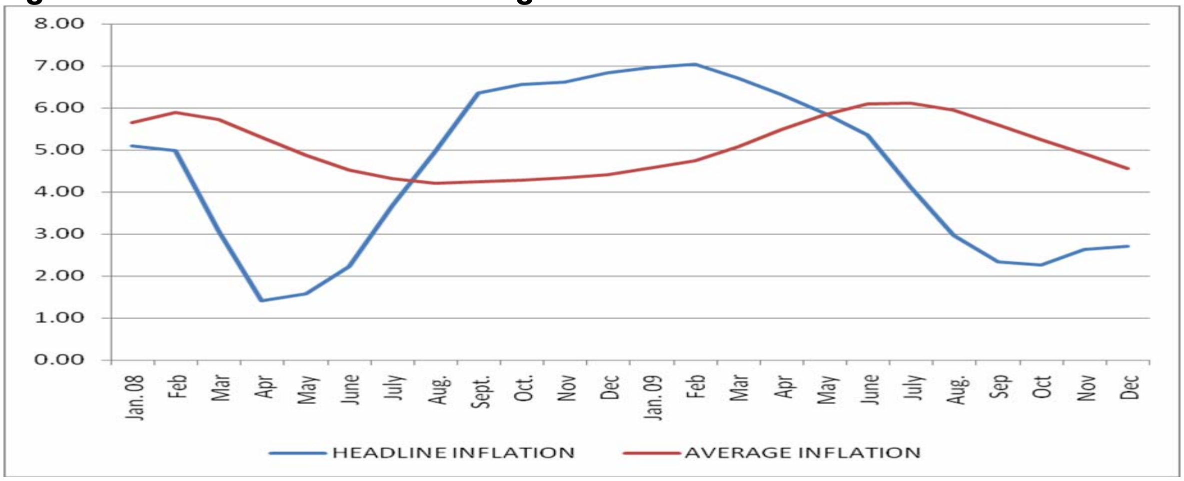
The consumer price index (CPI) measures the prices of a representative basket of goods and services purchased by the average consumer by means of periodic surveys. The selection of the 207 items and weights were based on a nationwide household expenditure survey. The base year of the index is (2004 = 100). The two groups of the index have the following weights: food and drinks (55 percent) and non-food products and services (45.0 percent).

According to the index, end-period inflation was 2.7 percent in December 2009 compared to 6.8 percent in 2008. The decline in prices could be attributed to the implementation of prudent macroeconomic policies and increased supply of some essential commodities, particularly food products.

2.1 Average Inflation

Average inflation (12-Month moving average) was 4.6 percent at the beginning of 2009 but increased to 5.1 percent and 6.1 percent at end-March and end-June 2009 respectively. While average inflation edged up slightly to 6.2 percent in July, it declined to 5.6 percent and 4.6 percent at end-September and end-December 2009.

Figure 11: Headline and Average Inflation



2.2 Food Inflation

Food consumer price inflation declined markedly from 8.6 percent at end-December 2008 to 2.9 percent in December 2009, attributed in large part to the removal of import duties on some basic food items, which helped reduce the price of imported goods.

At the beginning of 2009, food consumer price inflation was 8.8 percent. However, it declined in March (8.3 percent), June (6.7 percent), September (2.7 percent), before edging up to 2.9 percent in December.

The deceleration in food consumer price inflation mainly reflected the decline in the consumer price of 'bread and cereals' (negative 0.5 percent in 2009 compared to 19.4 percent in 2008), 'meat' (2.9 percent in 2009 compared to 5.8 percent in 2008), fish', (2.5 percent in 2009 compared to 3.9 percent in 2008), milk, cheese and eggs', (2.4 percent in 2009 compared to 6.0 percent in 2008), 'oils and fats', (2.1 percent in 2009 compared to 5.7 percent in 2008), 'fruits and nuts' (2.2 percent in 2009 compared to 10.4 percent in 2008) and 'vegetables, root crops and tubers (5.4 percent in 2009 compared to 6.2 percent in 2008).

On the other-hand, consumer prices of 'sugar, jam, honey and sweets' and 'other food products' increased to 19.9 percent and 3.0 percent at end-December 2009 from 2.5 percent and 2.1 percent respectively in December 2008. The increase in the price of sugar was due mainly to supply constraints at source markets.

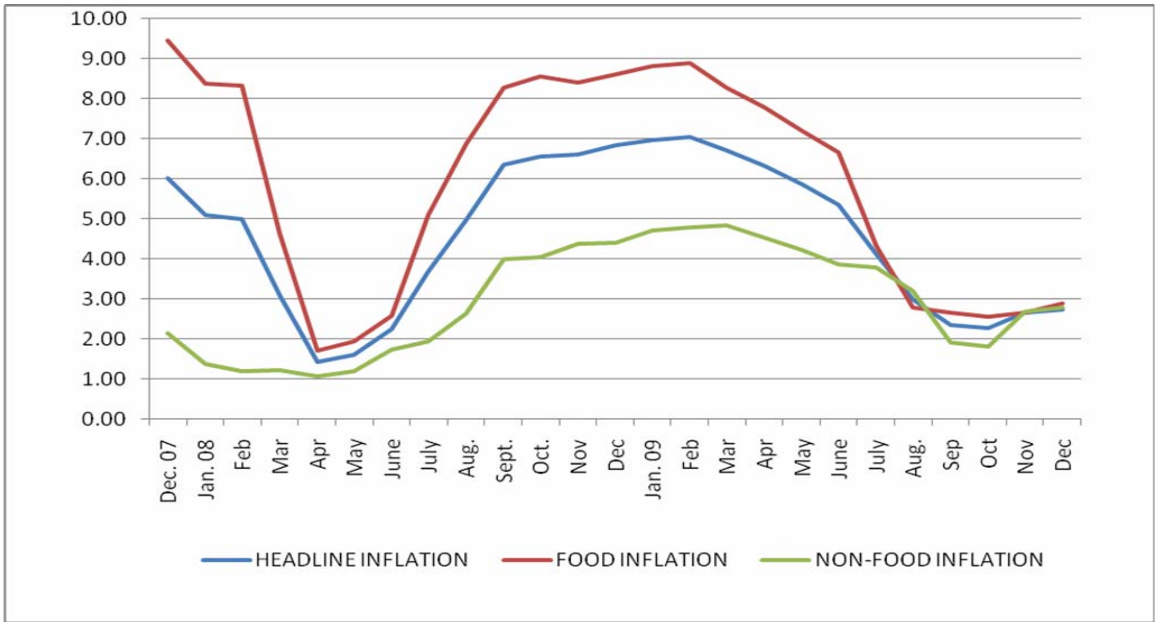
2.3 Non-Food Inflation

Non-food consumer price inflation was 4.7 percent in January 2009, but increased slightly to 4.8 percent in March before declining to 3.9 percent in June and 1.9 percent in September 2009. Non-food inflation rose to 2.8 percent in December 2009 albeit lower than the 4.4 percent in December 2008.

Consumer prices of 'clothing, textiles and foot-ware', was (2.1 percent in 2009 compared to 3.9 percent in 2008), 'housing, water, electricity, gas and other fuels', (2.0 percent in 2009 compared to 5.8 percent in 2008), 'furnishings, household equipment, etc', (2.3 percent in 2009 compared to 2.8 percent in 2008) 'transport' (2.5 percent in 2009 compared to 4.4 percent in 2008) and 'hotels, cafes and restaurants' (3.8 percent in 2009 compared to 7.7 percent in 2008).

Consumer price inflation of 'miscellaneous goods and services' increased to 10.1 percent in 2009 from 8.3 percent in 2008.

Figure: Headline, Food and Non-food Inflation



2.4 Core Measures of Inflation

Core 1 measure of inflation, which excludes energy and utility prices, was 6.4 percent in March 2009 before declining to 4.9 percent in June and 1.7 percent in September 2009. At end-December 2009, core 1 rose to 2.8 percent, albeit lower than the 7.1 percent recorded in the corresponding period of 2008.

Core 2 measure of inflation, which excludes prices of energy and utility, as well as volatile food items exhibited a similar pattern as headline inflation.

At 6.7 percent at end-March 2009, core inflation declined in June (5.5 percent) and September (2.3 percent) 2009. Core 2 inflation was 2.8 percent at end-December 2009 relative to 6.8 percent in December 2008.

Figure 13: Headline and Core Inflation

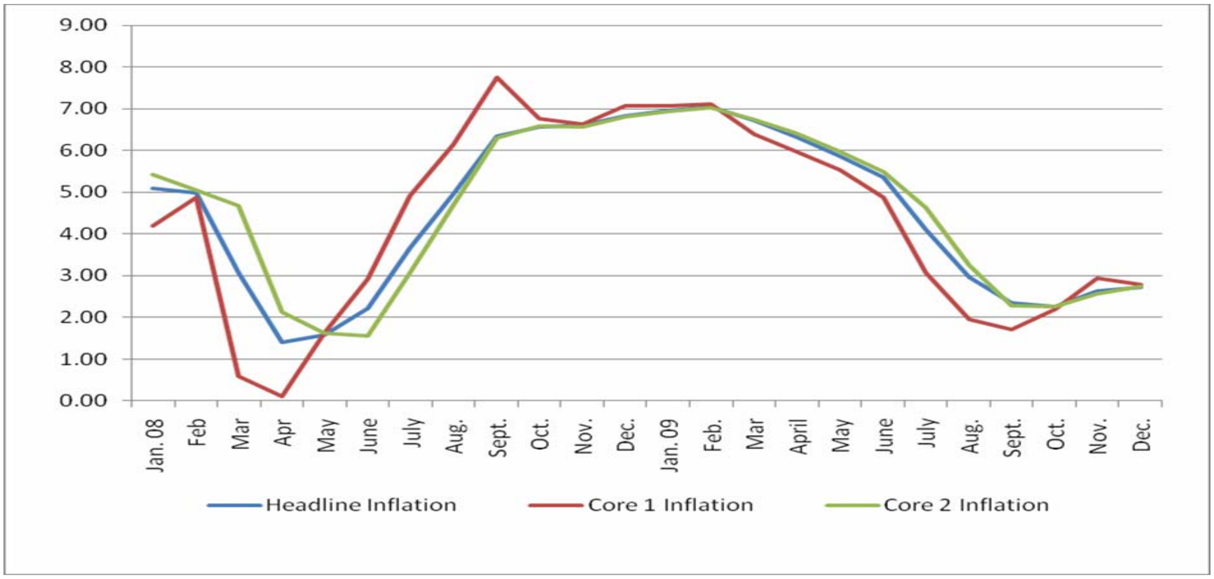


TABLE 2: Core Inflation

	Dec 08	Jan 09	Feb 09	Mar 09	Apl 09	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Headline	6.83	6.96	7.04	6.72	6.32	5.87	5.35	4.11	2.97	2.35	2.26	2.64	2.72
Core 1	7.07	7.07	7.11	6.38	5.97	5.54	4.87	3.09	1.96	1.71	2.19	2.96	2.80
Core 2	6.81	6.93	7.02	6.73	6.40	5.96	5.49	4.63	3.24	2.27	2.25	2.55	2.75
Food	8.61	8.81	8.89	8.29	7.80	7.21	6.65	4.33	2.79	2.67	2.56	2.66	2.88
Non-food	4.41	4.71	4.80	4.84	4.54	4.24	3.85	3.80	3.18	1.90	1.81	2.68	2.77

3.0 MONETARY DEVELOPMENTS

3.1 Monetary Policy

The Central Bank of The Gambia is responsible for the formulation and implementation of monetary policy, whose raison d'etre is price stability. Low and non-volatile inflation preserves the purchasing power of the domestic currency, labour income and more importantly is an essential precondition for sustained long-term growth and poverty reduction.

The objective of monetary policy was to contain inflation below 6.0 percent, maintain exchange rate stability and a viable external position to cushion the economy against external shocks. To achieve the inflation target, reserve money and money supply were projected to grow by 8.6 percent and 10.9 percent by end-2009 assuming stable velocity and money multiplier ratios of 2.1 and 3.3 respectively.

The CBG continued to use its primary monetary policy tool, Open Market Operations (OMO), to manage liquidity in the economy with the Treasury Bills rediscount rate serving as the main signaling mechanism of the Bank's policy stance. By injecting or withdrawing liquidity, OMO aims to achieve positive real interest rates, contribute to price stability and support economic growth.

The CBG also uses reserve requirement and foreign exchange intervention in the conduct of monetary policy. Deposit money banks are required by the CBG Act 2005 to maintain reserve deposits with the Central Bank. With a maintenance period of one week, reserves could go below the required ratio of 14 percent during the week provided that on average, the ratio is observed. Balances held to fulfill the reserve requirement are not remunerated but a penalty of 3.0 percentage points above the policy rate (rediscount rate) is imposed on banks that fail to observe the requirement.

The CBG intervenes in the domestic foreign exchange market, buying and selling foreign exchange, to support OMO and to smoothen exchange rate volatility.

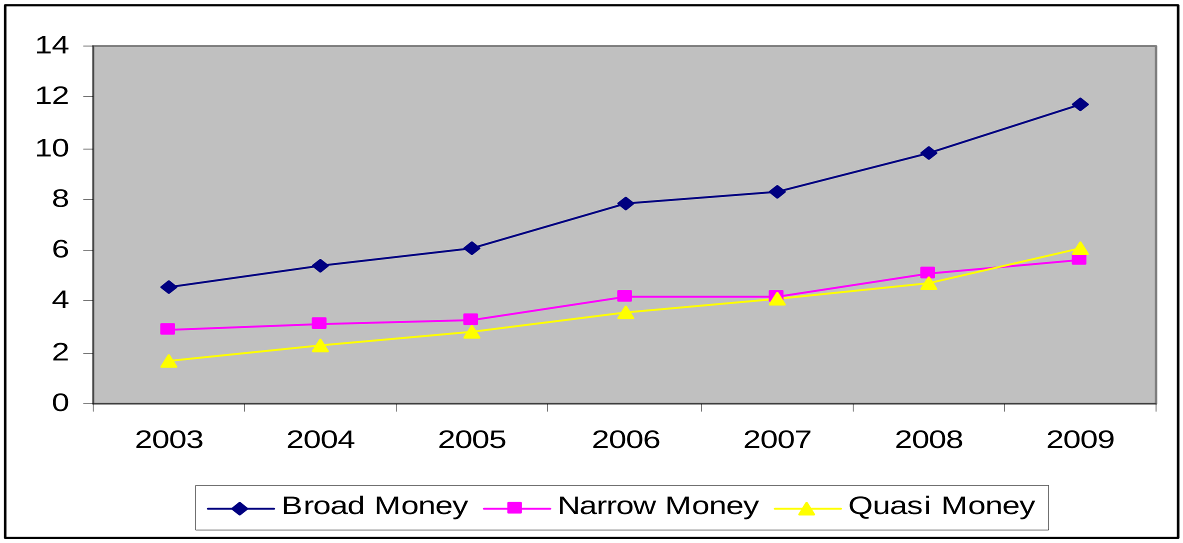
3.2 Money Supply Growth

Money supply (M2) grew by 19.4 percent in 2009 compared 18.4 percent in 2008. Both the net foreign assets (NFA) and net domestic assets (NDA) of the banking system rose by 10.5 percent and 23 percent respectively.

Of the components of broad money, quasi money, which comprises savings and time deposits, increased significantly to D6.1 billion, or 30.3 percent. Savings and time deposits rose strongly by 19.8 percent and 45.1 percent respectively. The share of quasi money to broad money grew by 52.1 percent at end-December 2009 from 47.7 percent at end- December 2008.

Narrow money (M1), currency outside banks and demand deposits, rose to D5.6 billion, or 9.4 percent. Demand deposits and currency outside banks grew by 9.4 per cent and 8.1 per cent respectively. The ratio of narrow money to broad money declined from 52.3 percent at end-December 2008 to 47.9 percent at end-December 2009.

Figure 14: Money Supply in (D'billion)



3.3 Determinants of changes in money supply

(i) Net Foreign Assets (NFA)

The net foreign assets (NFA) of the banking system rose to D3.9 billion compared to D3.3 billion in 2008 due in the main to a significant increase in the NFA of the Central Bank by 16.7 percent compared to a contraction of 9.3 percent in 2008. The NFA of deposit money banks on the other hand, decelerated to D0.7 billion, or 11.9 percent compared to a decline of 21.7 percent in the previous year.

The gross official reserves of the CBG rose from D3.0 billion (5.9 months of imports) in December 2008 to D4.9 billion (8.5 months of imports) in 2009 as a result of the SDR allocations by the IMF totaling SDR24.6 million (US$39.0 million) to help countries shore up their reserves and better weather the financial crisis.

Foreign liabilities of the CBG stood at D0.3 billion in 2008 compared to D1.7 billion in 2009 mainly on account of the reclassification of SDR allocation as a foreign liability in conformity with international reporting standards. The foreign liabilities of deposit money banks rose by 47.9 percent as a result of the marked increase in foreign borrowing by 40.3 percent to D564.7 million. Foreign assets of deposit money banks increased at a slower pace of 12.7 percent.

Table 3: Monetary Survey in (D'millions)

	Dec. -08	% Δ	Dec.-09	% Δ
Net Foreign Assets	3531.22	-12.3	3902.36	10.5
Monetary Authorities	2769.42	-9.3	3231.52	16.7
Foreign assets	3029.26	-6.0	4937.20	63.0
Foreign liabilities	-259.84	55.3	-1705.68	556.4
Commercial banks	761.80	-21.7	670.84	-11.9
Net Domestic Assets	6265.15	47.5	7792.64	24.4
Domestic Credit	6436.34	53.2	7491.18	16.4
Claims on Government, net	2660.79	123.9	3033.02	14.0
Claims on Public Entities	428.34	87.4	764.60	78.5
Claims on Private Sector	3347.21	20.3	3693.56	10.3
Other items, net	-171.20	-466.3	301.46	-276.1
o/w Revaluation account	-377.75	-182.5	50.81	-113.5
Broad Money	9796.37	18.4	11694.00	19.4
Narrow Money	5119.60	21.7	5599.77	9.4
Quasi-Money	4676.77	15.0	6095.23	30.3

(ii) Net Domestic Assets (NDA)

The net domestic assets (NDA) of the banking system rose to D7.8 billion from D6.3 billion in 2008 owing to the increase in domestic credit. Domestic credit grew by 16.4 percent, but lower than the 53.2 per cent in the preceding period. Credit extended to government rose substantially by 78.5 percent.

Other items net rose to D301.4 million relative to negative D171.2 million in 2008 on account of increased revaluation gains during the period under review.

3.4 Growth in Monetary Base

The CBG uses monetary targeting in the conduct of monetary policy. Base money is used as the operating target while broad money and inflation are the intermediate and ultimate targets respectively. The Bank, in pursuit of its objectives of maintaining price stability and to support the Government's overall macroeconomic objective of achieving accelerated and sustained growth necessary to reduce poverty, sets its monetary targets in consultation with the International Monetary Fund (IMF).

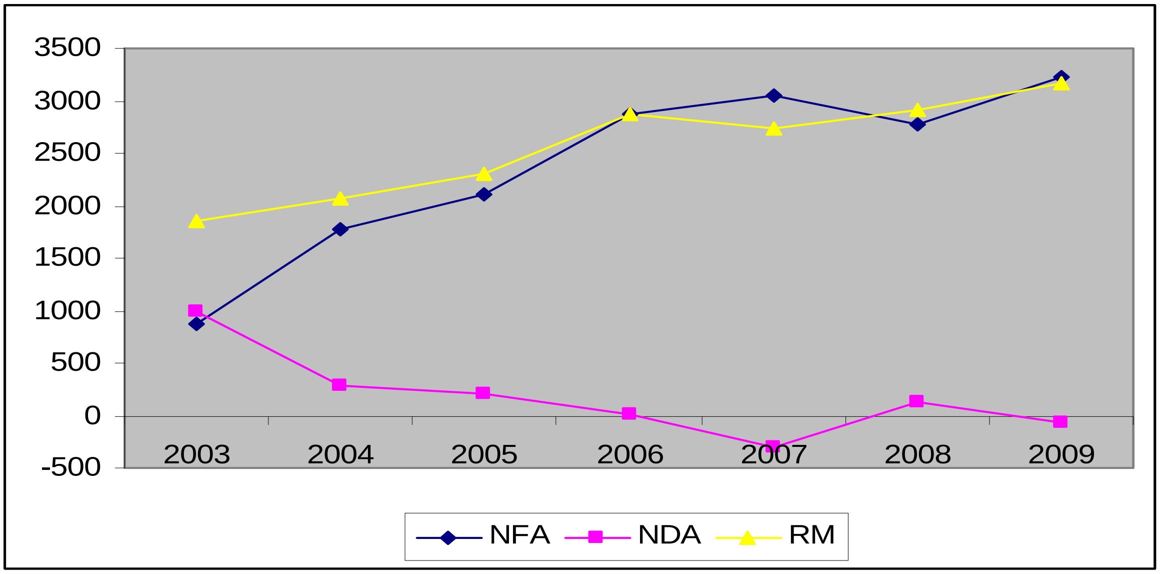
Base money rose to D3.2 billion, or 9.3 percent compared to 5.7 percent in 2008 and slightly above the 8.6 percent target. Currency in circulation and reserves of deposit money banks rose by 8.1 percent and 12.1 percent respectively.

Table 4: Summary Accounts of the Central Bank of The Gambia in (D'millions)				
	Dec-08	**% Δ**	**Dec-09**	**% Δ**
Net Foreign Assets	**2769.42**	**-9.3**	**3231.52**	**16.7**
Foreign assets	3029.26	-6.0	4937.20	63.0
Foreign liabilities	259.84	55.26	1705.68	556.4
Net Domestic Assets	**132.72**	**--142.9**	**-60.09**	**-145.3**
Domestic Credit	**156.97**	**-117.4**	**-292.7**	**-286.4**
Claims on Government, net	-219.46	-83.0	-434.39	97.9
Gross claims	369.41	-0.7	250.00	-32.3
less Government deposits	588.87	-64.7	684.39	16.2
Claims on Public Entities	102.67	-25.0	84.68	-17.5
Claims on Private Sector	228.93	4.0	45.06	-80.3
Claims on DMBs, net	44.82	33.3	12	-73.2
Other items, net	**-24.25**	**-104.1**	**232.56**	**-1059.0**
o/w Revaluation account	-377.75	-182.5	50.81	-113.5
Reserve Money	**2902.14**	**5.7**	**3171.43**	**9.3**
Currency in circulation (i.e issued)	2050.17	8.3	2216.72	8.1
Reserves of the commercial banks	851.97	0.1	954.71	12.1

The increase in base money was as a result of the strong growth in the net foreign assets (NFA) of the CBG. The NFA of the Bank rose to D3.2 billion, or 16.7 percent compared to a contraction of 9.3 percent of the previous year. In contrast, the net domestic assets declined from D132.7 million in 2008 to negative D60.1 million in 2009 reflecting the marked decrease in domestic credit. Domestic credit declined substantially by 286.4 percent to negative D292.7 million. Credit to the private and public sectors declined by 80.3 percent and 17.5 percent respectively. Government's surplus position with the CBG increased markedly by 97.9 percent on account of the decline in gross claims and increase in government deposits.

The ratio of the CBG net foreign assets and reserve money is an important lead indicator of possible pressures on the exchange rate. A fall in the ratio could be due to excess liquidity which, in-turn, could lead to rapid credit expansion and because of the high propensity to import result in a net outflow of reserves. The ratio of NFA to reserve money was 95.4 per cent in 2008 compared to 101.9 percent in 2009.

Figure 15: NFA, NDA, and BM of the Central Bank in (D'millions)



3.5 Money Multiplier (MM)

The money multiplier (mm) is simply the ratio of broad money to reserve money. Put differently, the mm shows how much money one unit of reserve money potentially creates. Money supply can therefore increase either because of an increase in mm, or an increase in reserve money. In essence, an increase in the mm with the same reserve money would loosen monetary conditions and vice versa.

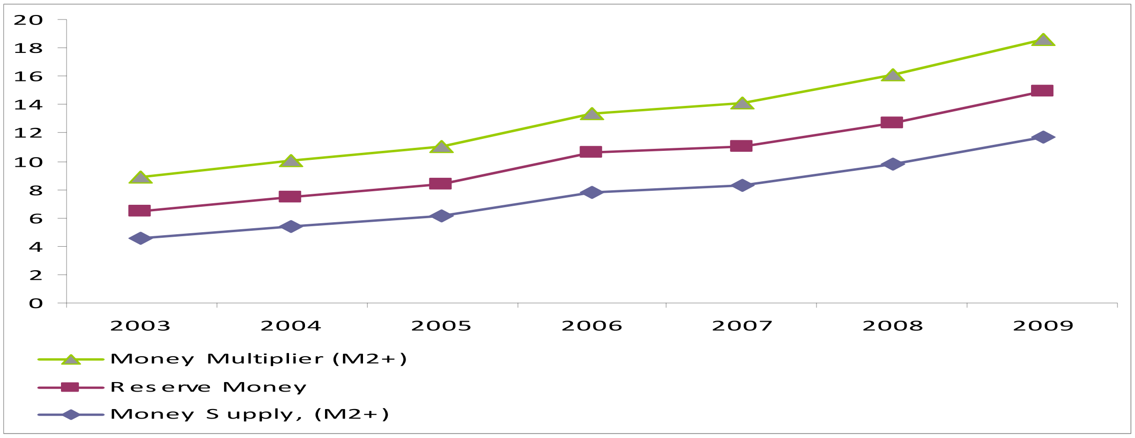
Table 5: Money Multiplier of (M2+) and (M2)

Years	Money Supply (M2+)	Money Supply (M2)	Reserve Money	Money Multiplier (M2+)	Money Multiplier (M2)
2003	4,593.03	3,697.81	1,855.88	2.47	1.99
2004	5,431.96	4,756.59	2,060.73	2.64	2.31
2005	6,145.19	5,514.57	2,306.59	2.66	2.39
2006	7,757.60	6,964.47	2,866.47	2.71	2.43
2007	8,273.90	7,255.47	2,744.54	3.01	2.64
2008	9,796.37	8,490.63	2,902.14	3.38	2.93
2009	11,694.99	9,967.06	3,171.43	3.69	3.14

Note: M2+ = Broad money including foreign currency deposits (FCDs)
M2 = Broad money excluding FCDs

Table 3 shows that the money multiplier (mm) of both M2+ and M2 steadily increased from 2.47 and 1.99 at end-December 2008 to 3.69 and 3.14 in December 2009. The increase in the mm partly explained the strong growth in broad money.

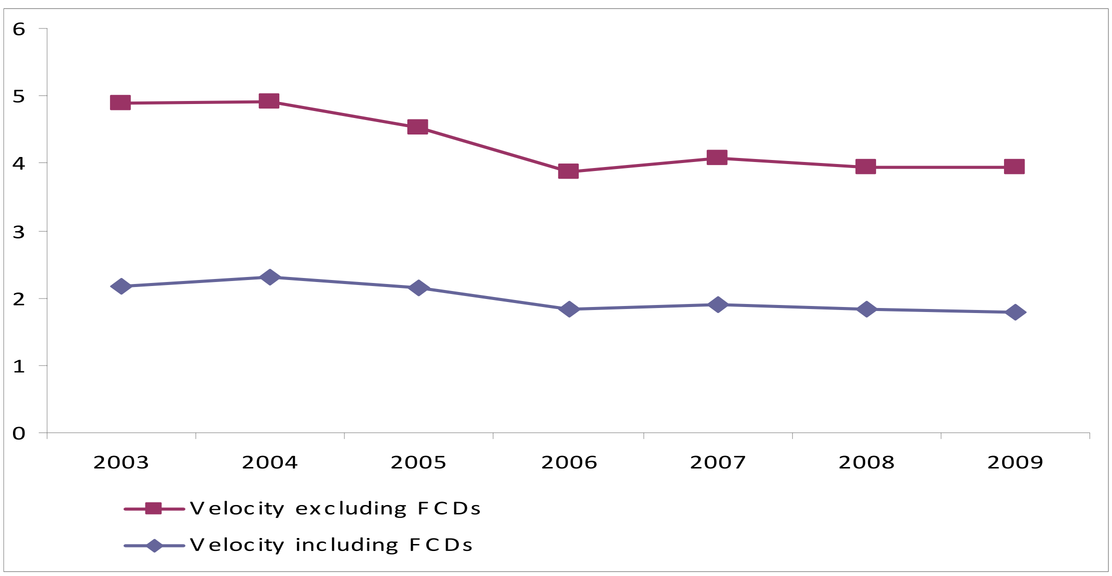
Figure 16: Money Multiplier, Reserve Money and Money Supply



3.6 Velocity

Velocity is defined as the ratio of national income (GDP) to the money stock. In other words, velocity is the number of times the stock of money is spent, on average, in a given period in financing the flow of nominal economic activities.

Figure 17: Velocity



In the financial programming framework, velocity is assumed to be generally constant. However, in many countries, it has shown to increase somewhat with increases in inflation and interest rates, and also to be sensitive to changes in income.

Table 6: Velocity of (M2+) and (M2)

Period	Money Supply (M2+)	Money Supply (M2+)	Nominal GDP	Velocity (M2+)	Velocity (M2)
2003	4,593.03	3,697.81	8,748.40	1.90	2.37
2004	5,431.96	4,756.59	9,917.90	1.83	2.09
2005	6,145.19	5,514.57	13,824.00	2.25	2.51
2006	7,757.60	6,964.47	13,453.00	1.73	1.93
2007	8,273.90	7,255.47	15,732.00	1.90	2.17
2008	9,796.37	8,490.63	17,901.00	1.83	2.11
2009	11694.99	9,969.06	19,916.00	1.70	2.00

As indicated in the above table, velocity has been fairly stable in 2009. The velocity for M2+ declined from 1.90 in December 2007 to 1.83 in December 2008. The velocity declined further to 1.70 in 2009 below the 2.1 forecast for the year under review. Velocity for M2 followed a similar pattern, declining from 2.17 in 2007, 2.11 in 2008 to 2.00 in 2009.

4.0 FOREIGN EXCHANGE DEVELOPMENTS

Introduction

The domestic foreign exchange market continues to function smoothly despite the global economic downturn. Transaction volumes increased in 2009 compared to the previous year. The US Dollar remained the most actively traded currency in the inter-bank foreign exchange market.

The Central Bank continued to host weekly sessions to discuss, among other things, developments in both domestic and international markets and provide a forum for currency trading.

4.1 Transaction Volumes

In 2009, transaction volumes, measured by aggregate purchases and sales of foreign exchange, increased to D39.7 billion, or 11.7 percent from 2008. Supply of foreign currency in the market, gauged by the quantity purchased, increased to D20.1 billion, or 14.0 percent whilst sales, indicative of demand, rose to D19.7 billion, or 9.4 percent.

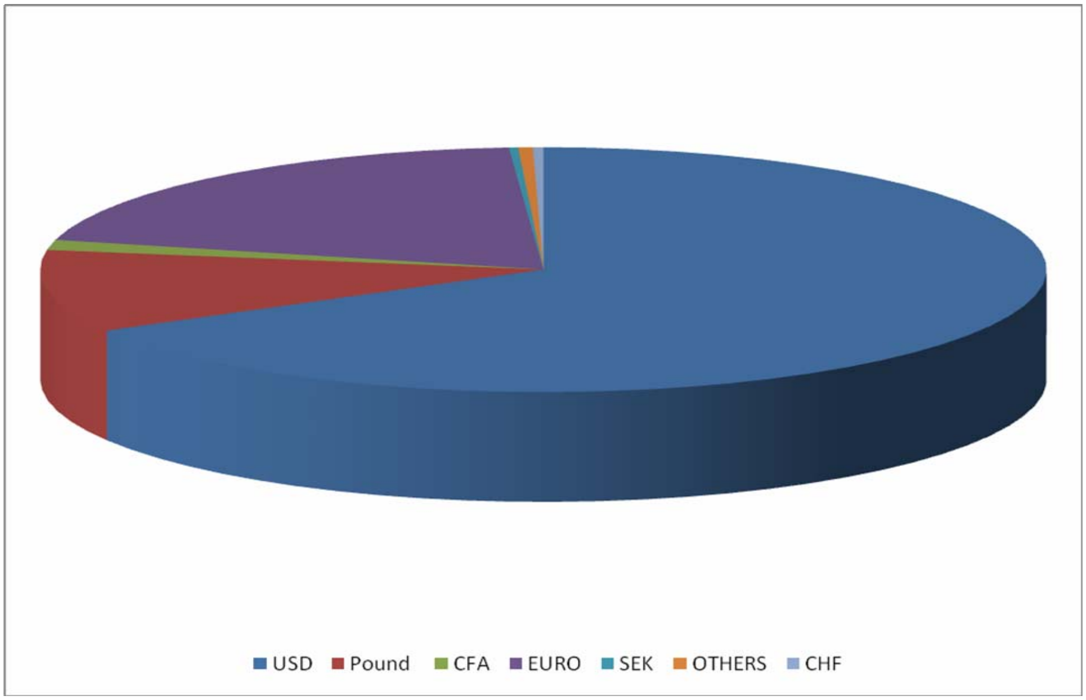
Table 7: Volume of transactions

	2008					*2009*				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Purchases	4709.34	4515.45	4222.76	4147.45	17595.00	3913.75	5006.89	4976.02	6157.32	20053.99
Sales	4755.55	4902.15	4482.64	3826.47	17966.81	3874.36	4907.92	4895.02	5977.51	19654.81
Total	9464.89	9417.60	8705.40	7973.92	35561.81	7788.11	9914.81	9871.04	12134.83	39708.79

4.2 Market Share of Key Currencies

Analysis of the market share of currencies traded in the inter-bank market revealed that the US Dollar remained the most actively traded currency, accounting for 66.7 percent, higher than 62.0 percent recorded in the previous year. The market share of the Euro declined from 22.0 percent in 2008 to 20.1 percent in 2009. Trading in British Pound was unchanged at 13.1 percent while transactions in Swedish Kroner, CFA franc and Swiss franc fell to 0.3 percent, 1.3 percent and 0.3 percent in 2009 from 0.6 per cent, 1.4 percent and 0.5 percent respectively in 2008.

Figure 18: Market Share of Key Traded International Currencies



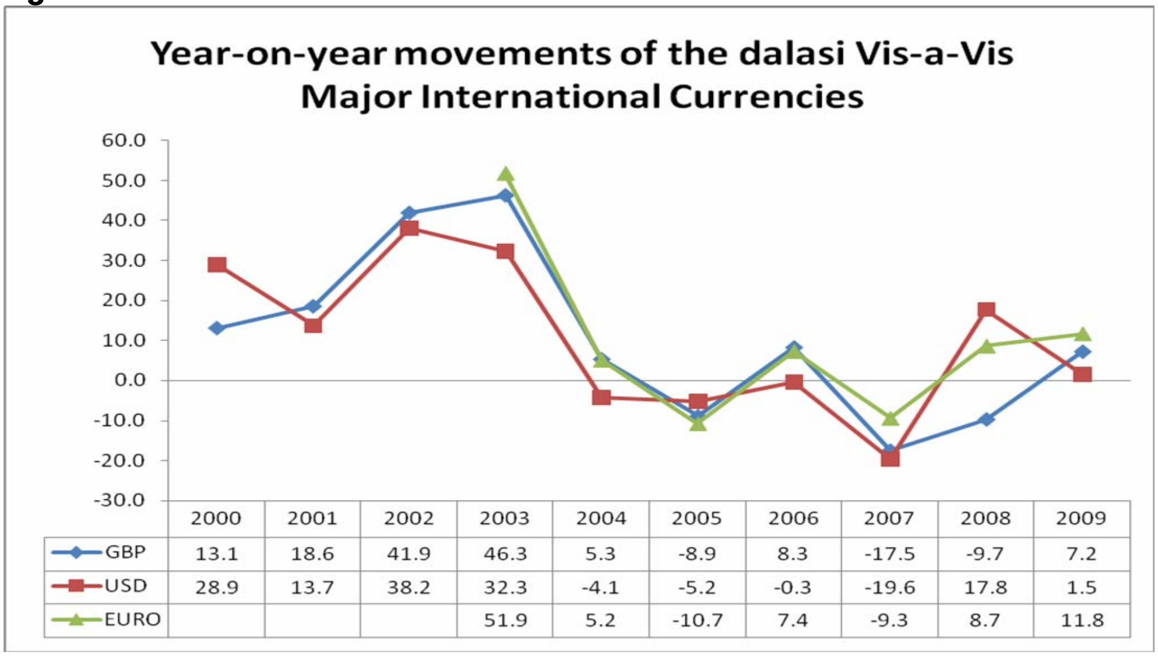
4.3 Exchange Rate Movements

In the twelve months to end-December 2009, the Dalasi depreciated against all the major international currencies traded in the inter-bank foreign exchange market except the Swedish Kroner. This was mainly as a result of decreased supply of forex on account of the global economic downturn, which reduced tourism receipts and FDI inflows. The Dalasi weakened by 7.2 percent against the Great Britain Pound compared to an appreciation of 9.7 percent in 2008. The Dalasi depreciated against the US Dollar (1.5 percent), Euro (11.8 percent), Swiss Franc (12.5 percent) and CFA Franc (11.8 percent) but appreciated against the Swedish Kroner by 8.3 percent.

Table 8: Exchange Rate of the Dalasi (GMD per Foreign Currency)

	GBP	USD	SEK	CFA	EURO
2008 Q1	40.87	19.46	337.33	239.16	30.33
Q2	40.77	20.65	339.25	245.52	32.08
Q3	41.65	23.12	323.50	249.30	33.02
Q4	40.14	26.54	379.58	259.15	35.67
2009 Q1	38.18	26.38	309.62	259.30	35.22
Q2	43.13	26.87	347.89	272.87	37.04
Q3	42.99	26.95	325.34	283.58	38.61
Q4	43.04	26.94	348.01	288.26	39.87

Figure 19:



4.4 Nominal effective Exchange Rate (NEER)

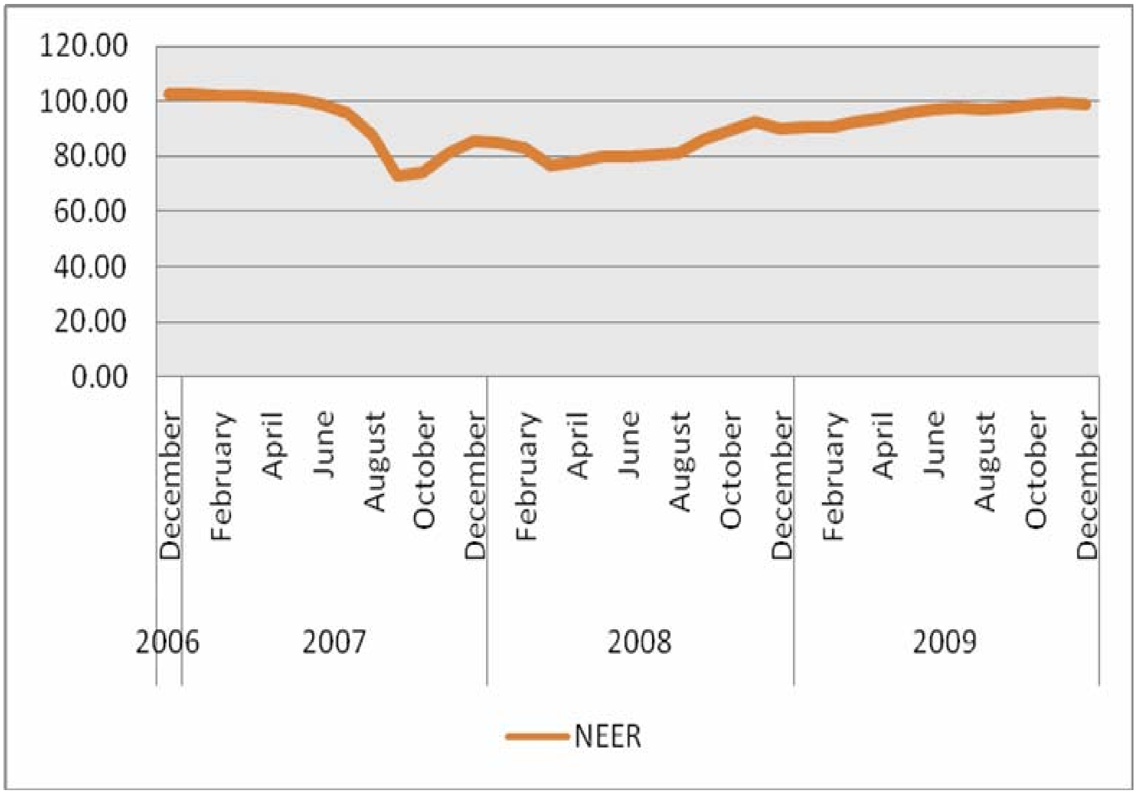
The nominal effective exchange rate (Foreign Exchange Transactions Weighted, 2005=100) index measures the value of the Dalasi vis-à-vis the basket of five partner currencies namely: US Dollar, EURO, Pound Sterling, CHF, CFA.

According to the index, following an appreciation in 2007, the Dalasi depreciated in 2008 and 2009. The index rose (indicating a depreciation) to 90.2 and 98.9 in 2008 and 2009 respectively from 85.6 in 2007.

Table 9: Nominal Effective exchange rate

Period		GBP	USD	SEK	CFA	Euro	OVERALL
	Weights (2005=100)	**18.13**	**59.73**	**0.71**	**0.57**	**20.86**	**100.00**
2006	December	108.25	99.69	110.56	110.11	107.38	**102.98**
2007	January	108.15	99.44	111.82	107.77	107.50	**102.84**
	February	108.23	99.14	111.31	107.88	107.02	**102.57**
	March	107.68	98.40	105.90	108.99	107.65	**102.12**
	April	107.76	97.74	109.15	108.68	107.91	**101.82**
	May	107.00	96.87	105.52	111.31	107.23	**101.01**
	June	105.98	94.25	107.73	108.10	105.83	**98.97**
	July	104.10	89.96	106.02	104.74	105.04	**95.87**
	August	95.30	82.55	102.43	96.95	94.30	**87.54**
	September	78.03	67.78	87.79	82.05	81.35	**72.69**
	October	80.45	69.13	77.57	87.37	80.62	**73.74**
	November	87.56	75.86	85.13	93.46	89.87	**81.07**
	December	89.30	80.11	94.86	101.16	97.35	**85.60**
2008	January	88.93	79.42	88.17	100.38	97.57	**85.11**
	February	85.54	77.77	97.93	96.85	95.76	**83.18**
	March	82.08	69.17	97.19	94.94	91.44	**76.50**
	April	79.38	71.50	95.37	93.67	93.22	**77.76**
	May	80.85	73.37	93.04	97.60	95.20	**79.56**
	June	81.90	73.40	97.75	97.46	95.15	**79.79**
	July	83.05	74.42	101.05	99.66	95.53	**80.72**
	August	81.81	75.96	93.95	99.04	95.60	**81.38**
	September	83.65	82.17	93.21	98.97	100.54	**86.45**
	October	81.33	88.47	95.16	102.46	97.56	**89.20**
	November	81.47	93.34	92.65	102.54	98.73	**92.36**
	December	80.63	87.23	109.37	102.88	105.81	**90.16**
2009	January	74.82	92.67	93.67	104.33	99.42	**90.91**
	February	75.07	92.80	87.96	102.34	99.66	**91.04**
	March	76.68	93.75	89.21	102.94	104.47	**92.91**
	April	78.44	95.25	92.63	104.08	104.78	**94.22**
	May	83.16	95.03	93.92	105.59	109.75	**96.00**
	June	86.63	95.49	100.23	108.32	109.87	**96.99**
	July	86.99	95.21	99.82	110.18	112.89	**97.52**
	August	87.99	94.67	94.00	111.73	111.78	**97.12**
	September	86.35	95.79	93.74	112.58	114.52	**98.07**
	October	87.34	95.64	108.82	117.96	117.50	**98.91**
	November	88.13	95.71	110.89	117.32	119.09	**99.44**
	December	86.45	95.76	100.27	114.43	118.27	**98.91**

Figure 20: Nominal Effective Exchange Rate



5.0 DEVELOPMENTS IN THE FINANCIAL SYSTEM

5.1 Banking Sector

Structure of Assets and Liabilities of Commercial Banks

Commercial banks` total assets stood at D13.0 billion compared to D11.0 billion in 2008, reflecting in part the increased number of banks from 11 in 2008 to 13 in 2009.

Loans and advances increased to D4.1 billion, or 25.7 percent from the previous year. The share of loans and advances to total assets rose to 27.7 percent compared to 26.2 percent in 2008. Investments (consisting of investments in Gambia Government securities, foreign and other investments) rose to D4.0 billion, or 23.7 percent. The ratio of total investment to gross assets increased from 25.9 percent in 2008 to 27.0 percent in 2009.

Commercial banks' reserves at the Central Bank rose to D999.25 million, or 17.3 percent while balances held with banks abroad rose by 26.5 percent to D959.12 million.

Fixed assets rose to D1.1 billion, or 35.8 percent whilst other assets declined markedly to D985.4 million, or 30.9 percent. Fixed assets and other assets accounted for 8.7 percent and 7.6 percent of total assets respectively.

Total cash holdings of commercial banks declined to D559.9 million, or 9.5 percent from 2008. Foreign currency cash holdings and Gambian notes and coins declined by 13.3 percent, 3.3 percent and 2.5 percent respectively.

Table 10: Commercial Banks' Assets

COMMERCIAL BANKS - ASSETS (IN D'000)	2008	2009	Annual Percent Change
GAMBIAN NOTES & COINS	**217,260**	**211,910**	**-2.5**
TOTAL FOREIGN CURRENCY	**401,326**	**348,035**	**-13.3**
i. CFA Franc	24,973	20,121	-19.4
ii. Other foreign currency	376,353	327,914	-12.9
BALANCES HELD WITH BANKS	**854,656**	**1,221,897**	**43.0**
i. Central Bank of the Gambia (special)	0	0	
ii. Central Bank of the Gambia (ordinary)	851,864	999,248	17.3
iii. Banks locally	2,792	222,649	7874.5
BALANCES HELD WITH BANKS ABROAD	**758,438**	**959,116**	**26.5**
i. Head office & branches	259,970	173,744	-33.2
ii. Other banks abroad	498,468	785,372	57.6
BILLS PURCHASED & DISCOUNTED	**40,910**	**74,285**	**81.6**
i. Residents	40,910	74,285	81.6
ii. Non-residents	0	0	
iii. Payable outside the Gambia	0	0	
LOANS AND ADVANCES	**3,263,081**	**4,101,802**	**25.7**
i. Public sector	325,659	679,922	108.8
ii. Private sector	2,937,422	3,421,880	16.5
iii. Residents	2,937,422	3,421,860	16.5
iv. Non-residents	0	20	
INVESTMENTS	**3,231,096**	**3,998,189**	**23.7**
i. Gambia Government Treasury Bills	2,949,501	3,683,928	24.9
ii. Others	139,946	152,338	8.9
iii Foreign Investments	141,649	161,923	14.3
FIXED ASSETS	**840,119**	**1,140,843**	**35.8**
ACCEPTANCES, ENDORSEMENTS & GUARANTEES	**1,435,846**	**1,764,152**	**22.9**
OTHER ASSETS	**1,425,516**	**985,368**	**-30.9**
GOVERNMENT SECURITIES	0	**0**	
TOTAL ASSETS	**12,468,248**	**14,805,597**	**18.7**

The banking industry's capital and reserves rose to D1.6 billion in 2009 compared to D1.4 billion in 2008, representing an increase of 9.5 percent.

Total deposit liabilities rose to D9.7 billion, or 21.7 percent. Demand, savings and time deposits increased by 9.5 percent, 19.8 percent and 45.1 percent respectively. Borrowings and balances due to other banks rose markedly by 43.4 percent and 70.4 percent whilst other liabilities declined by 12.4 percent.

Table 11: Commercial Banks' Liabilities

COMMERCIAL BANKS - LIABILITIES (IN D'000)	2008	2009	Annual Percent Change
CAPITAL AND RESERVES	**1,447,987**	**1,586,091**	**9.5**
DEMAND DEPOSITS	**3,286,694**	**3,594,958**	**9.4**
i Residents	2,653,527	2,737,107	3.1
ii Non residents	39,522	443,923	1023.2
iii Government entities	593,645	413,928	-30.3
SAVINGS DEPOSITS	**2,737,865**	**3,281,017**	**19.8**
i Residents	2,638,835	3,181,314	20.6
ii Non residents	74,999	90,660	20.9
iii Government entities	24,031	9,043	-62.4
TIME DEPOSITS	**1,938,898**	**2,814,213**	**45.1**
i Residents	1,386,198	2,058,211	48.5
ii Non residents	18,135	63,809	251.9
iii Government entities	534,565	692,193	29.5
TOTAL DEPOSITS	**7,963,457**	**9,690,188**	**21.7**
BALANCES HELD FOR	**137,004**	**233,509**	**70.4**
i Head office & branches	86,739	189,703	118.7
ii Other banks abroad	50,265	8,784	-82.5
iii Central bank of the Gambia	0	0	
iv Banks locally	0	35,022	
BORROWINGS FROM	**414,609**	**594,717**	**43.4**
i Central bank of the Gambia	0	20,000	
ii Other banks locally	12,000	10,000	-16.7
iii Head office & branches	201,060	451,894	124.8
iv Other banks abroad	201,549	112,823	-44.0
v Other sources	0	0	
ACCEPTANCE ENDORSEMENT & GUARANTEES	**1,435,846**	**1,764,152**	**22.9**
OTHER LIABILITIES	**1,069,345**	**936,940**	**-12.4**
TOTAL LIABILITIES	**12,468,248**	**14,805,597**	**18.7**

5.2 Consolidated Income Statement of the Banking Industry

The consolidated income statement of commercial banks shows substantial decline in the profit before tax in 2009. Profit before tax declined to D223.3 million, or 39.8 percent compared to an increase of 40.6 percent in 2008. The increase in net interest income was offset by the significantly higher non-interest expenses. Net income after taxes declined to D78.2 million, or 65.8 percent.

(i) Revenue

Commercial banks derive their revenue from both interest and non-interest sources. Net interest income is the difference between the income earned and interest paid to depositors, and non-interest income comprises mainly revenue from commission on turnover, purchase and sale of foreign currency and bank charges.

Interest income increased to D1.6 billion, or 57.6 percent from 2008. Interest income from securities, which accounted for 29.5 percent of total interest income, rose by 33.6 percent to D473.1 million. Similarly, interest on loans and advances, accounting for the lion`s share of total interest income (65.1 percent), rose markedly by 83.8 percent to D1.0 billion.

Net interest income after provisioning for loans and credit losses rose to D728.7 million, or 31.2 percent. Non-interest income rose to D917.1 million compared to D716.26 million in 2008 mainly on account of the increase in fees and other charges on forex transactions.

(ii) Expenditure

Interest expenditure rose markedly to D724.3 million, or 72.1 percent mainly on account of the increase in interest paid on deposits. Total non-interest expenditure rose by 57.9 percent to D1.4 billion reflecting in the main the marked increase in other unclassified expenses.

5.3 Distribution of Loans and Advances to Major Economic Sectors

Commercial banks` credit to major economic sectors increased to D4.5 billion, or 27.1 percent over the previous year.

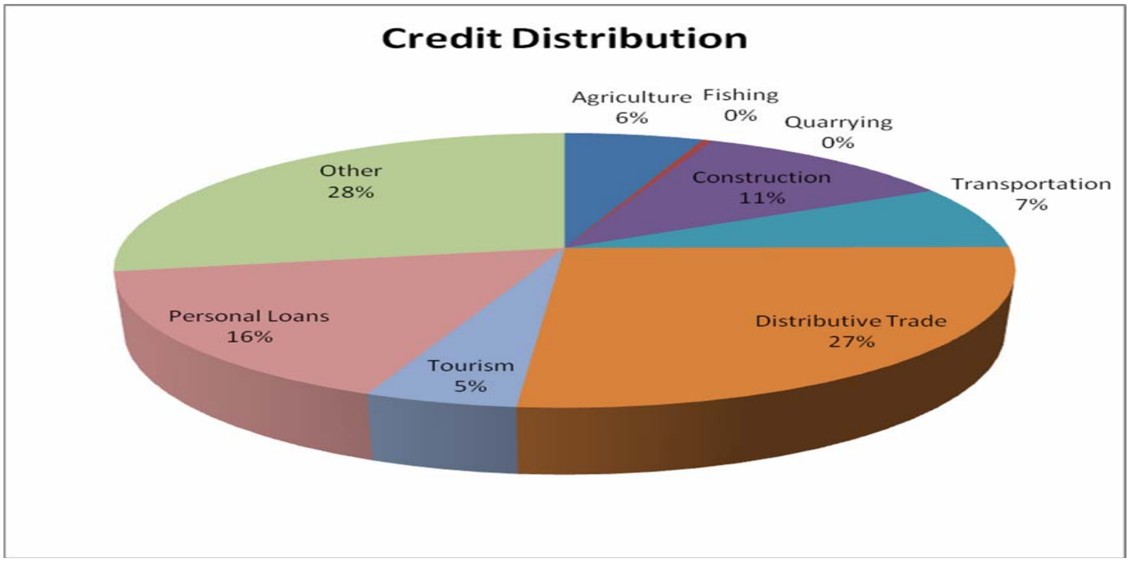
Credit to the agriculture sector increased to D262.4 million or 34.2 percent and accounted for 5.8 percent of total credit. Lending to fishing and tourism sectors rose to D16.9 million and D210.9 million, or 6.3 percent and 4.9 percent respectively.

Credit to distributive trade increased to D1.2 billion, or 24.3 percent from a year earlier. However, the share of total loans extended to the sector decline slightly to 26.6 percent in 2009 from 27.2 percent in 2008. Loans to building and construction rose to D502.4 million, or 15.3 percent and accounted for 11.2 percent of total loans, lower than the 12.3 percent in 2008. Other unclassified loans amounted to D1.2 billion (27.7 percent of total loans and advances), or an increase of 46.6 percent from 2008.

Table 12: Sectoral Distribution of Loans

Sectors	2008	2009	%Δ
Agriculture	195.48	262.41	34.2
Fishing	15.87	16.87	6.3
Quarrying	0.00	0.00	
Construction	435.73	502.37	15.3
Transportation	267.82	336.55	25.7
Distributive Trade	960.76	1,194.28	24.3
Tourism	201.01	210.93	4.9
Personal Loans	609.07	725.32	19.1
Other	850.51	1,246.49	46.6
Total	**3536.25**	**4495.22**	**27.1**

Figure 21:



5.4 Interest Rates

The yield on the one year Treasury bills was 13.65 percent at end-December, 2009 compared to 13.49 percent in the corresponding period in 2008. The rediscount rate, the policy rate, was raised to 16.0 percent in December 2008 from 15.0 percent in June 2008. However, in December 2009, the rate was reduced by 200 basis points to 14.0 percent.

The spread between deposit and lending rates of commercial banks continued to be high. The minimum and maximum lending rates of banks to major economic sectors stood at 18.0 percent and 27.0 percent respectively. Deposit rates ranged between 5.5 percent for short-term deposits and 15.5 percent for time deposits with a maturity of 12 months or more.

5.5 Liquidity Position of Commercial Banks

Total liquid assets of commercial banks rose to D4.4 billion, or 80.2 percent attributed to the marked increase in reserves and Treasury bill holdings to D2.6 billion and D1.7 billion, or 116 percent and 38.2 percent respectively.

Required liquid assets of commercial banks, based on a statutory requirement of 30.0 percent of total deposit liabilities, rose to D2.8 billion, or 16.6 percent. Excess cash reserves increased from 16 percent of required reserves in 2008 to 105 percent in 2009.

Table 13: Total Liquid Assets

	2008	2009	%Δ
Total Liquid Assets	**2,400.81**	**4,326.74**	**80.2**
Reserves	1,183.86	2,645.69	123.5
Deposits at CBG	842.95	944.43	12.0
Cash Holdings	227.25	248.52	9.4
Foreign Cash Holdings	431.11	486.94	13.0
Foreign Bank Balances	-317.45	965.80	-404.2
Treasury / CBG Bills	1,214.45	1,678.55	38.2
Govt. Dev. Stock (182 Days) 1/	0.00	0.00	
Other Liquid Assets	2.50	2.50	0.0
Required Liquid Assets 2/	2,428.24	2,832.50	16.6
Excess Liquidity 3/	-27.43	1,494.24	-5547.5
in % of requirement	-1%	53%	
Required Cash Reserves 4/	1,022.80	1,287.60	25.9
Excess Cash Reserves 5/	161.06	1,358.09	743.2
in % of requirement	16%	105%	

6.0 BALANCE OF PAYMENTS DEVELOPMENTS

Introduction

Revised Balance of Payments (BOP) estimates indicate a decline in the overall balance from a surplus of US$23.35 million in 2008 to a deficit of US$6.79 million in 2009. The current account balance improved to a surplus of US$63.29 million relative to US$12.35 million in 2008, but the deficit in the capital and financial account widened.

Summary of 2008 and 2009 revised BOP (in 'Millions of USD)

	2008					2009					
	Q1	Q2	Q3	Q4	**08 .Est.**	**09Preli estimates**	Q1	Q2	Q3	Q4	**09revised est.**
CAB	17.08	2.85	-1.52	-6.07	**12.35**	**57.28**	-4.11	17.14	28.94	21.32	**63.29**
Goods	-20.85	-13.12	-12.74	-21.54	**-68.25**	**-84.89**	-26.13	-15..25	-21.00	-23.60	**-85.98**
Services	26.85	2.75	-3.08	6.84	**33.37**	**28.62**	14.03	1.41	-2.18	8.39	**21.65**
Income	-11.54	-8.54	-7.83	-6.39	**-34.26**	**-8.04**	-2.86	-2.20	-1.33	-1.74	**-8.13**
Transfers	22.62	21.72	22.13	15.02	**81.49**	**121.59**	10.85	33.17	53.46	38.27	**135.75**
KAF	-0.61	-4.25	-32.43	48.30	**11.00**	**-52.15**	-28.71	0.17	-48.18	4.64	**-70.08**
Overall	16.47	-1.40	-33.95	42.23	**23.35**	**5.12**	-32.82	17.31	-17.23	25.96	**-6.79**

6.1 Current Account

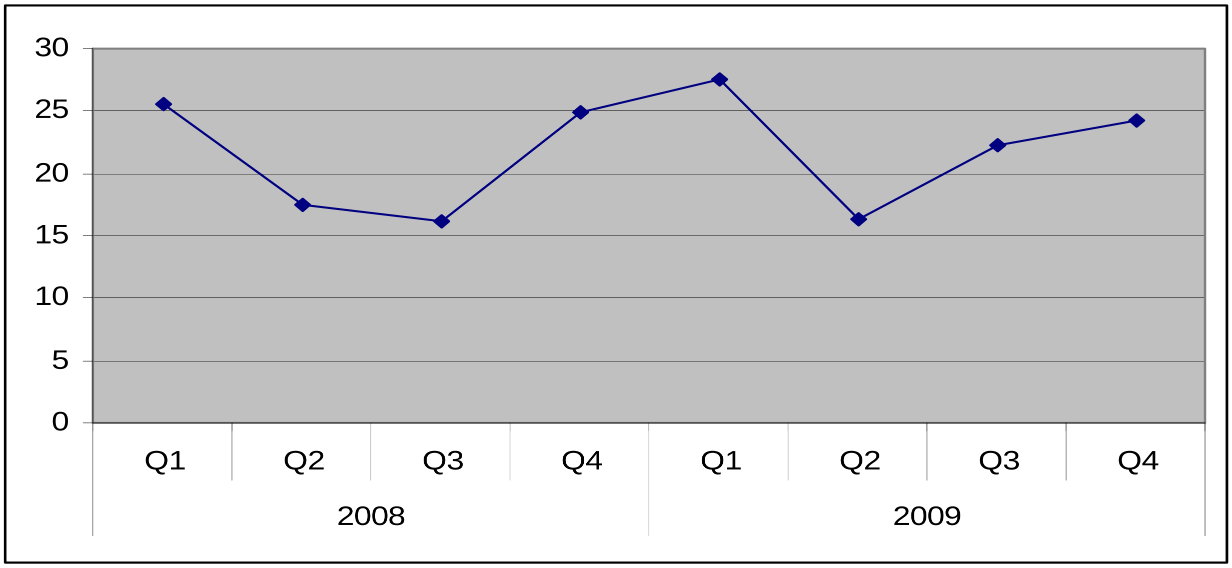
(i) Merchandise Trade (FOB)

The goods account worsened from a deficit of US$68.25 million in 2008 to US$85.98 million in 2009. Both exports and imports declined by 8.5 percent and 3.7 percent to US$170.91 million and US$261.10 million respectively. Goods procured in ports declined from US$16.0 million in 2008 to US$4.16 million in 2009.

Summary of International Trade in (Millions USD)

	2008					**2009**				
	Q1	**Q2**	**Q3**	**Q4**	**Total**	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
Total imports	-77.53	-67.58	-58.80	-67.14	**-271.05**	-61.84	-66.13	-69.14	-63.96	**-261.06**
Domestic Exports	20.25	22.46	18.63	14.77	**76.11**	9.14	22.84	18.70	13.62	**64.30**
Re-exports	31.66	27.60	24.02	27.42	**110.07**	25.26	27.01	28.24	26.12	**106.62**
Total Exports	51.92	50.05	42.65	42.19	**186.80**	34.39	49.85	46.94	39.74	**170.91**
Total Trade	129.45	117.63	101.45	109.33	**457.86**	96.23	115.98	116.07	103.71	**431.97**
Trade balance	-25.61	-17.53	-16.15	-24.95	**-84.24**	-27.45	-16.28	-22.20	-24.22	**-90.15**

Figure: 1 Quarterly Trade balance from 2008-2009 (in Millions of USD)



Data from the Gambia Bureau of Statistics showed that the trade balance declined to US$431.97 million relative to US$457.86 million in 2008 reflecting the impact of the global economic crisis which dampened domestic demand.

Total exports amounted to US$170.91 million. Domestic exports totaled US$64.30 million, and re-exports (US$106.62 million). Overall, exports declined by 8.5 percent from 2008. The trade deficit widened to US$85.9 million from US68.25 million in 2008.

(ii) Direction of Imports (CIF VALUE)

Imports from the Ecowas region amounted to US$52.43 million, an increase of 42.6 percent over 2008 and accounted for 20 percent of total imports. Imports from Asia amounted to US$90.0 million (35 percent of the total imports), or an increase of 60.2 percent. Imports from the rest of Africa recorded zero growth in 2008. However, in 2009 this category of imports totaled US$10.41 million (4.0 percent of total imports) whilst imports from the Gulf States was US$8.5 million, or 3.3 percent of total imports. Imports from European Union countries amounted to US$95.94 million (37 percent of total imports).

Table 15: IMPORTS OF PETROLEUM, OILS AND GASES 2009 (CIF VALUE) in 000s of USD

	Q1	Q2	Q3	Q4	TOTAL
PETROL	2,302.06	2,883.76	4168.77	3834.47	13,189.06
GAS OIL	5,988.68	6369.42	9295.76	8107.73	29,761.59
KEROSENE	771.37	140.44	146.43	179.13	1,237.37
LIGHT FUEL	52.50	0	0	0	52.50
HEAVY FUEL	139	156.53	143.53	181.85	620.91
LUBRICATING OIL	467.71	667.67	371.56	362.14	1,869.08
OTHER PRODUCTS	168.36	110.65	0.55	13.35	292.91
TOTAL	9,889.68	10,328.49	14,126.60	12,678.69	47,023.42

The total import bill for petroleum, oil and gas amounted to US$47.02 million (18 percent of total imports). Spending on petrol totaled US$13.18 million, diesel (US$ 29.80 million), kerosene (US$1.23 million), heavy fuel (US$0.62 million) and other products (US$0.29 million).

Imported rice accounted for the biggest share of the food import bill. It amounted to US$32.76 million, an increase of 51.2 percent from the previous year. The second largest imported commodity was vegetable cooking oil with a total bill of US$21.40 million (7.1 percent of total import bill) relative to US$13.88 million in 2008. Imported sugar was valued at US$12.23 million reflecting primarily the increase in the international prices. The volume of sugar imports was almost flat in 2009 compared to 2008.

(iii) Direction of Exports (FOB VALUE)

The total value of exports amounted to US$170.91 million. Re-exports totaled US$106.62 million, or 62.25 of total exports. Domestic exports amounted to US$64.30 million of which exports to the Ecowas Region amounted to US$42.39 million (67 percent of total domestic exports) relative to US$6.96 million, (11.0 percent of total exports) in 2008. Exports to the European Union countries accounted for 15.28 percent of total domestic exports, whilst exports to other African countries, the Gulf States and Asia represented 1.23 percent, 0.02 percent and 12.34 percent of total exports respectively. The rest of the world accounted for 4.21 percent of total domestic exports.

(iv) Services account balance

The services account balance declined from a surplus of US$33.40 million in 2008 to US$21.65 million in 2009. The decrease is partly explained by the decline in travel income from US$73.50 million in 2008 to US$53.69 million in 2009. Correspondingly, income from tourism fell from US$77.68 million in 2008 to US$59.72 million in 2009. It is worth noting that the decline in travel income which occurred during the second and third quarters of 2009, recovered somewhat in the fourth quarter and is expected to improve further in 2010. According to the United Nations World Tourism Organisation (UNWTO) Panel of Experts, global tourism is expected to expand reflecting improvement in global economic conditions. Expenditure on postal and courier services increased slightly from US$0.65 million in 2008 to US$0.78 million in 2009.

Table 17: Income from tourism

	2008	2009
Number of air chartered visitors	146,759	125,511
Average out of pocket expenditure (Dalasi)	500	500
Average length of stay (days)	13	13
Hotel rate per night (GBP)	12	12
Departure Fees (Dalasi)	170	170
Tourists Arrival Tax (GBP)	5	5
Average Exchange Rate (D/GBP)	41.40	41.4
Income from Hotel beds (Dalasi)	940,731,060.00	810,600,242.00
Total out of pocket expenditure (Dalasi)	953,933,500.00	815,821,500.00
Income from Arrival fees (Dalasi)	30,151,637.00	25,980,777.00
Income from Departure fees (Dalasi)	24,949,030	21,336,870.00
Total Income from Air-Chartered Tourists (Dalasi)	1,949,765,227.00	1,673,739,389.00

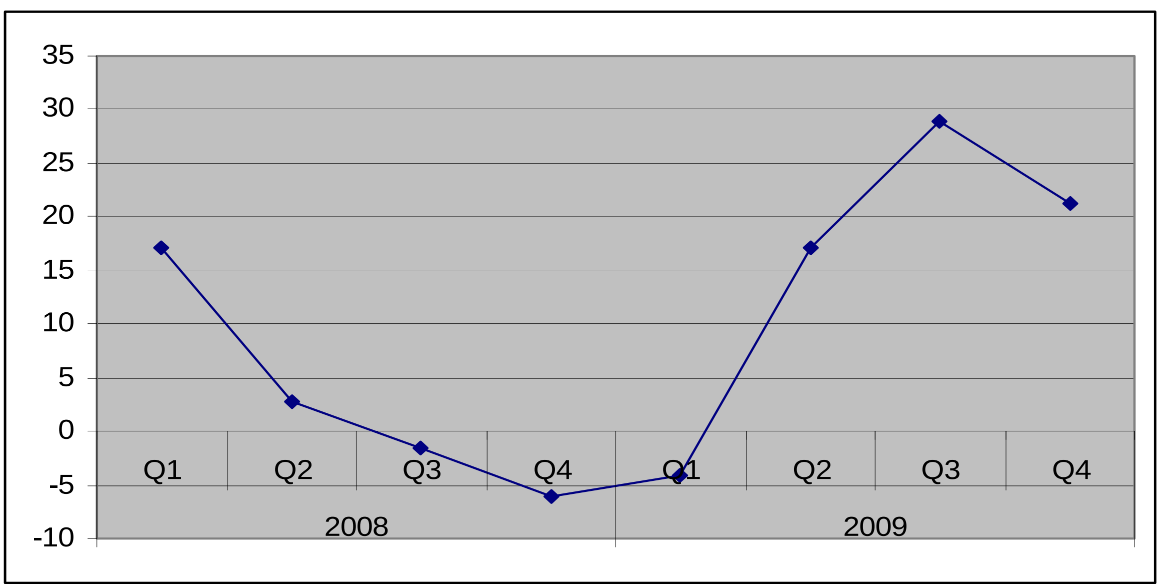
(v) Income

The deficit in the income account narrowed to US$8.13 million relative to US$34.26 million in 2008 mainly due to reduced interest payments on the external debt. Compensation of employees declined to US$6.03 million, lower than the US$7.82 million in 2008.

(vi) Current transfers

In an effort to improve remittances data, remittances figures were revised for all the quarters using more up-to-date data thanks to better coverage. As a result, current transfers improved from US$81.49 million in 2008 to US$135.75 million in 2009.

Figure 2: Quarterly Current Account Balance (2008-2009) in US$ millions



(vii) The capital and financial account balance deteriorated from a surplus of US$11.00 million in 2008 to a deficit of US$70.08 million in 2009 due to the marked decrease in direct investment.

(viii) Direct investment decreased from US$70.12 million in 2008 to US$39.62 million in 2009. Both equity capital and reinvested earnings declined by 28.92 percent and 49.91 percent respectively.

(ix) The deficit of other investments, comprising trade credits, loans and currency and deposits narrowed from US$68.15 million in 2008 to US$39.35 million in 2009, attributed to the increase in other investment assets from US$0.18 million in 2008 to US$20.22 million in 2009, which more than offset the increase in liabilities.

(x) Drawings on new loans increased from US$15.14 million in 2008 to US$30.06 million in 2009 whilst repayments decreased to US$10.27 million relative to US$14.51 million in 2008.

(xi) Reserve assets increased from negative US$8.0 million in 2008 to US$70.3 million in 2009, partly reflecting the SDR allocations.

Figure 3: Quarterly Capital and Financial Account Balance (2008-2009) in US$mlns

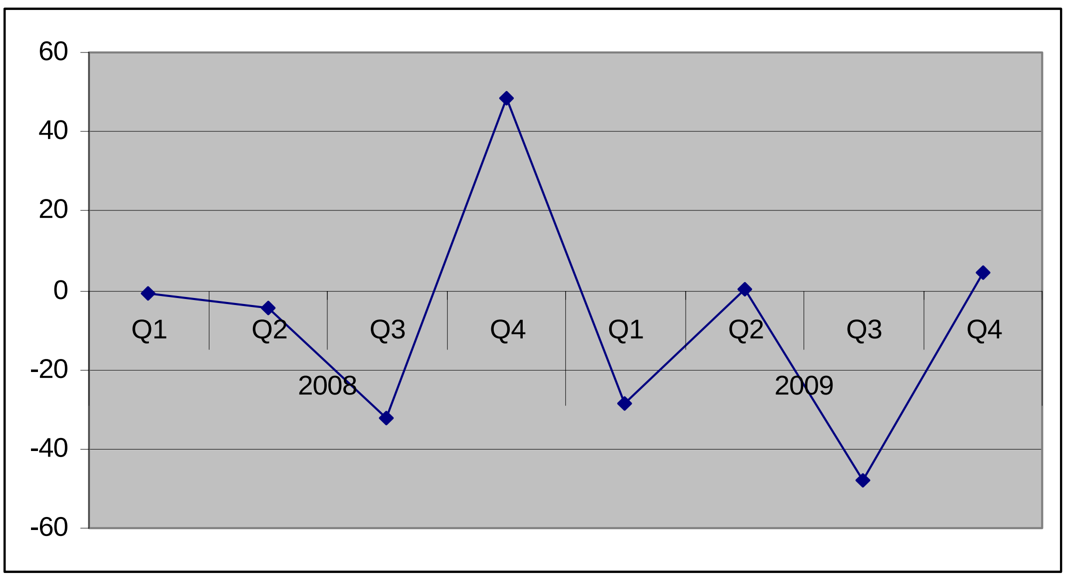
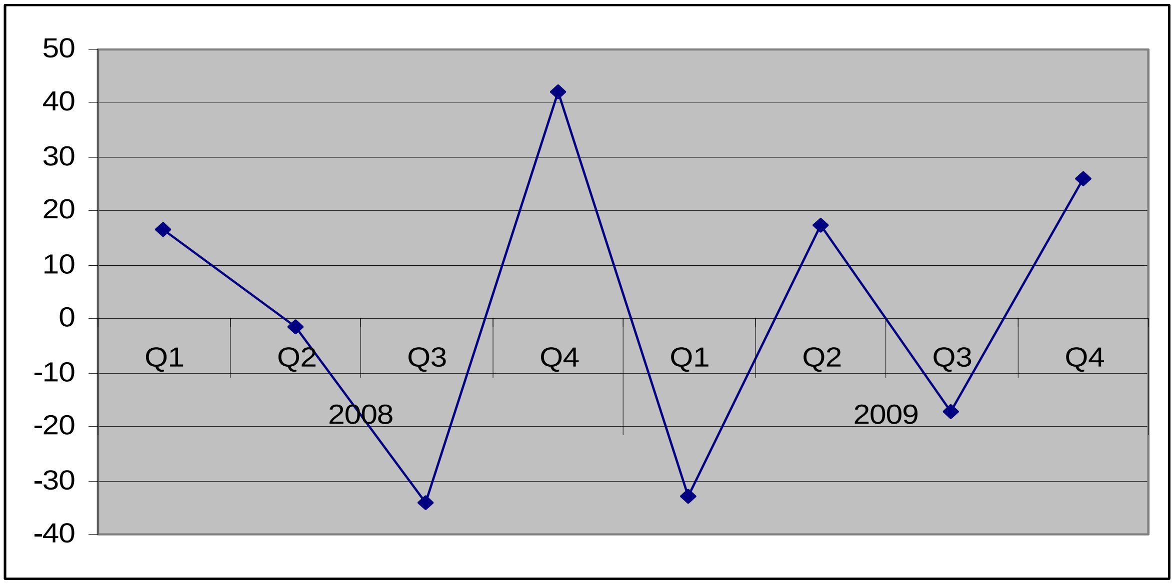


Figure 4: Overall Balance in US$mlns



7.0 GOVERNMENT FISCAL OPERATIONS

Prudent fiscal policy supports monetary policy and helps to reduce public debt. In 2009, the fiscal deficit (including grants) amounted to D738.99 million (3.4 percent of GDP) from D587.90 million (3.3 percent of GDP) in 2008. Excluding grants, the fiscal deficit was D1.73 billion (7.9 per cent of GDP) from D832.34 million (4.6 per cent of GDP) in 2008.

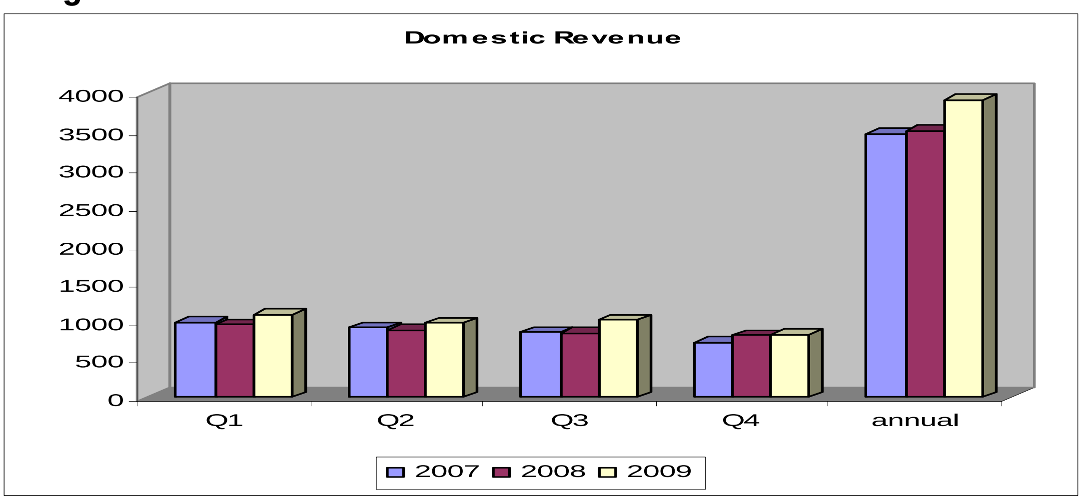
The primary balance surplus narrowed to D314.49 million (1.4 per cent of GDP) in 2009 from D386.21 million (2.2 percent of GDP) in 2008.

The primary or non-interest balance measures the effects of current discretionary fiscal policy by excluding interest payments from the conventional fiscal balance. The primary balance shows how the current fiscal actions of the Government affect its net debt and is therefore very useful in assessing the sustainability of fiscal deficit. A continues deterioration of the primary balance could signal potential risks and implies maturing loans and interest payments may have to be retired with additional loans.

7.1 Total revenue and Grants

Revenue and grants increased to D4.89 billion (22.2 percent of GDP) compared to D3.74 billion (20.9 percent of GDP), and exceeded the budget estimate by 6.8 percent.

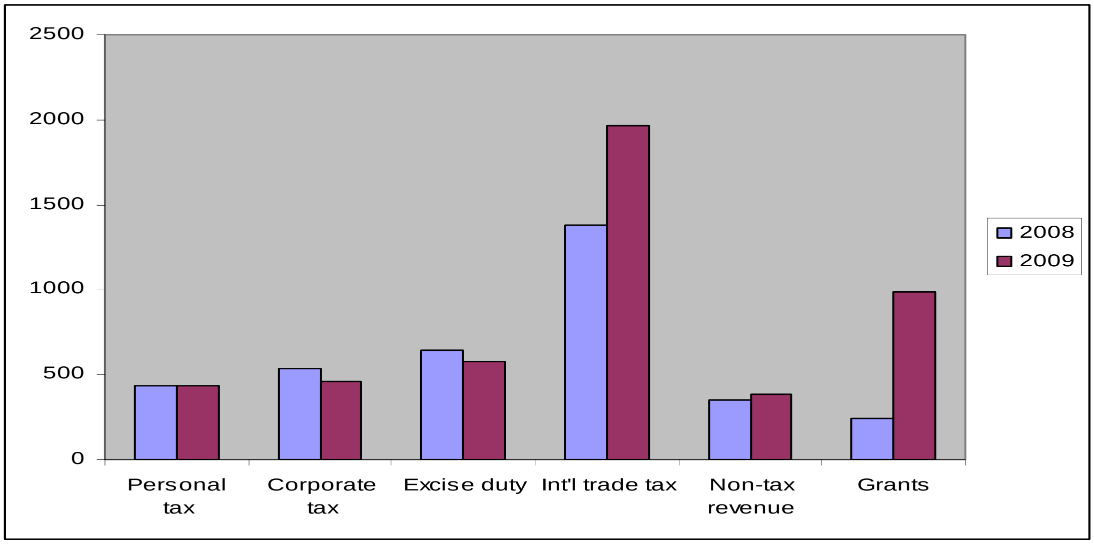
Figure 23: Domestic Revenue



(i) Domestic Revenue

Domestic revenue amounted to D3.9 billion (17.7 percent of GDP) compared to D3.5 billion (19.6 percent of GDP) in 2008. Tax revenue, which amounted to D3.52 billion (16.0 percent of GDP), rose by 11.8 percent.

Figure 24: Composition of Government Receipts



Direct taxes decreased by 13.4 percent to D973.95 million (4.4 percent of GDP) reflecting the 14.8 percent decline in corporate taxes. Indirect tax revenue, on the other hand, rose significantly by 25.8 percent to D2.54 billion (11.6 percent of GDP) due entirely to the 42.5 percent increase in revenue from taxes on international trade. Revenue from international trade taxes increased to D1.97 billion, or D586.25 million from 2008.

Duties and sales tax on imports of oil and non-oil products amounted to D1.15 billion and D817.72 million compared to D707.83 million and D671.92 million respectively in 2008 whilst domestic taxes on goods and services contracted by 10.0 percent to D577.51 million.

(ii) Non-tax Revenue

Non-tax revenue increased to D387.4 million (1.8 percent of GDP), or 9.4 percent from the preceding year.

(iii) Grants

Grants totaled D988.1 million (4.5 percent of GDP) compared to D244.4 million (1.4 percent of GDP) in 2008. Program grants amounted to D310.7 million and project-related grants totaled D677.4 million.

Table 18: Total Revenue and Grants

RECEIPTS (In Millions of Dalasis)	2008 outturn	2009 outturn	2009 Estimate	2009 Above(+)Below(-) Target	2009 % of Target	% ∆ y-o-y	2010 Proj.
Total Revenue & Grants	**3744.46**	**4892.95**	**4582**	**310.95**	**106.8**	**30.7**	**5474**
Percent of GDP	*20.9*	*22.2*					
Domestic Revenue	**3500.02**	**3904.89**				**11.6**	
Percent of GDP	*19.6*	*17.7*					
Tax Revenue	**3145.94**	**3517.47**	**3390**	**478.47**	**103.8**	**11.8**	**3991**
Percent of GDP	**17.6**	**16**					
Direct Tax	**1124.87**	**973.95**				**-13.4**	
Personal	434.57	432.21				**-0.5**	
Corporate	537.55	458.09				**-14.8**	
Capital Gains	113.75	27.09				**-76.2**	
Payroll	22.58	38.19				**69.1**	
Other	16.42	18.38				**11.9**	
Indirect Tax	**2021.08**	**2543.51**				**25.8**	
Domestic Tax on gds & services	641.33	577.51				**-10.0**	
Tax on Int'l. Trade	**1379.75**	**1966**				**42.5**	
Duty	707.83	1148.28				**62.2**	
Sales tax on imports	671.92	817.72				**21.7**	
Non-tax Revenue	**354.07**	**387.42**				**9.4**	
Percent of GDP	*2*	*1.8*					
Grants	**244.44**	**988.06**	**811**	**177.06**	**121.8**	**304.2**	**1061**
Percent of GDP	**1.4**	**4.5**					
Program		310.74					
Projects		709.89					

7.2 Expenditure and Net Lending

Total expenditure and net lending amounted to D5.63 billion (25.6 percent of GDP) from D4.33 billion (24.2 percent of GDP) in the previous year, reflecting the increase in both capital and recurrent expenditures.

(i) Current expenditure

Current expenditure increased to D3.63 billion (16.5 percent of GDP), or 13.7 percent from a year earlier, mainly due to increased spending on personal emoluments (21.2 percent), other charges (13.5 per cent) and interest payments (3.9 per cent).

Table 19: Total Expenditure and Net Lending

PAYMENTS (In Millions of Dalasis)	2008 outturn	2009 outturn	2009 Est.	2009 Above(+) Below(-) Target	2009 % of Target	% Δ y-o-y	2010 Proj.
Expenditure & Net Lending	**4,332.36**	**5,631.94**	**5027**	**604.94**	**112.0**	**30.0**	**5772**
Percent of GDP	***24.2***	***25.6***					
Current Expenditure	**3187.55**	**3625.12**				**13.7**	
Percent of GDP	***17.8***	***16.5***					
Personnel Emoluments	983.48	1191.76				**21.2**	
o/w: wages & salaries	*986.99*	*1186.91*				**20.3**	
Other Charges	1490.73	1691.94				**13.5**	
Interest Payments	713.33	741.42				**3.9**	**762**
External	153.52	153.15				**-0.2**	
Domestic	559.81	588.27	**845**	**-256.73**	**69.6**	**5.1**	
Capital Expenditure	**1027.04**	**1889.13**				**83.9**	
Percent of GDP	***5.70***	***8.60***					
Externally Financed	505.22	1300.12				**157.3**	
Loans	339.57	628.24				**85.0**	
Grants	165.64	671.87				**305.6**	
GLF Capital	521.82	589.02				**12.9**	
Net Lending	**117.77**	**117.69**				**-0.1**	

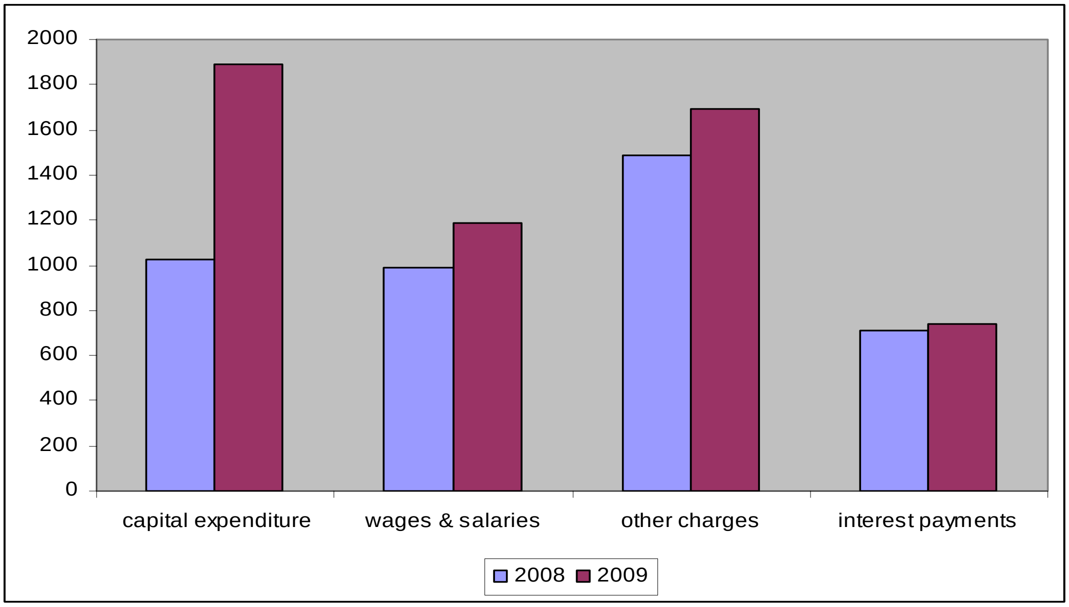
Interest payments totaled D741.42 million (3.4 percent of GDP) compared to D713.33 million (4.0 percent of GDP) in 2008. Domestic interest payments amounted to D588.27 million (2.7 percent of GDP) compared to D559.81 million (D3.1 per cent of GDP) a year earlier.

(ii) Capital Expenditure

Capital accumulation is essential for long-term growth and poverty reduction. Capital expenditure rose sharply to D1.89 billion (8.6 percent of GDP), or 83.9 percent from the preceding year. Capital expenditure was financed by external loans (33.3 per cent), foreign grants (35.6 per cent) and Gambia Local Funds (31.2 per cent).

The proportion of development expenditure to total expenditure rose from 24.4 percent in 2008 to 34.3 percent in 2009.

Figure 25: Composition of Government expenditure



(iii) Net Lending

Net lending amounted to D117.69 million compared to D117.77 million in 2008. Lending totalled D165.69 million and repayments (D48.0 million).

Figure 26: Budget Balance

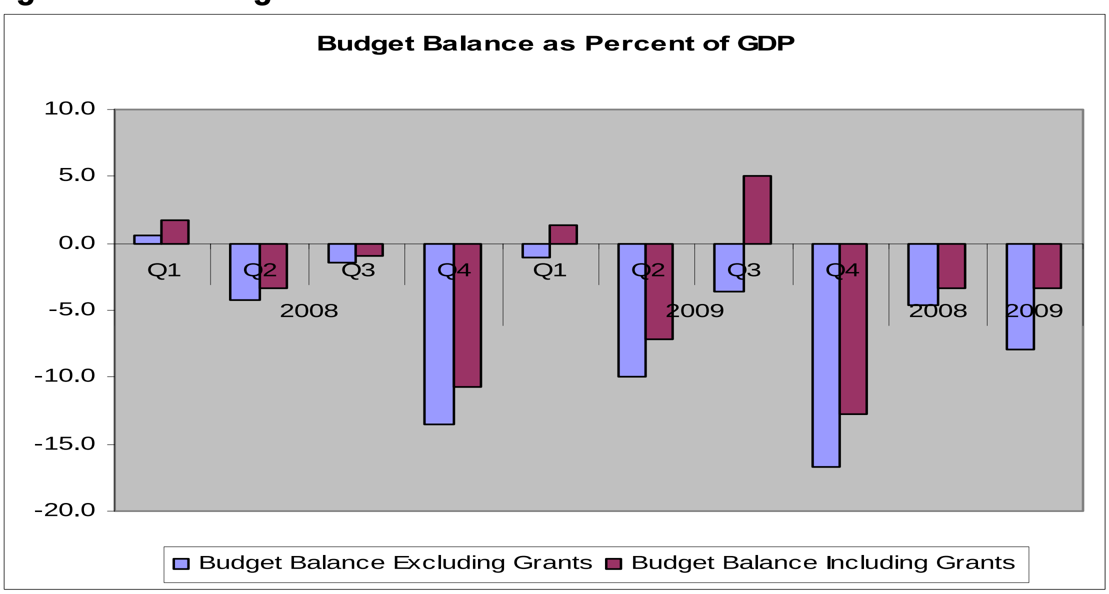


Table 20: The budget balance and financing sources

	2008	2009	2009	2010
(In Millions of Dalasis)	Outturn	Outturn	estimate	Projection
Revenue & Grants	3744.46	4892.95	4582.0	5474
Expenditure & Net Lending	4332.36	5631.94	5027.0	5772
Overall Balance(commitment incl.Grants)	-587.9	-739.0	-363.0	-298.7
Percent of GDP	(3.3)	(3.4)		
Overall Balance(cash incl.Grants)	260.69	-282.94		
Percent of GDP	1.46	(1.29)		
Financing	-260.69	282.94		
Domestic (Net)	-271.96	241.19	242	120
Percent of GDP	(1.52)	1.1		
Foreign (Net)	11.27	41.75	121.0	354.7
Percent of GDP	0.06	0.19		

7.3 Financing

The budget deficit (cash basis) including grants totalled D282.94 million in 2009 compared to D260.69 million in 2008. The deficit was financed by both domestic and external borrowing of D241.19 million and D41.75 million respectively.

7.4 Budgetary Outlook for 2010

The 2010 Government budget aims to reduce the Gambia's heavy debt burden in order to ensure debt sustainability and to create fiscal space to increase investment in infrastructure, health and education.

Total revenue and grants is projected at D5.47 billion (25.49 percent of GDP) higher than the D4.58 billion in 2009 (22.8 percent of GDP). Tax revenue is projected at D3.99 billion (18.6 percent of GDP) compared to D3.39 billion (15.4 percent of GDP) in 2009.

Grants are projected at D1.06 billion (4.94 percent of GDP) compared to D811 million (3.7 percent of GDP) in 2009 on account of expected project disbursements, additional HIPC and EU budget support.

Total expenditure and net lending is projected to reach D5.77 billion (26.89 percent of GDP), higher than the 2009 estimate of D5.36 billion. Other current expenditures, including those that are externally financed, are projected to increase to D4.95 billion, or 10.9 percent. Personnel emoluments and interest payments are projected at D464 million and D762 million respectively.

Consequently, the overall budget deficit is projected at D298.7 million (1.39 percent of GDP) to be financed by net external borrowing of D354.7 million (1.65 percent of GDP), net domestic borrowing of D120 million (0.56 percent of GDP) and capital proceeds of D64.0 million (0.3 percent of GDP).

8.0 REGULATION AND SUPERVISION OF BANKS: POLICIES AND PROCEDURES

The Central Bank of The Gambia (CBG) Act 2005 mandates the Bank to promote and maintain a sound financial system. More specifically, the Act mandates the Bank to license, regulate and supervise financial institutions in the country. This mandate is amplified in the Banking Act 2009. Since this new law came into force, replacing the Financial Institutions Act 2003, the regulatory regime has been transformed from a single law governing the regulation of all financial institutions, into separate Acts governing the different categories of financial institutions. The Banking Act 2009 and the Insurance Act 2003 govern the operation of banks and Insurance companies respectively. The CBG has also drafted a Non-Bank Financial Institutions Bill. If the Bill is enacted it would govern the operations of microfinance institutions.

The CBG requires all supervised financial institutions to submit statutory returns at regular intervals in addition to observing statutory requirements such as capital adequacy, reserve requirements, liquidity ratios, classification and provisioning of non-performing loans and insider lending. Institutions that fail to observe these requirements are penalized.

Bank Supervision was carried out by 17 Examiners through a combination of on-site supervision and off-site examination.

The number of full scale on-site examinations conducted in 2009 was 5 in addition to several prudential visits.

In line with the provisions of the Money Laundering Act 2003, the Central Bank has established a Financial Intelligence Unit in the Financial Supervision Department. The Unit is responsible for receiving, analysing and disseminating suspicious transaction reports.

8.1 Licensing of Banks

The licensing of Banks by the CBG follows international best practices. To obtain a licence, promoters must satisfy a number of requirements including meeting the minimum capital requirement, ensuring that the shareholders and proposed management team are “fit and proper persons”. In 2009, no new application to open a bank was received.

8.2 Minimum Capital Requirements

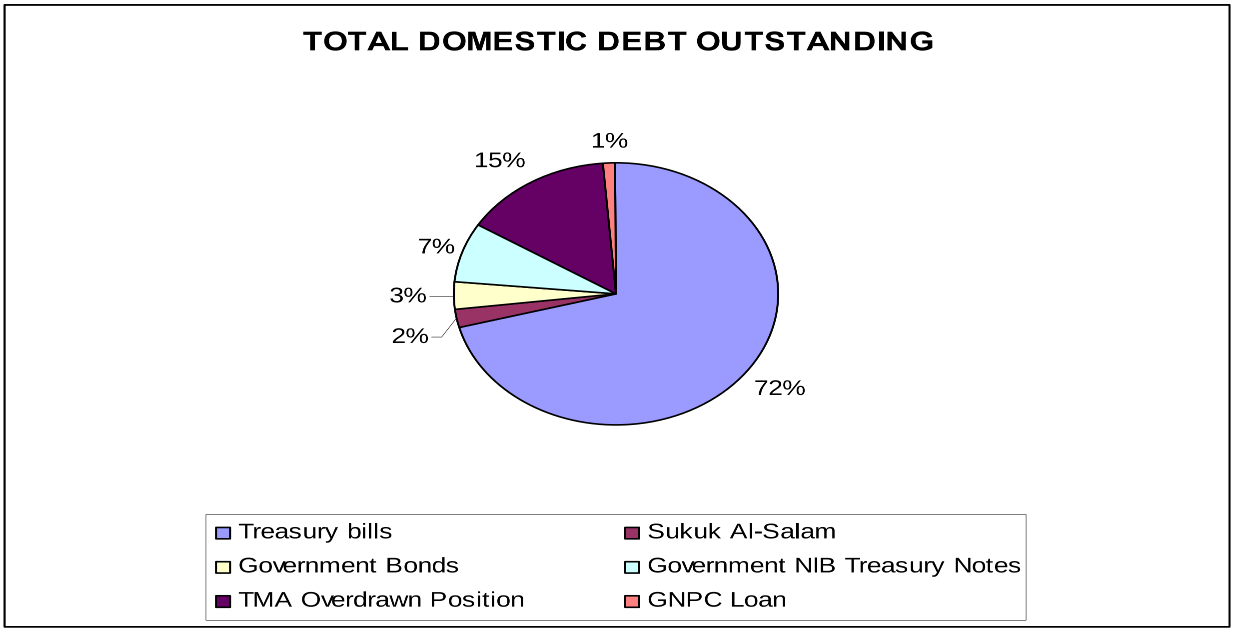
As at end-December, 2009, all the banks met the minimum capital requirement of D60 million. However, following the increase of the minimum capital requirement, all must meet the new minimum capital requirement of D150 million by end-December 2010 and D200 million by 2012.

9.0 PUBLIC DEBT

Domestic debt (face value) totalled D7.32 billion at end-December 2009 compared to D6.35 billion in December 2008. The debt comprised marketable, non-marketable interest bearing and non-marketable interest free debt.

The outstanding stock of marketable interest bearing debt (Treasury bills and Sukuk-al-Salam) increased to D5.60 billion, or 11.4 percent and accounted for 73.0 percent of the stock of domestic debt, non-marketable interest bearing e.g government bonds (3.41 per cent) and non-interest bearing debt (23.6 percent).

Figure 27:



Treasury bills outstanding and Sukuk-al-salam combined increased to D5.18 billion, or 72.0 percent. Treasury bills holdings by the banking system totaled D3.62 billion (face value), compared to D3.26 billion in 2008. Non-Bank (parastatals and private) holdings rose to D1.56 billion, or 90.2 percent. Of non-bank investments, parastatals' holdings decreased slightly to D0.75 billion, or 0.3 percent while private holdings increased to D0.81 billion, or 18.8 percent.

Commercial banks holding of Sukuk-al-Salam also increased to D154.0 million, or 117.7 per cent from 2008. Similarly, non-bank holdings rose to D6.2 million, or 12.7 percent.

The non-marketable interest bearing debt comprising Government Bonds held by the CBG remained unchanged at D250.00 million.

Non-marketable interest free debts including Government non-interest bearing notes (NIB) Treasury notes, Gambia National Petroleum Co-operation (GNPC) loan and Central Bank overdraft to the Government, increased to D1.73 billion, or 30.4 percent. Government NIB Treasury notes and GNPC debts decreased to D546.67 million and D84.68 million, or 37.3 percent and 17.40 per cent respectively. On the other hand, CBG overdraft to the Government rose to D1.10 billion, from D349.73 million in 2008.

9.1 External Debt

The Gambia's external debt increased to US$381.05 million, or 9.46 per cent from 2008. As a ratio of Gross Domestic Product (GDP), the external debt rose slightly to 49.8 per cent of GDP from 48.0 percent of GDP in 2008 attributed largely to increased borrowings to finance infrastructure development. Of the debt stock, 67.3 per cent was owed to multilateral institutions and the remaining (32.7 per cent) to bilateral creditors.

9.2 Debt Service Payment

Total debt service payments (comprising amortization and interest payments) rose to US$ 6.36 million (0.8 per cent of GDP) compared to US$5.10 million (0.7 percent of GDP) in the previous year. About US$4.98 million, or 78.2 per cent of debt service was on account of principal repayments and the remaining 21.8 per cent was interest payments. External debt service increased to 4.4 per cent of total revenue (excluding grants) from 3.9 percent in 2008. As a ratio of total exports, it declined significantly to 10.0 per cent of total exports from 45.5 per cent in the previous year due mainly to the marked increase in exports.

9.3 Domestic Debt

The public debt, comprising external and domestic debt, totaled D17.57 billion (US$653.38 million) in 2009, representing 85.4 per cent of GDP. Domestic debt at D7.32 billion, constituted 41.7 of the total public debt and the external debt (58.32 per cent).

10.0 DEVELOPMENTS IN THE INSURANCE INDUSTRY

The insurance industry in The Gambia is governed by the Insurance Act 2003 and Insurance Regulations 2005. Following the issuance of an operating licence to Takaful Gambia Ltd and Capital Express Assurance Company Ltd, a wholly life insurer, the number of insurance companies increased to eleven (11). In addition, there were twenty-seven branches, 3 brokers and 17 agents.

The insurance industry gross premium income increased to D183.3 million, or 8.4 percent from 2008. The industry assets also rose from D433.4 million in 2008 to D441.7 million in 2009. Liabilities of the industry totaled D154.2 million compared to D155.9 million in 2008.

In November 2009, the Gambia hosted the West African Insurance Companies Association (WAICA) Educational Conference on the theme "the role of GIABA in Implementing Effective Anti Money Laundering/Combating the Financing of Terrorism Measures in ECOWAS Member States: Anti Money Laundering guidance Notes for Insurance Supervisors and Insurance Entities". The workshop was attended by stakeholders from the West African sub region, including the Central Bank of The Gambia.

Also, in 2009, the CBG in collaboration with the Insurance Association of the Gambia (IAG) established a committee comprising the Gambia Transport Union, Chamber of Commerce, Insurance Association and other relevant Government Departments to review the Third Party Motor Insurance Act 1948, including the tariff.

11.0 MICROFINANCE DEVELOPMENTS

Microfinance has been identified by government as an important instrument to reduce poverty. Reflecting its importance, projects and programmes continued to be implemented to scale up microfinance institutions (MFIs).

The Rural Finance Project (RFP) funded by IFAD, a follow up to the Rural Finance and Community Initiative Project (RFCIP) and Social Development Fund (SDF) funded by the African Development Bank (AfDB), continue to provide support to the sector mainly in the area of capacity building and provision of wholesale loans for on-lending.

The CBG continued to issue policy guidelines in addition to drafting a Non-Bank Financial Institutions (NBFI) bill (2008). A salient part of the guidelines is the increase in minimum capital requirement of micro finance companies to D10 million to be observed by end-December 2009. Furthermore, the policy guidelines promote linkages between MFIs and commercial banks, complementing one another as part of the efforts by the CBG to develop and maintain a vibrant and all-inclusive financial system.

During the period under review, the sector comprised five licensed finance companies: Gambia Women Finance Association (GAWFA), National Association of Cooperative Credit Unions of The Gambia (NACCUG), GAMSAVINGS, BAYBA and Reliance Financial Services and 62 Village Savings and Credit Association (VISACAs).

Total assets of the sector was D242.2 million in 2009, lower than the 244.0 million in 2008. As at end-December 2009, VISACAs cumulative savings and loans was D11.3 million and D27.4 million compared to D11.2 million and D23.7 million respectively a year ago. Despite the laudable achievements, VISACAs continued to be marred by myriad of challenges including weak managerial capacity, low outreach, limited use of information technology and weak linkages to the formal sector.

PART II

12.0 DEVELOPMENTS IN THE INTERNATIONAL ECONOMY

The global economic downturn, the worst since the Great Depression of the 1930s, is gradually showing signs of recovery. While fiscal and monetary stimulus packages may have averted a complete collapse of the global financial system and limited the depth of the recession, conditions for a robust and sustainable world economic recovery are uncertain.

The global recession created an unprecedented level of unemployment in 2009. The industrialized economies were the worst affected with unemployment rate increasing from 5.7 percent in 2007 to 8.4 percent in 2009 and is expected to worsen to 8.9 percent in 2010 according to the International Labour Organisation (ILO). Accordingly, The ILO recommends that developed countries must tackle unemployment with the same urgency and decisiveness with which the financial sectors were rescued in order to boost consumer and household spending.

Due to low levels of capital utilization and well-anchored inflation expectations, inflationary pressures are forecast to remain subdued. According to the International Monetary Fund, headline inflation in advanced economies is expected to pick up from zero in 2009 to 1.3 percent in 2010 as the likely surge in energy prices is expected to be offset by slowing labour costs.

Table 22: The Global Economy – Real GDP Growth (Year-on-year)

	2007	2008	2009	2009*	2010	2011
World	5.2	3.0	-1.1	-0.8	3.9	4.3
Advanced Economies	2.7	0.6	-3.4	-3.2	2.1	2.4
US	2.1	0.4	-2.7	-2.5	2.7	2.4
Euro	2.7	0.7	-4.2	-3.9	1.0	1.6
Japan	2.3	-0.7	-5.4	-5.3	1.7	2.2
UK	2.6	0.7	-4.4	-4.8	1.3	2.7
Emerging and Developing Economies	8.3	6.0	1.7	2.1	6.0	6.3
China	13.0	9.0	8.5	8.7	10.0	9.7
Africa	6.3	5.2	1.7	1.9	4.3	5.3
Sub-Sahara	7.0	5.5	1.3	1.6	4.3	5.5

Source: IMF, WEO January 2010 Update 2009* Revised forecast

12.1 United States

According to the IMF revised projections, the US economy which contracted by 2.5 percent in 2009, is expected to expand by 2.7 percent in 2010. The pace of growth for the world's largest economy in the final quarter of 2009, more than doubled the growth rate in the previous three months. However, Eurostat, the statistical office of the European Union, estimated US GDP to grow by 2.5 percent in 2010, lower than IMF estimates.

12.2 United Kingdom

The IMF projects the UK economy to contract by 4.8 percent before expanding by 1.3 percent in 2010 and 2.7 percent in 2011. The growth of UK manufacturing sector is picking up indicating that the recovery is gathering pace.

12.3 Euro zone

Growth in the Euro area is projected to contract by 3.9 percent in 2009, lower than 4.2 percent previously forecast by the IMF in October 2009. Analysts in OECD forecast GDP in the Euro-area to grow by 0.8 percent in 2010 and 1.2 percent in 2011.

12.4 China

China, the world's third-biggest economy, sustained its manufacturing expansion in January as export orders jumped. China is now leading the world economy out of the recession as a result of swift, vigorous and massive government stimulus package. The stimulus also helped to rebalance China's economy towards stronger domestic demand. IMF's growth projection for China has been revised upward, to 8.7 percent compared to 9 percent in 2008.

12.5 Japan

Japan's economy is far from achieving self-sustained growth thanks to its dependence on export-led recovery. Japan should benefit from the robust growth in the rest of Asia, while low internal demand will continue to depress economic activity. Growth is projected by IMF to contract by 5.3 percent in 2009.

12.6 Sub-Saharan Africa

The region experienced a mild downturn in 2009. Growth in the sub-region was revised upwards and is expected to rise to 4.3 percent and 5.5 percent in 2010 and 2011 respectively compared to 1.6 percent in 2009.

(i) Senegal

Senegal, like many other African countries, was hard hit by the global financial crisis. Growth slowed to 1.7 percent in 2009 but is projected to expand by 2.7 percent and 2.8 percent in 2010 and 2011 respectively assuming strong agricultural, electricity and industrial output as well as robust FDI flows.

12.7 Commodity Markets

(ii) Oil

The rebound in economic activity has caused an increase in commodity prices in general and crude oil prices in particular. Crude oil prices increased from $US68.0 per barrel in September 2009 to $US 79.0 per barrel in October 2009. Market watchers predict an average price of $US95.0 per barrel in 2010. This is premised on the International Energy Agency (IEA) forecast of oil production to decline by 2.2 million barrels per year from a peak of 74.7 million barrels per year.

(iii) Rice

The Food and Agricultural Organisation (FAO) forecast of paddy rice production during the 2009 planting season has been revised upwards by nearly 10 million tonnes reflecting better than anticipated output in many Asian countries. The estimate is the second highest on record despite adverse weather conditions (drought) which badly hit crops in Bangladesh, India, Pakistan and Nepal.

The FAO all Rice Price Index (2002-2004=100) decreased to 232 in third quarter of 2009, 20 points below the second quarter, but rose to 248 in the final quarter. Prices for both high and low-quality Indica and Japonica rice surged significantly but prices of Aromatic rice weakened in the fourth quarter relative to the third quarter.

(iv) Sugar

For the second consecutive year, there was a significant gap between consumption and production. World sugar production in 2009/2010 crop season is forecast to increase to 6.9 million tonnes, or 4.5 percent compared to the previous season. This is premised on increase output in Brazil, a modest production recovery in India after last season's unprecedented shortfall, and a higher sugar crop in the EU. Sugar consumption is expected to lag behind output.

PART III

OPERATION AND ADMINISTRATION OF THE BANK

BANKING DEPARTMENT

(i) Currency Issued

At end-2009, currency in circulation increased to D2.2 billion, or 8.15 percent from 2008. Dalasis notes accounted for 98.3 percent of currency issued and coins 1.7 percent. The D100 note was the most popular, accounting for 61.3 percent of bank notes in circulation, followed by D50 note (27.8 percent) and D10 note (4.29 percent). The D25 and D5 notes, on the other hand, accounted for 4.2 and 2.4 percent of bank notes in circulation respectively. Currency in circulation was at a seasonal high in the fourth quarter coinciding with the period when economic activity is at its peak.

Amongst the family of Gambian coins, the 1 Dalasi coin accounted for 61.7 percent of coins in circulation, the 50 Butut coin (19.8 percent) and the 25 bututs (18.5 percent).

(ii) Commemorative Coins

Commemorative coins are issued in limited quantities to celebrate or honour a particular occasion, person or institution. In 2009, the Central Bank of The Gambia did not issue any new commemorative coins but continued to sell gold and silver commemorative coins.

The commemorative coins sold locally to the general public and tourist included the Millennium Coin, Save the Children, The Gambia Silver Jubilee, Papal Visit, UN 50th Anniversary and the African Union Summit.

(iii) Payment Systems

In August 2008, the African Development Bank (AfDB) Group and the West African Monetary Institute signed a grant agreement of about US$23 million to finance the West African Monetary Zone (WAMZ) payment Systems Development Project for The Gambia, Guinea and Sierra Leone. The project is critical for the realization of the proposed monetary union. The project was officially launched in Banjul, The Gambia in September 2008 and implementation of the project was scheduled to commence in 2010.

PART IV

INTERNATIONAL CO-OPERATION

The Bank continued its international co-operation both regionally and internationally. The Bank is working with other central banks in the West African Monetary Zone (WAMZ) in policy and statistical harmonization critical to establishing a durable monetary union. The Bank also co-operated with other development partners, notably the World Bank, IMF and African Development Bank (AfDB).

(i) West African Monetary Zone (WAMZ)

The date for the introduction of the common currency was re-scheduled to on or before January 2015. As at end-December 2009, The Gambia complied with three of the four primary criteria and four of the six secondary criteria.

The Bank participated in the statutory meetings of Technical Committee, Committee of Governors and the Convergence Council of the WAMZ in June and December 2009.

The Gambia made progress in the implementation of the payments system development project financed by the African Development Bank (AfDB). The country also ratified the WAMZ Agreement as well as the West African Central Bank (WACB) statute, and contributed fully towards the proposed West African Central Bank (WACB) Capital and Stabilization and Co-operation Fund (SCF).

In the area of policy harmonization, the Bank signed a Memorandum of Understanding (MOU) on cross-border banking supervision with the central bank of the WAMZ member countries in December 2009 in Accra, Ghana. The Bank also participated in the meetings of the Legal and Institutional Issues Committee (LIIC) and, among other things, discussed the Draft MOU on Cross-Border Banking Supervision and the Draft Fiscal Responsibility Act. The Bank also participated in the ECOWAS Standing Committee meetings on rules of origin.

It is noteworthy to mention that it was during the WAMZ Heads of State Summit in August 2009 in Abuja, Nigeria that the new date for the introduction of the Eco currency on or before January 2015 was approved.

(ii) West African Monetary Agency (WAMA)

The West African Monetary Agency continued to work with member central banks, ECOWAS Commission and other regional institutions to ensure effective implementation of the ECOWAS Single Currency Roadmap. The roadmap was adopted by the authority of Heads of State in May 2009.

In 2009, WAMA commissioned various studies including:

- The Impact of the Global Financial Crisis on Macroeconomic Convergence in ECOWAS
- Money Supply Growth and Macroeconomic Convergence in ECOWAS
- Financial Sector Stability and Banking Supervision in ECOWAS
- Determinants of Inflation and the Appropriateness of Inflation Targeting in ECOWAS and
- Payment Systems Development and Inter-connectivity in ECOWAS.

(iii) West African Institute for Financial and Economic Management (WAIFEM)

An extraordinary meeting of the Board of Governors of WAIFEM was held in Istanbul, Turkey in October 2009 at the sidelines of the World Bank and IMF Annual Meetings. The Board of Governors confirmed the appointment of Professor Akpan H. Ekpo, from Nigeria as the new Director General of WAIFEM. The Board also approved the appointment of two directors. In December 2009, another meeting was held in Accra, Ghana where the 2010 budget and training program of the Institute were approved.

(iv) Association of African Central Banks (AACB)

The Joint Committee of the AACB and the African Union Commission held its 3rd meeting on August 19, 2009, in Kinshasa, Democratic Republic of Congo. The meeting reviewed the progress on the implementation of recommendations of the April 2009 meeting in Addis Ababa including the creation of the African Central Bank (ACB) Steering Committee and the study on the strategy for the creation of the ACB.

The AACB is responsible for the implementation of the African Monetary Co-operation Program (AMCP).

(v) African Export-Import Bank (AFRI-EXIM BANK)

The Bank is a shareholder of the Afreximbank. The raison d'être of the bank is to promote intra – and extra African trade.

In May 2009, a meeting of the ECOWAS Ministerial Monitoring Committee was held in Abuja to address outstanding issues relating to the Economic Partnership Agreement (EPA) with the European Union. The meeting urged negotiators to work towards securing unequivocal commitment from the European Commission and EU Member States to the funding of an EPA Development Programme ("EPA Development Programme or "EPAD") to help ameliorate the potential side-effects of the agreement on the socio-economic development of West Africa.

(vi) International Monetary Fund (IMF)

The Gambia's Extended Credit Facility (ECF) arrangement was approved by the IMF Executive Board in February 2007.

The program was completed in September 2009 and performance under the program had been broadly satisfactory. The Gambia met all the quantitative performance criteria but narrowly missed the fiscal basic balance. In addition, all structural benchmarks for end-September 2009 were observed except the submission to the National Assembly of the Government 2007 audited accounts.

The Government of The Gambia requested a waiver for the non-observance of the quantitative performance criterion on the basic balance and the IMF Board granted the request during the sixth review. In addition, the Government of The Gambia requested for an extension of the ECF for one more year and a resource augmentation (15 per cent of quota; SDR 4.66 million). The extension will avail the Government the opportunity to build domestic support for a new program.

The Bank participated in the Annual meetings of the IMF and World Bank. During the meetings, participants stressed the need for both the Fund and Members to enhance the effectiveness of surveillance and follow-up by members of the Fund's recommendations.

Also, members welcomed the decision by the World Bank Group (WBG) to provide $100 billion in IBRD financing over three years and encouraged the WBG to make full use of its existing resources. The members made a commitment to explore the benefits of a new crisis response mechanism meant to protect low Income countries (LICs) from crises.

They reinforced the need for continued global commitment to an open trading system and the rejection of protectionism. They reiterated the importance of a rapid, fair and equitable conclusion to the Doha Round of trade negotiations and stronger focus on boosting levels of trade finance.

General Data Dissemination System (GDDS) 2, the successor to the GDDS was established in May 2006 to further strengthen Statistical capacity in a number of countries with a completion date of April 2009. During the year, the IMF's Statistics Department (STA) provided technical assistance in Private Capital Flows and International Investment Position (IIP).

(vii) Commonwealth

The Bank also participated in the Commonwealth Finance Ministers' Meeting in Limassol, Cyprus in September 2009. Ministers discussed the policy choices towards the attainment of high and sustainable economic development in the context of continuing global challenges. The meeting also discussed the opportunities as well as the risks posed to Commonwealth countries by the effects of climate change and resource shortages.

Commonwealth countries therefore called for:

- Continued global macroeconomic coordination including monetary and fiscal policy stimulus to avoid a double dip recession and to ensure that strong global growth is attained before the stimulus is withdrawn;

- Greater coordination in global economic policy making to support sustainable and balanced growth within and between countries;

- Greater international support for social protection and investment in infrastructure to support growth in developing countries.

TABLE I(A): **GROSS DOMESTIC PRODUCT (in D' millions)**
At Constant (2004) Market Prices

INDUSTRIAL ORIGIN	2005	2006	2007	2008	2009
AGRICULTURE	**4,631.49**	**4,813.29**	**5,002.89**	**6,424.90**	**2,223.11**
Crops	2,744.34	2,856.86	2,979.71	4,341.49	300.28
Livestock	1,482.22	1,526.69	1,587.75	1,635.39	1,813.56
Forestry	108.59	111.86	107.38	108.46	109.27
Fishing	296.34	317.88	328.05	339.56	
INDUSTRY	**2,504.19**	**2,966.67**	**2,875.11**	**2,894.47**	**2,469.68**
Manufacturing	996.36	991.72	1,005.82	980.67	1,103.71
Building & Construction	1,093.51	1,530.90	1,380.10	1,380.10	804.49
Mining & Quarrying	278.49	300.07	320.74	339.98	418.34
Electricity,Gas and Water	135.83	143.98	168.45	193.72	143.14
SERVICES	**9,540.45**	**10,081.82**	**11,133.32**	**11,065.73**	**10,648.93**
Trade	4,437.40	4,371.16	4,680.82	4,075.95	4,895.31
Hotels & Restaurants	447.45	451.58	459.15	472.92	558.47
Transport & Storage	610.68	645.49	700.36	742.15	598.22
Communication & Postal Services	1,428.00	1,685.04	2,106.30	2,316.93	1,495.14
Real Estate & Business Services	1,858.13	2,126.68	2,335.66	2,595.96	2,228.33
Government Services	371.49	371.49	401.23	401.23	732.47
Other Services	387.30	430.38	449.80	460.59	140.99
FISIM	*-782.92*	*-921.49*	*-1,039.27*	*-1,122.41*	*-724.53*
Total all Industries	**15,893.21**	**16,940.29**	**17,972.05**	**19,262.69**	**14,617.19**
Indirect Taxes (net)	257.53	286.76	322.61	332.78	1,879.43
GDP at Constant Market Prices	**16,150.74**	**17,227.05**	**18,294.66**	**22,590.42**	**18,694.01**
Annual Growth Rate	***2.11***	***6.66***	***6.20***	***23.48***	***-17.25***

Source : Gambia Bureau of Statistics

TABLE II: AGRICULTURAL PRODUCTION

TABLE II(A) : AREA UNDER CULTIVATION

(in '000 hectares)

	2005	2006	2007	2008	2009
GROUNDNUTS	**137.28**	**110.38**	**117.59**	**113.70**	**135.64**
COTTON	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
FOOD CROPS	**199.41**	**182.64**	**186.19**	**0.00**	**0.00**
				0.00	0.00
(a) Rice	17.87	15.20	16.59	34.00	61.50
				0.00	0.00
(b) Other Food Crops	181.54	167.44	169.60	0.00	0.00
Sanyo (Late Millet	17.45	14.82	17.57	21.00	22.90
Sorghum	22.95	18.96	21.72	26.28	28.91
Suno (Early Millet)	109.88	101.40	94.15	113.64	120.50
Maize	27.58	32.26	36.16	43.46	45.95
Sesame	1.79	0.00	0.00	0.00	0.00
Findo	1.89	0.00	0.00	0.00	0.00
TOTAL	**336.69**	**293.02**	**303.78**	**113.70**	**135.64**

Source: Department of Planning, Department of State for Agriculture

TABLE II(B) : OUTPUT OF PRINCIPAL CROPS

(in '000 tonnes)

	2005	2006	2007	2008	2009
GROUNDNUTS	**140.66**	**81.76**	**72.56**	**72.56**	**109.64**
COTTON	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
FOOD CROPS	**201.00**	**183.41**	**149.95**	**240.64**	**284.73**
(a) Rice	18.14	15.83	11.40	38.30	61.03
(b) Other Food Crops	182.86	167.58	138.55	202.34	223.70
Sanyo (Late Millet	16.27	14.62	13.36	17.22	20.03
Sorghum	28.46	20.27	17.95	25.62	30.44
Suno (Early Millet)	109.12	103.54	75.83	114.60	121.50
Maize	27.70	29.15	31.41	44.90	51.73
Sesame	0.74	0.00	0.00	0.00	0.00
Findo	0.57	0.00	0.00	0.00	0.00
TOTAL	**341.66**	**265.17**	**222.51**	**313.20**	**394.37**

Source: Department of Planning, Department of State for Agriculture

TABLE III : CENTRAL BANK OF THE GAMBIA: ASSETS AND LIABILITIES

(end December figures,in millions of Dalasi)

	2005	2006	2007	2008	2009
Foreign Reserves	**2,745.12**	**3,369.36**	**3,221.03**	**3,029.26**	**3,029.26**
Claims on non-banks:	1,621.73	764.53	728.78	701.02	313.61
Government	1,270.76	413.62	371.83	369.41	
Public entities	136.91	136.91	136.91	102.68	84.68
Private sector	214.06	214.00	220.04	228.93	228.93
Claims on Banks	33.62	33.62	33.62	33.62	33.62
Seasonal Advance	0.00	0.00	0.00	0.00	0.00
Others	33.62	33.62	33.62	33.62	33.62
Revaluation Account	324.16	0.00	457.69	0.00	0.00
Fixed Assets	185.56	245.91	263.28	294.49	294.49
Other Assets	-433.83	527.09	-32.35	929.07	1,317.48
Total Assets = Total Liabilities	**4,476.36**	**4,940.51**	**4,672.05**	**4,987.46**	**4,988.46**
Currency Issued	1,537.55	2,087.17	1,893.50	2,050.17	2,051.17
Notes	1,537.55	2,087.17	1,893.50	2,050.17	2,051.17
Coins					
Deposits	2,453.63	1,741.43	2,516.91	1,440.84	1,440.84
Banks	769.04	779.30	851.04	851.97	851.97
Government	1,684.59	962.13	1,665.87	588.87	588.87
Others	0.00	0.00	0.00	0.00	0.00
Allocation of SDR	224.63	217.80	214.26	166.33	166.33
Revaluation Account	0.00	116.79	0.00	377.75	377.75
Foreign Liabilities	639.41	503.09	167.36	259.84	259.84
Capital and Reserves	8.31	28.31	53.85	65.31	65.31
Other Liabilities	-387.17	245.92	-173.83	627.22	627.22

Source: Central Bank of The Gambia

TABLE IV: COMMERCIAL BANKS : ASSETS AND LIABILITIES

(end December figures,in millions of Dalasi)

	2005	2006	2007	2008	2009
Cash Holdings	113.35	149.87	204.29	217.26	211.91
Balance with Central Bank	829.38	821.94	851.04	851.86	999.25
Treasury bills & Other Govt. securities	1762.19	2127.37	2482.66	2880.25	3836.27
Loans, Advances, Discount & Other Investments	1,811.07	2,329.44	2,654.86	3,443.94	4,338.01
Official Entities	122.85	130.63	91.66	325.66	679.92
Private Sector	1688.22	2198.81	2563.20	3118.28	3658.09
Foreign Assets	1,105.84	1,520.57	1,458.98	1,301.42	1,307.16
Foreign Currency	164.64	139.79	118.14	401.33	348.04
Balance held abroad	941.20	1380.78	1340.84	900.09	959.12
Fixed Assets	285.53	379.18	548.85	840.12	1140.84
Other Assets	679.95	710.19	1025.44	1497.55	1208.01
Total Assets = Total Liabiliti	**6,587.31**	**8,038.56**	**9,226.12**	**11,032.40**	**13,041.45**
Demand Deposits	1,896.41	2,248.10	2,519.30	3,286.70	3,594.96
Official Entities	264.95	167.66	219.43	593.65	413.93
Private Sector	1631.46	2080.44	2299.87	2693.05	3181.03
Time & Savings Deposits	2,824.59	3,572.20	4,065.39	4,676.77	6,095.22
Official Entities	208.67	313.801	375.84	558.60	701.23
Private Sector	2615.92	3258.402	3689.55	4118.17	5393.99
Borrowings from Central Bank	0.00	0.00	0.00	0.00	20.00
Other Domestic Borrowings	0.00	0.00	0.00	12.00	10.00
Foreign Liabilities	37.49	56.45	485.93	539.61	564.71
Capital & Reserves	904.39	1067.74	1219.20	1447.99	1586.09
Other Liabilities	924.43	1094.07	936.30	1069.33	1170.47

Source: Central Bank of The Gambia

TABLE V : MONETARY SURVEY

(end December figures,in millions of Dalasi)

	2005	2006	2007	2008	2009
NET FOREIGN ASSETS	**3,174.06**	**4,330.39**	**4,026.72**	**3,531.23**	**3,511.87**
Monetary Authorities (net)	**2,105.71**	**2,866.27**	**3,053.67**	**2,769.42**	**2,769.42**
Foreign Assets	2,745.12	3,369.36	3,221.03	3,029.26	3,029.26
Foreign Liabilities	639.41	503.09	167.36	259.84	259.84
Commercial Banks (net)	**1,068.35**	**1,464.12**	**973.05**	**761.81**	**742.45**
NET DOMESTIC ASSETS	**2,971.14**	**3,427.21**	**4,247.18**	**6,265.15**	**8,017.57**
Domestic Credit	**3,510.40**	**4,259.21**	**4,200.43**	**6,436.34**	**7,899.02**
Claims on Public Sector	1,608.12	1,846.40	1,417.19	3,089.13	4,012.00
-Claims on Govt.(net)	1,348.36	1,578.86	1,188.62	2,660.79	3,247.40
. Central Bank (net)	-413.83	-548.51	-1,294.04	-219.46	-588.87
. Commercial Banks (net)	1,762.19	2,127.37	2,482.66	2,880.25	3,836.27
-Claims on Public Entities	259.76	267.54	228.57	428.34	764.60
Claims on Private Sector	1,902.28	2,412.81	2,783.24	3,347.21	3,887.02
Other Items (net)	**-539.26**	**-832.00**	**46.75**	**-171.19**	**118.55**
O/W : Revaluation account	*324.16*	*-116.79*	*457.69*	*-377.75*	*-377.75*
SDR allocation	*-224.63*	*-217.80*	*-214.26*	*-166.33*	*-166.33*
Money Supply (M1)	3,320.61	4,185.40	4,208.51	5,119.61	5,434.22
Quasi-Money	2,824.59	3,572.20	4,065.39	4,676.77	6,095.22
TOTAL MONEY SUPPLY (M2)	**6,145.20**	**7,757.60**	**8,273.90**	**9,796.38**	**11,529.44**

Source: Central Bank of The Gambia.

TABLE VI : COMPONENTS OF MONEY SUPPLY

(end December figures,in millions of Dalasi)

	2005	2006	2007	2008	2009
Narrow Money (M1)	3,320.61	4,185.40	4,208.51	5,119.61	5,599.77
Currency outside banks	1,424.20	1,937.30	1,689.21	1,832.91	2,004.81
Demand deposits	1,896.41	2,248.10	2,519.30	3,286.70	3,594.96
Quasi-Money	2,824.59	3,572.22	4,065.39	4,676.76	6,095.22
Savings deposits	1,955.59	2,479.25	2,612.30	2,737.86	3,281.01
Time deposits	869.00	1,092.97	1,453.09	1,938.90	2,814.21
Broad Money (M2)	**6,145.20**	**7,757.62**	**8,273.90**	**9,796.37**	**11,694.99**

Source : Central Bank of The Gambia

TABLE VII: LIQUIDITY POSITION OF COMMERCIAL BANKS

(end December figures,in millions of Dalasi)

	2005	2006	2007	2008	2009
Total Liquid Assets	2,150.77	2,630.37	2,632.33	2,400.81	4,326.77
Reserves	1,469.79	1,908.90	1,546.58	1,183.86	2,645.66
Deposits at CBG	762.33	768.83	921.94	842.95	944.43
Cash Holdings	112.44	143.90	215.82	227.25	248.52
Foreign Cash Holdings	179.51	194.14	171.58	431.11	486.94
Foreign Bank Balances	415.51	802.03	237.24	-317.45	965.77
Treasury Bills	678.48	718.97	1,083.25	1,214.45	1,678.61
Govt. Dev. Stock (182 Days) 1/	0.00	0.00	0.00	0.00	0.00
Other Liquid Assets	2.50	2.50	2.50	2.50	2.50
Required Liquid Assets 2/	1,331.22	1,646.28	1,876.30	2,428.24	2,699.54
Excess Liquidity 3/	819.55	984.09	756.03	-27.43	1,627.23
in % of requirement	62%	60%	40%	-1%	60%
Required Cash Reserves 4/	792.39	872.73	960.86	1,022.80	1,236.27
Excess Cash Reserves 5/	677.40	1,036.17	585.72	161.06	1,409.39
in % of requirement	85%	119%	61%	16%	114%

Source: Central Bank of The Gambia

TABLE VIII : COMMERCIAL BANKS : LOANS AND ADVANCES TO *
MAJOR ECONOMIC SECTORS IN D'MILLIONS

Sectors	2005	2006	2007	2008	2009
Agriculture	300.98	462.18	189.39	195.48	262.41
Fishing	31.97	19.06	16.24	15.87	16.87
Mining and Quarrying	0.00	0.00	0.00	0.00	0.00
Building & Construction	144.38	164.96	302.17	435.73	502.38
Transportation	133.41	180.72	325.60	267.82	336.55
Distributive Trade	478.70	517.95	719.77	960.76	1,194.28
Tourism	75.44	205.33	202.27	201.01	210.93
Personal Loans	533.90	408.62	449.46	609.07	725.32
Other	283.85	421.09	426.73	850.51	1,246.48
Total	**1,982.63**	**2,379.91**	**2,631.63**	**3,536.25**	**4,495.22**

Source : Central Bank of The Gambia

* Excludes bills purchased and discounted and other investment in the private sector.

TABLE IX: TREASURY BILLS DISCOUNT RATES

(in percent per annum)

	2005	2006	2007	2008	2009
January	28.0	15.0	13.7	13.5	13.5
February	28.0	14.9	13.8	13.7	13.7
March	26.0	15.9	13.7	13.6	13.6
April	26.0	15.8	13.7	13.1	13.1
May	26.0	15.4	13.9	13.3	13.3
June	26.0	14.5	13.9	13.1	13.1
July	22.0	14.1	13.9	12.3	12.3
August	18.0	14.0	13.4	12.3	12.3
September	18.0	13.3	12.8	13.1	13.1
October	18.0	12.3	12.2	14.2	14.2
November	16.0	10.7	12.9	14.3	14.3
December	16.0	12.8	13.7	13.5	13.5

Source : Central Bank of The Gambia

TABLE X: INTEREST RATE STRUCTURE

(end December figures,in percent per annum)

	2005	2006	2007	2008	2009
Commercial banks					
Lending rates					
Agriculture	21.0-30.0	18.0-28.0	18.0-27.0	18.0-27.0	18.0-27.0
Manufacturing	21.0-30.0	18.0-28.0	18.0-27.0	18.0-27.0	18.0-27.0
Building	21.0-31.0	18.0-28.0	18.0-27.0	18.0-27.0	18.0-27.0
Trading	21.0-31.0	18.0-28.0	18.0-27.0	18.0-27.0	18.0-27.0
Tourism	21.0-31.0	18.0-28.0	18.0-27.0	18.0-27.0	18.0-27.0
Other	21.0-31.0	18.0-28.0	18.0-27.0	18.0-27.0	18.0-27.0
Deposit rates					
Short-term deposit account	1.25-4.0	1.25-4.0	1.25-4.0	0.5 - 5.5	0.5 - 5.6
Savings bank account	5.0-10.0	5.0-7.0	5.0-7.0	4.0 - 7.0	4.0 - 7.1
Time deposits					
Three months	5.0-14.0	5.0-10.0	5.0-12.9	5.0 - 10.5	5.0 - 10.6
Six months	7.0-15.0	6.0-13.0	6.0-12.9	6.0 - 11.0	6.0 - 11.1
Nine months	7.0-14.0	6.0-13.0	7.0-12.9	7.0 - 14.0	7.0 - 14.1
12 months and over	7.0-17.0	6.0-13.0	7.0-12.9	7.0 - 15.0	7.0 - 15.1
Post office savings bank					
Savings deposits	N/A	N/A	N/A	N/A	N/A
Government					
Treasury bills	16.0	12.8	13.7	13.1	14.1
Discount Notes	25.5	-	-	-	-
Government dev't loans					
1999-2002 (F)	-	-	-	-	-
1999-2002 (G)	-	-	-	-	-
2002 (H)	15.5	-	-	-	-
2002 (I)	20.0	-	-	-	-
Central Bank of The Gambia					
Bank rate	14.0	9.0	10.0	13.1	13.1
Rediscount rate	19.0	14.0	15.0	15.0	15.0

Source: Central Bank of The Gambia.

TABLE XI: NATIONAL CONSUMER PRICE INDEX FOR THE LOW INCOME POPULATION IN BANJUL AND KANIFING MUNICIPALITY

(Jan. - Dec. 2004 = 100)

	Food and Drink	Housing, Fuel & Lighting etc	Clothing Textiles & Footwear	Furnishing, H/H Equipment	Trans porta- tion	Newspaper, Books & Stationery	Alcoh Beverages Naco & Tobacco	Health	Recreation & Culture	Edu- cation	Hotels, cafes & Restaur	Comm- unica tion	Miscel- laneous	All Item Index	% Change from same period, last year
Weights	*54.7*	*3.4*	*11.2*	*5.2*	*4.4*	*7.1*	*0.7*	*1.2*	*1.5*	*1.5*	*0.4*	*2.9*	*5.8*	*100.0*	
2008 JAN	115.38	114.40	105.29	110.65	114.89	109.91	103.83	101.00	103.56	101.87	107.60	101.09	112.31	*112.31*	5.10
FEB	115.45	114.40	105.29	110.56	114.89	109.91	103.83	101.00	103.56	101.87	107.60	101.09	112.31	*112.34*	4.88
MAR	116.11	114.40	105.31	110.56	114.89	109.91	103.83	101.00	103.56	101.87	105.88	101.09	112.39	*112.73*	3.08
APR	116.61	115.38	106.19	111.50	115.14	109.91	104.19	101.00	103.94	101.87	105.88	101.54	112.48	*113.21*	1.41
MAY	117.39	115.77	106.25	111.52	118.86	109.93	104.30	101.04	103.94	101.87	109.89	101.54	112.56	*113.83*	1.59
JUN	118.17	116.38	107.10	112.13	118.87	109.94	104.64	101.10	104.13	101.87	110.10	101.55	113.59	*114.48*	2.23
JULY	121.02	118.35	107.14	112.34	119.97	109.94	104.64	101.10	104.13	101.87	111.42	101.55	114.01	*116.21*	3.81
AUG	122.99	119.76	107.45	113.20	119.97	112.26	104.64	101.10	104.13	101.87	114.52	101.55	115.27	*117.65*	4.96
SEPT	124.11	119.76	110.46	113.38	119.97	112.26	104.64	101.10	104.13	101.87	114.52	101.55	121.01	*118.95*	6.38
OCT	124.58	120.10	110.68	113.53	119.17	113.17	104.69	101.11	104.15	101.90	115.10	101.92	121.13	*119.29*	6.56
NOV	125.03	120.30	110.73	113.59	119.61	113.38	104.77	101.13	104.14	101.94	115.79	101.92	121.47	*119.64*	6.61
DEC	125.49	121.02	110.30	113.64	119.83	113.40	105.45	101.13	104.17	101.94	115.83	101.94	121.56	*119.93*	6.83
2009 JAN	125.79	121.07	110.94	114.83	113.92	113.43	105.70	101.77	104.36	102.24	115.87	101.95	123.91	*120.13*	6.96
FEB	125.95	121.18	110.98	114.87	119.93	113.43	105.68	101.77	104.50	102.24	115.89	101.95	124.26	*120.25*	7.04
MAR	125.99	121.43	110.99	114.95	119.93	113.49	105.76	101.77	104.65	102.25	115.97	101.97	124.53	*120.29*	6.71
APR	125.97	121.64	111.08	114.97	119.95	113.53	105.76	101.77	104.67	102.25	116.24	101.98	125.37	*120.36*	6.32
MAY	126.13	122.11	111.20	114.97	119.95	113.53	106.13	101.77	104.67	102.25	116.30	101.98	125.79	*120.61*	5.87
JUN	126.23	122.30	111.35	115.11	119.77	113.56	106.16	101.78	104.84	102.25	116.58	101.98	125.93	*120.61*	5.38
JULY	126.34	122.40	111.46	115.45	119.95	113.74	106.28	101.80	104.96	102.27	116.73	102.02	126.22	*120.84*	3.98
AUG	126.77	122.53	111.58	115.59	119.96	114.03	106.41	101.80	104.98	102.65	116.95	102.02	126.63	*121.16*	2.97
SEPT	127.80	122.64	111.82	115.70	119.97	114.07	106.40	101.80	105.07	102.99	117.06	102.02	126.75	*121.78*	2.38
OCT	128.17	122.64	111.82	115.98	119.97	114.10	106.46	101.80	105.07	102.99	117.20	102.02	127.15	*121.99*	2.26
NOV	128.36	123.30	112.39	116.14	122.18	114.13	106.52	101.82	105.15	102.99	119.93	102.02	133.73	*122.70*	2.64
DEC	128.10	123.47	112.64	116.28	122.76	114.17	106.59	101.82	105.67	102.99	120.18	102.02	133.89	*123.89*	3.30

Source: GBoS

TABLE XII : INTERBANK EXCHANGE RATES

TABLE XII(A) : END OF PERIOD MID-MARKET RATES 1/

(Dalasi per unit of foreign currency)

Period		GBP	USD	CHF	SEK (100)	CFA (5,000) 3/	FRF(100)/ Euro
2008	January	44.2734	22.3436	19.9142	306.0235	252.8506	32.8933
	February	42.5848	21.8805	19.5749	339.8817	243.9756	32.2846
	March	40.8650	19.4618	19.1495	337.3279	239.1597	30.8269
	April	39.52	20.1166	19.1620	331.0237	235.9529	31.4290
	May	40.2530	20.6421	19.4624	322.9303	245.8433	32.0957
	June	40.7729	20.6510	19.2683	339.2527	245.5149	32.0774
	July	41.3481	20.9382	19.8979	350.7054	251.0453	32.2061
	August	40.7303	21.3715	20.0791	326.0626	249.4728	32.2301
	September	41.6455	23.1189	19.8566	323.5015	249.3046	33.0155
	October	40.4922	24.8910	20.1458	330.2918	258.0895	32.8898
	November	40.5594	26.2599	20.0671	321.5686	258.3080	33.2835
	Deecember	40.1424	26.5422	22.9392	379.5853	259.1525	35.6709
2009	January	37.2507	26.0712	20.8490	325.1203	262.8126	33.5169
	February	37.3756	26.1102	22.0380	305.2946	257.7528	33.5998
	March	38.1772	26.3756	23.3052	309.6164	259.3018	35.2213
	April	39.0503	26.7982	23.0048	321.4876	262.1749	35.3236
	May	41.4011	26.7363	22.4047	325.9656	265.9794	37.0040
	June	43.1308	26.8660	21.9583	347.8859	272.8665	37.0392
	July	43.3067	26.7864	24.4184	346.4578	277.5346	38.0592
	August	43.6045	26.6347	24.3570	326.2490	281.4495	37.6844
	September	42.9911	26.9495	25.4652	325.3425	283.5774	38.6068
	October	43.4818	26.9068	26.0728	377.7022	297.1317	39.6139
	November	43.0415	26.9267	26.6451	348.8827	295.5267	40.1492
	December	43.0415	26.9406	25.8137	348.0058	288.2601	39.8741

Source : Central Bank of The Gambia

TABLE XII(B) : PERIOD AVERAGE MID-MARKET RATES 1/

(Dalasi per unit of foreign currency) 2/

Period	GBP	USD	CHF	SEK (100)	CFA (5,000) 3/	FRF(100)/ Euro
2008 January	44.4153	22.5507	19.9965	323.4875	249.0081	33.0507
February	43.5718	22.1006	20.1579	334.4623	249.9144	32.4805
March	41.4701	20.2045	19.5821	340.2312	244.0216	31.2433
April	38.8794	19.6247	19.2715	326.8253	237.4483	31.0356
May	40.1151	20.4864	19.6611	320.3512	244.9337	31.9815
June	40.5528	20.7293	19.6230	334.5695	249.9442	31.9680
July	40.9781	20.8438	20.2518	340.5181	248.7570	32.1584
August	41.0703	21.2647	20.0837	327.9830	251.4712	32.3562
September	41.0477	22.5721	20.0848	347.0483	250.4543	32.6319
October	41.0759	23.8056	20.0340	344.9422	255.5051	30.9080
November	40.5623	25.2954	20.2720	319.5658	254.6174	33.0597
December	40.4293	26.8304	21.7842	374.1499	295.2077	34.6101
2009 January	39.7009	26.2136	22.2192	331.2572	267.7995	34.4241
February	37.1818	26.0139	21.5185	304.9024	256.7793	33.5422
March	37.7420	26.1759	22.7334	304.4389	257.6955	34.4558
April	38.6540	26.5768	22.7936	322.1785	259.6770	35.2564
May	40.2150	26.6656	22.9282	325.6295	261.8317	36.1931
June	42.5005	26.8552	22.5297	322.7380	275.8710	37.4368
July	42.8925	26.8139	23.6331	344.2679	278.2499	37.6710
August	43.6697	26.7824	24.6083	344.1340	280.2233	37.6550
September	43.3496	26.9035	24.9042	335.6056	282.3377	38.1771
October	42.9510	26.9261	25.0479	371.1583	282.9769	39.0187
November	43.7977	26.9127	24.4666	352.1156	292.8270	39.7242
December	43.3855	26.8927	25.1037	363.2193	371.3446	40.0224

Source : Central Bank of The Gambia

TABLE XII(C) VOLUME OF INTERBANK FOREX TRANSACTIONS 1/
BREAKDOWN BY CURRENCY

Period	GBP	USD	CHF	SEK	CFA 2/	FRF/Euro	Others	TOTAL
2008 January	360.83	1389.30	8.62	12.27	12.36	300.23	26.53	**2,110.14**
February	369.98	2323.85	5.85	19.24	17.28	582.66	24.13	**3,342.99**
March	433.90	1924.64	6.24	10.16	16.54	778.02	27.30	**3,196.80**
April	446.16	2075.07	7.76	28.19	43.44	777.56	26.03	**3,404.21**
May	389.33	1827.62	12.07	8.52	37.25	801.17	6.66	**3,082.62**
June	398.97	1788.17	13.67	15.61	31.30	659.34	23.73	**2,930.79**
July	412.00	2054.36	40.08	11.59	52.19	884.71	34.74	**3,489.67**
August	339.26	1353.38	25.13	10.48	50.92	749.34	23.33	**2,551.84**
September	385.16	1794.63	11.01	8.38	73.94	616.95	18.79	**2,908.86**
October	293.36	1467.21	4.4	11.57	53.81	472.73	31.25	**2,334.33**
November	328.60	1728.92	10.33	12.86	62.59	462.66	25.31	**2,631.27**
December	399.19	2021.99	16.53	35.72	40.84	441.69	52.38	**3,008.34**
2009 January	337.33	1638.21	13.29	17.62	42.16	415.49	28.22	**2,492.32**
February	419.86	1494.08	6.78	7.77	40.79	355.05	21.58	**2,345.91**
March	407.32	1966.08	11.39	16.75	34.13	481.88	31.6	**2,949.15**
April	261.96	1968.68	5.05	18.06	49.58	367.36	10.83	**2,681.52**
May	322.01	2364.48	4.08	3.75	74.44	473.97	6.34	**3,249.07**
June	372.60	2691.91	11.75	8.68	85.52	800.25	13.5	**3,984.21**
July	268.11	1647.99	9.27	4.53	45.12	532.33	9.57	**2,516.92**
August	316.25	1755.32	12.9	1.53	30.1	689.88	7.46	**2,813.44**
September	433.30	3143.42	13.09	8.61	27.61	903.87	10.78	**4,540.68**
October	313.72	2411.63	9.27	6.99	51.95	979.4	8.07	**3,781.03**
November	424.55	2732.74	13.23	10.88	20.99	878.54	18.26	**4,099.19**
December	422.88	2677.97	23.73	12.32	27.42	1070.26	20.01	**4,254.59**

Source : Central Bank of The Gambia

TABLE XVII : CENTRAL GOVERNMENT FISCAL OPERATIONS

In D'millions

	2005	2006	2007	2008	2009
Revenue and Grants	**2,829.7**	**3,089.4**	**3,608.7**	**3,723.4**	**4,918.2**
Total Revenue	**2,609.6**	**3,013.2**	**3,427.3**	**3,479.0**	**3,897.6**
Tax Revenue	**2,263.2**	**2,691.2**	**3,035.8**	**3,161.3**	**3,517.5**
Direct Taxes	682.5	803.2	884.1	1140.2	974.0
Indirect Taxes	1580.7	1888.0	2151.7	2021.1	2543.5
Domestic Taxes on Goods & Services	374.5	474.7	548.4	641.3	577.5
Stamp Duty	13.7	18.6	14.0	41.6	16.7
Excise Duties	50.4	112.7	148.1	168.0	154.6
Domestic Sales Tax	310.5	343.4	386.3	431.7	406.2
Airport Levy	0.0	0.0	0.0	0.0	0.0
Taxes on International Trade	1206.2	1413.3	1603.3	1379.8	1966.0
Customs Duty	443.4	490.8	512.6	472.4	1148.3
Sales Tax on Imports	468.8	500.9	644.0	497.1	817.7
Petroleum Taxes	294.0	421.6	446.7	410.3	147.3
Duty	169.8	273.6	294.2	235.4	147.3
Sales Tax	124.2	148.0	152.5	174.9	0.0
Nontax Revenue	**346.4**	**322.0**	**391.5**	**317.7**	**380.1**
Government Services & Charges	147.9	140.2	132.3	106.7	128.3
Interest and Property	43.3	23.4	17.2	23.5	23.5
Telecommunications license	_	_	_	_	121.2
Contribution to Pension Fund	3.7	21.0	0.0	0.0	0.0
Central Bank Profit / Loss	0.0	0.0	0.0	0.0	0.0
Other Non tax Revenues	151.5	137.4	242.0	187.5	107.1
Grants	**220.1**	**76.2**	**181.4**	**244.4**	**1020.6**
Program	0.0	17.0	0.0	0.0	310.7
Projects	203.0	59.2	173.9	165.6	709.9
HIPC II Assistance	17.1	0.0	7.5	78.8	0.0

TABLE XVIII : DISTRIBUTION OF OUTSTANDING GOVERNMENT SECURITIES (Face Value)

(end December figures,in millions of Dalasi)

	2005	2006	2007	2008	2009
Gambia Govt. Treasury Bills	4,387.65	4,647.73	4,741.30	4,773.27	5,345.50
Central Bank	118.04	102.14	137.67	129.08	0.00
Commercial banks	2038.62	2359.46	2724.25	3175.51	3815.93
Non-banks	2230.99	2186.13	1879.38	1468.68	1529.57
of which: public enterprises	*1364.97*	*1235.81*	*971.33*	*752.65*	*750.63*
Gambia Govt. Development stocks	**11.88**	**0.00**	**0.00**	**0.00**	**0.00**
Central Bank	0.00	0.00	0.00	0.00	0.00
Commercial banks	0.00	0.00	0.00	0.00	0.00
Non-banks	11.88	0.00	0.00	0.00	0.00
of which: public enterprises	*11.88*	*0.00*	*0.00*	*0.00*	*0.00*
Gambia Govt. Discount Note Series	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Central Bank	0.00	0.00	0.00	0.00	0.00
Commercial banks	0.00	0.00	0.00	0.00	0.00
Non-banks	0.00	0.00	0.00	0.00	0.00
of which: public enterprises	*0.00*	*0.00*	*0.00*	*0.00*	*0.00*
TOT. OUTSTAND. GOVT. TBILLS	4,399.53	4,647.73	4,741.30	4,773.27	5,345.50
Gambia Govt. Treasury Bills 1/	***3809.04***	***4174.30***	***4295.73***	***4321.46***	***4832.33***
Central Bank	*110.29*	*88.88*	*121.83*	*119.41*	*0.00*
Commercial banks	*1762.19*	*2127.37*	*2482.66*	*2880.25*	*3467.41*
Non-banks	*1936.56*	*1958.05*	*1691.24*	*1321.80*	*1364.92*
of which: public enterprises	*1156.50*	*1083.57*	*854.01*	*663.69*	*655.82*

Source : Central Bank of The Gambia

1/ At discounted value

TABLE XVII : CENTRAL GOVERNMENT FISCAL OPERATIONS

In D'millions

	2005	2006	2007	2008	2009
Total Expenditure and Net Lending	**3,721.3**	**3,403.3**	**3,510.5**	**4,137.9**	**5,627.1**
Current Expenditure	**2,419.9**	**2,515.9**	**2,584.7**	**3,014.5**	**3,620.3**
Expenditure on Goods & Services	1058.4	1238.4	1335.4	1838.0	2878.9
Salaries	549.5	652.5	680.4	905.5	1186.9
Other Charges	508.9	585.9	655.0	932.5	1691.9
Interest Payments	1130.9	921.4	815.0	713.3	741.4
Internal	890.1	689.2	584.0	559.8	588.3
External	240.8	232.2	231.0	153.5	153.2
Emergency Relief (Rural road repair	0.0	0.0	0.0	0.0	0.0
HIPC II Expenditure	0.0	0.0	0.0	0.0	0.0
Subsidies & Current Transfers	230.6	356.1	434.3	463.2	490.3
Development Expenditure	**1196.3**	**893.3**	**913.5**	**1016.6**	**1889.1**
Extrabudgetary Expenditure	**135.5**	**0.0**	**0.0**	**0.0**	**0.0**
Net Lending	**-30.4**	**-5.9**	**12.3**	**106.8**	**117.7**
Overall Balance (Commitement Basis)					
Excluding Grants (with HIPC II)					
Excluding Grants (w/o HIPC II)	-667.1	-390.0	-161.2	-660.7	-1727.0
Including Grants (w/o HIPC II)	**-749.6**	**-313.8**	**-313.8**	**-416.3**	**-739.0**
Adjustment to cash basis (Float)	-40.8	-623.8			
Overall Balance- Including Grants (Casl	**-790.4**	**-937.6**	**-805.9**	**-805.9**	**-699.2**
Financing	**931.8**	**937.5**	**805.9**	**805.9**	**-69.4**
External (net)	**457.5**	**309.0**	**661.5**	**11.3**	**41.8**
Borrowing	868.1	740.3	549.0	339.6	314.2
Project	868.1	740.3	549.0	339.6	194.5
Program	0.0	0.0	0.0	0.0	0.0
Other Loans	0.0	0.0	0.0	0.0	0.0
Amortisation	-410.6	-431.3	112.5	-328.3	-272.4
Domestic	**474.3**	**628.5**	**114.3**	**-440.4**	**-111.1**
Bank	339.6	730.6	291.5	994.3	31.9
Non-Bank	80.7	101.5	-132.2	-856.5	-4.3
Accumulation of arrears	0.0	0.0	0.0	-258.1	-68.5
Privatization Proceeds	54.0	0.0	155.7	-21.5	9.1
Repayment of Domestic Debt / A	_	-134.6	-82.0	0.0	-38.3
Capital Revenue	_	0.0	22.4	0.0	0.0
Bank Capitalization	_	-69.0	10.0	0.0	0.0
Nominal GDP	*13174.0*	*14333.0*	*15732.0*	*17901.0*	*22000.0*

Source: Department of State for Finance and Economic Affairs

Central Bank of The Gambia

Annual Report and Financial Statements
For the year ended 31 December 2009

Contents

Financial highlights

In accordance with CBG Act requirements

	2006 D'000	2007 D'000	2008 D'000	Change vs. 2007
Net profit (loss) for the year	16,633	(16,118)	(43,616)	-171%

Total Assets

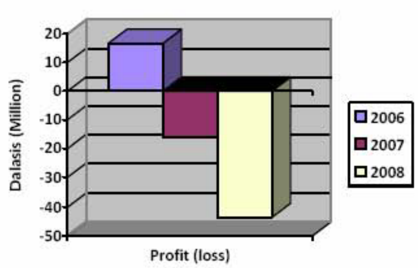
	2006 D'000	2007 D'000	2008 D'000	Change vs. 2007
	4,709,966	4,965,836	4,820,373	-3%

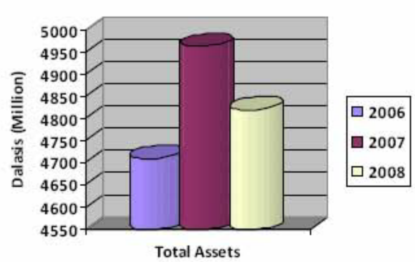
Structure of total assets

	2006 D'000	2007 D'000	2008 D'000	Change against 2007
Property, plant and equipment	78,118	84,845	1,639,026	1832%
Long term investments	-	331,900	923,104	178%
Other assets	207,462	176,821	-	0%
Cash and bank balances	2,531,008	2,180,215	348,730	-84%
Government securities	764,456	1,255,303	463,654	-63%
Foreign securities	557,560	450,395	195,794	-57%
Other investments	348,730	348,730	1,154,710	231%
Loans and advances	222,632	137,627	95,355	-31%
	4,709,966	**4,965,836**	**4,820,373**	-3%

Structure of total liabilities

	2006 D'000	2007 D'000	2008 D'000	Change against 2007
Share capital and other reserves	33,858	45,314	1,855,446	3995%
Retained earnings	-	(7,541)	423,276	5712%
Long-term liabilities	723,202	381,623	426,170	12%
Deposits	1,798,642	2,579,889	1,855,446	-28%
Currency in circulation	2,087,169	1,893,502	2,050,167	8%
Other liabilities	67,095	73,049	423,276	479%
	4,709,966	**4,965,836**	**4,820,373**	-3%





Financial highlights

In accordance with International Financial Reporting Standards

	2007 D'000	2008 D'000	2009 D'000	Change vs. 2008
Net surplus (deficit) for the year	13,610	63,739	(27,032)	-142%

Total Assets

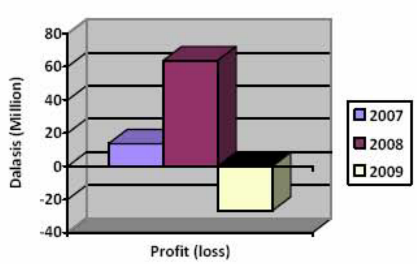
	2007 D'000	2008 D'000	2009 D'000	Change vs. 2008
Total Assets	5,217,588	4,778,704	6,599,241	38%

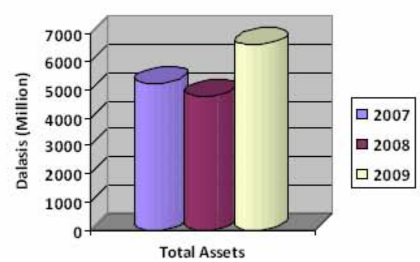
Structure of total assets

	2007 D'000	2008 D'000	2009 D'000	Change against 2008
Investment in securities	1,663,561	2,164,703	1,758,770	-19%
Loans and advances	33,156	124,005	93,964	-25%
Intangible assets	26,078	26,400	25,908	-2%
Property, plant and equipment	290,223	296,550	327,390	10%
Other non- current assets	-	147,512	143,996	-2%
Foreign currency cash balances and deposits	2,180,215	1,639,026	1,689,632	3%
Receivables due from IMF	62,036	48,265	58,878	22%
Loans and advances	126,467	25,757	44,400	72%
Investments in securities	583,132	126,627	2,205,258	1642%
Other current assets	252,720	179,859	251,045	40%
	5,217,588	**4,778,704**	**6,599,241**	**38%**

Structure of total liabilities

	2007 D'000	2008 D'000	2009 D'000	Change against 2008
Share capital and other reserves	45,315	65,315	85,315	31%
Retained earnings	250,024	313,764	286,732	9%
Long-term loan from IMF	380,043	424,590	1,904,981	349%
Provisions and other liabilities	7,483	322,945	184,666	43%
IMF SDR accounts 1 and 2	-	-	-	-
Currency in circulation	1,893,502	2,050,167	2,216,721	8%
Deposits of government and financial institutions	2,575,289	1,501,234	1,702,735	13%
Other current liabilities	65,932	100,689	218,091	117%
	5,217,588	**4,778,704**	**6,599,241**	**38%**





General information

Executive director	Mr. Momodou Bamba Saho	Governor & Chairman
Non executive directors	Mr. Mustapha A.B. Kah	Director
	Permanent Secretary DOSFEA	Director
	Mr. Benjamin J. Carr	Director
	Mr. Rene Geoffrey Renner	Director
Audit committee	Mr. Mustapha A.B Kah	Chairman
	Mr. Benjamin J. Carr	Member
	Mr. Rene Geoffrey Renner	Member
	Mr. Momodou B. Mboge	Secretary
First deputy governor	Mr. Basiru A.O Njai	
Second deputy governor	Mrs. Oumie Savage Samba	
Director of finance	Mr. Ousainou Corr	
Board secretary	Mr. Momodou B. Mboge	
Auditors	Deloitte & Touche 1 Paradise Beach Place Bertil Harding Highway P O Box 268 Banjul, The Gambia	
Registered office	1-2 ECOWAS Avenue Banjul The Gambia	
Bankers	Bank of England International Monetary Fund Federal Reserve Bank of New York Banque De France Bank of International Settlements HSBC Standard Chartered Bank Plc Union Des Banque Arabes Et Francaise Credit Suisse Morgan Keegan Bank Crown Agent Bank	

Directors' report

The directors present their report and the audited financial statements of The Central Bank of The Gambia for the year ended 31st December 2009.

Statement of Director's responsibility

The Central Bank of The Gambia Act 2005 requires the directors to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the bank and of its net profit or loss for that period. In preparing the financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the bank and to enable them to ensure that the financial statements comply with the Central Bank of The Gambia Act 2005. They are responsible for safeguarding the assets of the bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities of the bank

The Central Bank of The Gambia was established to carry on business in accordance with the constitution and the provisions of the Central Bank 2005 Act to carry on the following objects:

- achieve and maintain price stability;
- promote and maintain the stability of the currency of The Gambia;
- direct and regulate the financial, insurance, banking and currency system in the interest of the economic development of The Gambia; and
- encourage and promote sustainable economic development and the efficient utilization of the resources of The Gambia through the effective and efficient operation of a financial system.

In achieving the above objectives, the bank is allowed to perform the following functions:

- formulate and implement monetary policy aimed at achieving the objects of the bank;
- promote, by monetary measures, the stabilization of the value of the currency within and outside The Gambia;
- institute measures which are likely to have a favourable effect on the balance of payments, the state of public finances and the general development of the national economy;
- license, regulate, supervise and direct the financial system and ensure the smooth operation of the financial system;
- promote, regulate and supervise payment and settlement systems;
- issue and redeem the currency notes and coins of The Gambia;
- license, regulate, and supervise non banking financial institutions;
- act as banker and financial adviser to the Government and guarantee Government loans;
- promote and maintain relations with international banking and financial institutions and subject to the Constitution or any other relevant enactment, implement international monetary agreements to which The Gambia is a party;
- own, hold and manage its official international reserves;
- promote the safe and sound development of the financial system including safeguarding the interest of depositors;
- collect, analyse and publish statistical data; and
- do all other things that are incidental and conducive to the efficient performance of its functions under the Act.

Results

The results of the bank are as detailed in the accompanying financial statements.

Employees

The number of employees and the costs associated with these employees is as detailed in note 9.

Donations

During the year the bank made charitable donations amounting to D539, 000 (2008: D325, 500).

Directors and their interest

The directors who held office during the year are as shown on page 4. The Central Bank Act requires non executive directors to serve a maximum term of 2 years so far as possible, and that not more than one director's term of office shall expire in any one year. An appointive director shall be eligible for reappointment.

Auditors

The National Audit Office is mandated to appoint the bank's auditors.

By order of the Board of Directors

Secretary

Date: 30 / 05 2010

Deloitte.

Deloitte & Touche - The Gambia
1 Paradise Beach Place,
Bertil Harding Highway, Kololi
P.O. Box 268
Banjul
The Gambia

Tel.: +220 446 5800
Fax: +220 446 5900
www.deloitte.com

Report of the Independent Auditors

To Members of the Board of Directors of The Central Bank of The Gambia

We have audited the accompanying financial statements of The Central Bank of The Gambia as at 31 December 2009, set out on pages 9 to 37 which have been prepared on the basis of the significant accounting policies on pages 15 to 21.

Directors' responsibility for the financial statements

The directors of the bank are responsible for the preparation and fair presentation of these financial statements in accordance with the Central Bank of The Gambia Act 2005 and International Financial Reporting Standards issued by the International Accounting Standards Board. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Emphasis of matter

In preparing the financial statements in accordance with International Financial Reporting Standards, the following violations with the Central Bank of The Gambia Act 2005 were noted.

- As stipulated in Section 9 (1) and (2), the Central Bank of The Gambia Act 2005 requires that all profits and losses arising from revaluation of the bank's assets or liabilities in foreign securities, as a result of a change in the par value of the Dalasi or of any change in the par value of the currency unit of any other country, shall be excluded from the computation of the annual profits or losses of the bank and which should be carried to a special account to be known as the revaluation reserve account. However, in adopting International Financial Reporting Standards as a basis for financial reporting, the bank has accounted for these profits and losses through the income statement, which violates Section 9 (i) and (ii) of the Central Bank of The Gambia Act 2005;

- Additionally, Section 32 (2) and (6) of the Central Bank of The Gambia Act 2005 establishes a maximum lending limit to Government of The Gambia of 20% of the previous tax revenues of D3.161 billion for the year ended 31 December 2009. The total lending to Government of the Gambia as at 31 December 2009 was D1.096 billion, violating the limit set of D632 million (20% of D3.161 billion) by D464 million.

  However, our opinion is not qualified in this respect.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the bank has kept proper accounting records and the financial statements are in agreement with the records in all material respects and given in the prescribed manner, information required by the Central Bank of The Gambia Act 2005. In our opinion, the financial statements give a true and fair view of the financial position of The Central Bank of The Gambia for the year ended 31 December 2009, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte - Touche

Deloitte & Touche
Chartered Accountants
Registered Auditors

Date: 30 April 2010

Income Statement
for the year ended 31 December 2009

	Note	31-Dec-2009 D.000	31-Dec-2008 D.000
Interest Income and other similar income	6.0	139,114	162,457
Interest expense and other similar expense	6.0	(3,235)	(10,051)
Other Income	7.0	3,612	5,741
Exchange rate gains and losses	8.0	50,807	377,747
Redemption of Interest Bearing Notes	8.0	(50,807)	(326,591)
Personnel costs	9.0	(52,557)	(33,158)
General and administration expenses	10.0	(96,920)	(99,357)
Depreciation	11.0	(15,771)	(12,424)
Amortisation	12.0	(1,275)	(625)
Net (loss) profit for the year		**(27,032)**	**63,739**

The notes on pages 13 to 37 form an integral part of these financial statements.

Balance sheet

as at 31 December 2009

	Note	31-Dec-2009 D.000	31-Dec-2008 D.000
Assets:			
Non-current assets			
Investments in securities	14	1,758,770	2,164,703
Loans and advances	15	93,964	124,005
Intangible assets	12	25,908	26,400
Property, plant and equipment	11	327,390	296,550
Other non-current assets	16	143,996	147,512
Total non-current assets		2,350,028	2,759,170
Current assets			
Foreign currency cash balances and deposits	13	1,689,632	1,639,026
Receivables due from IMF	18	58,878	48,265
Loans and advances	15	44,400	25,757
Investments in securities	14	2,205,258	126,627
Other current assets	16	251,045	179,859
Total current assets		4,249,213	2,019,534
Total assets		**6,599,241**	**4,778,704**
Equity and liabilities:			
Equity			
Share capital		81,000	61,000
Other reserves		4,315	4,315
Retained earnings		286,732	313,764
Total equity	20	372,047	379,079
Non- current liabilities			
Long term loan from IMF	19	1,904,981	424,590
Other liabilities	22	184,666	322,945
IMF SDR accounts 1 and 2	18	-	-
Currency in circulation	21	2,216,721	2,050,167
Total non-current liabilities		4,306,368	2,797,702
Current liabilities			
Deposits of government and financial institutions	17	1,702,735	1,501,234
Other current liabilities	22	218,091	100,689
Total current liabilities		1,920,826	1,601,923
Total liabilities		6,227,194	4,399,625
Total equity and liabilities		**6,599,241**	**4,778,704**

These financial statements were approved by the board of directors on 30TH APRIL 2010 and signed on its behalf by:

.... Governor

.... Second deputy Governor

.... Director

The notes on pages 13 to 37 form an integral part of these financial statements.

Statement of changes in equity
for the year ended 31 December 2009

	Share capital	Statutory reserves	Other reserves	Investment revaluation reserve	Retained Earnings	Total equity
	D.000	**D.000**	**D.000**	**D.000**	**D.000**	**D.000**
At 1 January 2008	41,000	-	4,315	-	250,024	295,339
Additional paid in capital	20,000	-	-	-	-	20,000
Statutory transfers	-	-	-	-	-	-
Net income for the year	-	-	-	-	63,740	63,740
At 31 December 2008	**61,000**	**-**	**4,315**	**-**	**313,764**	**379,079**
Additional paid in capital	20,000	-	-	-	-	20,000
Net loss for the year	-	-	-	-	(27,032)	(27,032)
At 31 December 2009	**81,000**	**-**	**4,315**	**-**	**286,732**	**372,047**

The notes on pages 13 to 37 form an integral part of these financial statements.

Statement of cash flows

for the year ended 31 December 2009

	31-Dec-2009	31-Dec-2008
Cash flows from operating activities:	D.000	D.000
Net (loss) profit	(27,032)	63,739
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Depreciation and amortisation	17,046	13,049
Fair value adjustments on property, plant and equipment	(6,608)	-
Interest income	(139,114)	(162,457)
Interest expense	3,235	10,051
Government grant of redeemable interest-bearing notes	50,807	326,591
Cash (outflow) inflow generated by operating activities before changes in working capital and interest received and paid	(101,666)	250,973
(Increase) decrease in operating assets:		
Receivables due from the IMF	(10,613)	13,771
Loans and advances	11,398	6,245
Provisions and other liabilities	(138,279)	315,462
Deposits of government and financial institutions	201,501	(1,074,056)
Currency in circulation	166,554	156,665
Other assets and liabilities	91,840	13,227
Cash received (used) in operations before interest paid and received	220,735	(317,713)
Interest paid	357	(10,051)
Interest received	74,229	103,050
Net cash provided (used) by operating activities	**295,321**	**(224,714)**
Cash flows from investing activities:		
Net purchase and sale of securities	(1,704,320)	(363,851)
Purchases of property, plant and equipment and intangible assets	(40,786)	(18,751)
Net cash outflow from investing activities	**(1,745,106)**	**(382,602)**
Cash flows from financing activities:		
Receipt of IMF long-term loan	1,480,391	46,127
Cash for additional paid in capital	20,000	20,000
Net cash used in financing activities	**1,500,391**	**66,127**
Net increase (decrease) in cash and cash equivalents	**50,606**	**(541,189)**
Cash and cash equivalents at the beginning of the year	1,639,026	2,180,215
Cash and cash equivalents at the end of the year	**1,689,632**	**1,639,026**

The notes on pages 13 to 37 form an integral part of these financial statements.

Notes (forming part of the financial statements)

1.0 Background

The Central Bank of The Gambia ("the Bank") was established in 1971 by the Government of The Gambia under the Central Bank of The Gambia Act 1971 (superseded by the Central Bank of The Gambia Act 1992 and the Central Bank of The Gambia Act 2005 "the Act"). The address of the registered office of the Bank is: 1-2 ECOWAS Avenue, Banjul, The Gambia.

The principal objectives of the bank are to regulate the issue, supply availability and international exchange of money, promote monetary stability, and promote sound financial structure and credit exchange conditions conducive to the orderly and balanced economic development of the country. The responsibilities of the Bank also include acting as the banker for the commercial banks, government departments and for government projects and the issuing of currency notes and coins.

In accordance with the Act, the Board determines the monetary policy, the instruments for its implementation and decides on the Bank's monetary policy operations. The Bank ensures the implementation of the monetary policy mainly by using the following instruments – base interest rate, issues of treasury bills and other Gambian government bonds, direct purchase or direct sale of government securities and foreign exchange operations, overnight refinancing and overnight money withdrawing operations, minimum reserves requirements and the exchange rate regime for the country. The Bank ensures the administration of foreign exchange reserves especially by means of financial operations related to securities denominated in foreign currencies, acceptance of loans from foreign entities, purchase of foreign currency from banks and branches of foreign banks, and financial transactions with foreign currencies.

All the costs necessary for the Bank's activities are covered from its revenues or from transfers of Redeemable Interest-bearing Notes issued by The Gambian government. In accordance with the Act, over the accounting period the Bank generates either a profit or a loss. Profit generated by the Bank is allocated to the reserve fund and to other profit reserves, or used to settle losses from previous years. The remaining profit is transferred to the consolidated Revenue Fund (CRF) as stipulated in S8 (5) of the Act. The Bank may settle the loss for the current period from the reserve fund or from other reserves; alternatively, the Board may decide to transfer the outstanding loss to the next accounting period. The Bank shall submit an annual report on its financial results to the Parliament of The Gambia, within six months of the end of the calendar year.

The Bank is also subject to certain reporting requirements of the International Monetary Fund (IMF) under the terms of various agreements with the IMF under the current PRGF and ECF program.

During the year ended 31 December 2009, the Bank's executive and non-executive directors were as follows:

Executive Directors:

1. Mr. Momodou Bamba Saho – Governor and Chairman

Non-Executive Directors:

1. Mustapha AB Kah - Director
2. Mr. Benjamin Carr – Director
3. Permanent secretary DOSEFA – Director
4. Rene Geoffrey Renner – Director

2.0 Adoption of new and revised Standards

During the current year the Bank adopted all new and revised or amended standards and interpretations issued by the IASB and the IFRIC applicable to the Bank's operations and to annual reporting periods beginning on or after 1 January 2008. The adoption of new and revised or amended standards and interpretations did not result in changes in the Bank's accounting principles affecting the figures disclosed in the financial statements for previous years and the current year.

The following standards and interpretations, including revised or amended standards and interpretations have been issued.

Amendments to IFRS 1 "First–time adoption of International Financial Reporting Standards" and to IAS 27 "Consolidated and Separate Financial Statements" - "Cost of investments in subsidiaries, co-subsidiaries and associates" apply to annual periods beginning on or after 1 January 2009.

- IAS 1 "Presentation of financial statements": Changed presentation. Amendments to the standard are applicable to annual periods beginning on or after 1 January 2009.
- Amendments to IFRS 2 "Share-based payment": Vesting conditions. Amendments to the standard are applicable to annual periods beginning on or after 1 January 2009.
- Amendment of IFRS 3 "Business Combinations" and the accompanying amendments to IAS 27 "Consolidated financial statements and investments in subsidiaries". Amendments to the standards are applicable to annual periods beginning on or after 1 July 2009.
- IAS 23 "Borrowing costs". Standard changes apply to annual periods beginning on or after 1 January 2009.
- Updated IAS 27 "Consolidated and separate financial statements" applies to annual periods beginning on or after 1 July 2009.
- Changes to IAS 32 "Financial instruments: disclosure and presentation" and to IAS 1 "Presentation of financial statements – Financial instruments with selling option and liabilities resulting from liquidation" apply to annual periods beginning on or after 1 January 2009.
- Amendments to International Financial Reporting Standards resulting from the annual review – a set of amendments to IFRS, in majority applicable to annual periods beginning on or after 1 January 2009.
- IFRIC 12 "Service Concession Arrangements". IFRIC 12 applies for the first time to annual periods beginning on or after 1 January 2008. The interpretation provides guidelines for operators regarding license arrangements for services between the public and private sector as regards the recognition of these arrangements for accounting purposes. IFRIC 12 applies to arrangements, in which the license granting body controls or regulates which services shall be provided by an operator using specific infrastructure and also controls the remaining substantial share in the infrastructure at the end of the arrangement duration.
- IFRIC 13 "Customer Loyalty Programs". IFRIC 13 is applied for the first time to annual periods beginning on or after 1 July 2008. The interpretation addresses accounting by entities granting loyalty award credits. Specifically, it explains how such entities should account for their obligations to provide free or discounted goods or services to customers who redeem award credits.
- IFRIC 14 "IRS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction". IFRIC 14 is applied for the first time to annual periods beginning on or after 1 January 2008.
- IFRIC 15 "Agreements for the construction of real estate" applies to annual periods beginning on or after 1 January 2009.
- IFRIC 16 "Hedges of a net investment in a foreign operation" applies to annual periods beginning on or after 1 October 2008.

- IFRS 8 "Operating Segments". IFRS 8 was issued on 30 November 2006 and replaces IAS 14 "Segment Reporting". IFRS 8 is applied for the first time to annual periods beginning on or after 1 January 2009.
- IFRIC 11 "Group and Treasury Share Transactions". IFRIC 11 is effective for annual periods beginning on or after 1 January 2009. IFRIC 11 provides guidance on the application of IFRS 2 "Share-based Payment" to arrangements concerning share-based payment involving an entity's own equity instruments or the equity instruments of another entity from the same capital group (e.g. the parent's equity instruments).

The Bank has assessed the potential effects of the application of these interpretations and changes in standards and concluded that the changes will have little or no impact on the financial statements of the Bank for future periods.

3.0 Significant Accounting Policies

3.1 Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and current interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") for the first time. The disclosures required by IFRS 1 "First-time Adoption of International Financial Reporting Standards" concerning the transition from accounting in accordance with the Act to IFRS are given in Note 5. The Bank has completed its two year transition period in which the financial statements have been prepared in accordance with the Act and IFRS, There has been over the two year period reconciliations of equity and net profit or loss per the financial statements in accordance with the Act and financial statements in accordance with IFRS. The effects of these reconciliations have now been reflected during the period.

3.2 Basis of Preparation

The financial statements are prepared under the historical cost convention, as modified by the revaluation of certain financial instruments to fair value and the option chosen by the Bank to revalue certain items of property to fair value used as deemed costs under IFRS 1. The principal accounting policies adopted are set out below.

The financial statements are presented in Dalasi currency which represents the functional currency of the Bank, being the currency of the economic environment in which the Bank operates. The financial statements have been prepared under the assumption that the Bank will continue as a going concern.

3.2.1 Receivables from banks and other institutions

Receivables from banks and other institutions are stated at their nominal amounts.

3.2.2 Foreign currency activities

Transactions in currencies other than Dalasi are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

3.2.3 Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.
Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit and loss

The Bank has no financial assets classified as fair value through profit and loss.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate.

Loans and receivables include loans to government and are recorded at amortised costs.

Held-to-maturity investments

Instruments with fixed or determinable payments and fixed maturity dates that the Bank has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Foreign Treasury bills and Gambia Government Treasury Bills and foreign deposits placements are recognised as Held-to-maturity investments and are recorded at amortised cost using the effective interest method (see below) less any impairment, with revenue recognised on an effective yield basis.

Available for Sale financial assets (AFS)

5% Government bonds and Redeemable Interest-bearing Notes granted by The Gambian government are classified as AFS and are stated at their estimated fair values. Estimated fair value is determined in the manner described in note 24.13. Gains and losses arising from changes in fair value are recognised directly in equity in the investments revaluation reserve with the exception of impairment losses, interest income and foreign exchange gains and losses on monetary assets, which are recognised directly in the income statement. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

Subscriptions to associate regional institutions such as ECOWAS and WAMI (equity contributions) are recorded at cost as there are no markets or reliable basis to determine their fair value.

Equity investments made to Africa Export Import Bank and Africa Re-insurance are classified as AFS and recorded at their nominal amounts as these equity investments are not publicly traded and the Bank has assessed that there is no reasonable basis for estimating their fair values.

Dividends on these equity instruments are recognised in the profit or loss when the Bank's right to receive the dividends are established.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For unlisted equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable notes classified as AFS, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

De-recognition of financial assets

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

3.2.4 Financial liabilities

The Bank has not classified any financial liabilities as financial liabilities at fair value through profit and loss. Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

De-recognition of financial liabilities

The Bank derecognises financial liabilities when, and only when, the Bank's obligations are discharged, cancelled or they expire.

3.2.5 Government Grants

Under section 9(4) of the Act, the Government of The Gambia is required to issue and grant Redeemable Interest Bearing Notes to the Bank in the amount of the net loss incurred for the year for exchange rate revaluations of monetary assets and liabilities. These grants are recognised as income in the year the loss is incurred in order to match them with the related costs. If the Bank makes a gain on revaluation, the Notes are redeemed in the amount of the gain and are recorded as an expense in the period that the gain is recognized.

3.2.6 Intangible Assets

Leasehold land (right to use of land) is recognised as intangible assets carried at cost less accumulated depreciation. Leasehold land is depreciated over 99 years.

3.2.7 Property, Plant and Equipment

Buildings were re-valued during the year under the options in IFRS 1 for determining the deemed cost for buildings. Buildings acquired prior to 31 December 2009 are stated in the balance sheet at deemed costs, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Buildings acquired after 31 December 2008 and other assets including furniture & equipment, vehicles and computers are carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is determined separately for each category of asset and is charged so as to write off the cost or valuation of the assets (other than land and items under construction) to their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives of property, plant and equipment and intangible fixed assets are as follows:

	Number of Years
Buildings	100
Furniture and equipment	10
Office machines	5
Computer equipment	5
Vehicles	5
Computer software	5
Right to use of Land	99

Residual values and estimated useful lives are assessed on an annual basis. Surpluses or deficits on the disposal of property and equipment are recognized in the income statement. The surplus or deficit is the difference between the net disposal proceeds and the carrying amount of the asset.

Properties in the course of construction for rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Bank's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Impairment of property, plant and equipment and intangible assets

At each balance sheet date, the Bank reviews the carrying amounts of its property, plant and equipment 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). 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 is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset 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 recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.2.8 Pension and retirement benefits

The Bank currently calculates an annual amount that will become payable in the foreseeable future to employees at or near the retirement age and amounts that will be payable to former employees who have earned the right to a pension under the Bank's pension scheme. This amount is recorded as an expense in the accounting period with a corresponding entry to a pension fund liability. The amount on the pension fund liability does not represent a complete and accurate calculation of the Bank's retirement obligation.

The Bank contracted Muhanna and Co Ltd based in Nicosia, Cyprus a qualified actuary to calculate the obligation for the purposes of the complete set of IFRS financial statements for the 2009 year for its first Actuarial valuation as at 31st December 2008. The report was prepared in accordance with Guidance note "GN9 Retirement Benefit Schemes – Actuarial Report" published by the Institute and faculty of Actuary and adopted by the Cyprus Association of Actuary (CAA).

The report for the actuary interim valuation revealed the following an unfunded liability of D50.46million.
The directors have decided to recognize the unfunded liability within the next five years and agreed on a three year cycle and in addition full valuation to be done at 31 December 2011 and completed before 30 June 2012. Furthermore additional interim valuation of the fund as at 31st December 2010 will be made to ensure continued monitoring of the scheme before the next full valuation.

The principal assumptions used in the valuations are the rate of return of assets at 5% net of inflation and no salary and pension increases

For the defined benefit retirement plan that the Bank operates, the cost of providing benefits was determined using the Projected Unit Credit Method, with actuarial valuations to be carried out at each balance sheet date henceforth. Actuarial gains and losses that exceed 10 per cent of the present value of the Bank's defined benefit obligation at the end of the prior year are amortised over the expected average remaining working lives of the participating employees. Past service costs are recognised immediately to the extent that the benefits are already vested.
The unfunded liability to cover the past service cost will be amortised over five year period with an additional funding rate of 33.3% which is over and above the current contribution rate of 12.5%

totalling a contribution rate of 46.1%. The Bank committed current contribution of 12.5% of basic salaries plus additional allocation of D6.73 million over a 5 year period is being implemented.

The Bank's defined benefit plan may be summarized as follows:

The Bank operates a defined benefit plan for all employees. Under the plan, the employees are entitled to retirement benefits, including the option of a monthly pension until death or a lump sum payment upon retirement with a reduced monthly pension until death. The monthly pension s calculated as an average of the employees' salary over his/her working life capped at 75% of the final monthly salary of the employee. The lump sum option is calculated as 12.5 times one quarter of the annual full pension.

3.2.9 Receivables from and liabilities to the International Monetary Fund

Receivables from and liabilities to the International Monetary Fund ('IMF'), excluding any long-term interest-bearing borrowings, are stated at their nominal amounts using the net method, i.e. receivables and liabilities are offset. Interest-bearing borrowings from the IMF are recorded as a financial liability under the amortised costs method.

3.2.10 Currency in circulation

The Bank administers the issue of bank notes and coins and their withdrawal from circulation. Currency in circulation represents the Bank's liability arising from issued bank notes and coins. The liability is decreased by the bank notes and coins in the Bank's cash desk. The liability due to currency in circulation is stated at nominal value. The expenses for the production of notes and coins are expensed when the coins and notes are put in circulation.

3.2.11 Provisions

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

3.2.12 Interest Income and Expense

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

3.2.13 Cash and cash equivalents in the cash flow statement

Cash and cash equivalents for the purpose of cash flow statement preparation comprise cash held in foreign currencies and foreign currency deposits with foreign banks.

4.0 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Bank's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements that the directors have made in the process of applying the Bank's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

4.1 Redeemable Interest-bearing Notes and 5% Gambia Government Bond

Redeemable interest-bearing notes and the 5% Gambia Government Bond do not currently have a specific maturity date on the basis of the decision of The Gambian government and are not publicly traded and may be redeemed only at the option of The Gambian government. The Bank has therefore estimated the fair value of the notes and bonds on the basis of current relevant market information and other significant assumptions, given that these instruments cannot be traded on a secondary market and are redeemable at the option of The Gambian government. Any changes in these assumptions or market information could have a significant impact on future periods.

4.2 Useful life and fair value of building and related leasehold land

The Bank has performed a revaluation of its administrative building and related leasehold land on the basis of an independent appraisal report for the purpose of using fair value as deemed costs under the allowed option in IFRS 1 for first time adopters of IFRS. The remaining useful life of the building was not changed (70 years). The assessment of the useful life and the fair value of the building and related leasehold land involve the judgment of the technical experts. The revaluation of the building and related leasehold land has resulted in an increase in the value of the assets and a corresponding increase in equity. The estimates used in the revaluation model are based upon an expert independent valuation report. The resulting reported amounts for these assets and the related revaluation reserve do not necessarily represent values at which these assets could or would be sold. There are inherent uncertainties about future business conditions, changes in the economy and the competitive environment for real estate that could require future adjustments to the estimated life of the building which could potentially result in material changes in reported financial position, equity and profit. Refer to Note 11 for further details.

5.0 Transition to IFRS

This is the first year that the Bank has presented its statutory financial statements in accordance with IFRS following a two year transitional period. It should be noted, however that the Bank has opted to continue preparing financial statements in accordance with the IFRS and in conformity with accounting principles applicable to Central Banks and best international practices in accordance with S 66 (2) of the Act. The significant disclosures are the implicit interest based on negotiable interest rates on the Interest Bearing Notes recognized in the transitional periods amounting to D75.25 million for two years. These amounts have been included under Accrued interest and accounts receivable and passed through the revaluation reserve under equity.

6.0 Interest Income and Expense

Interest income and other similar income for the year ended consist of:

	31-Dec-2009	31-Dec-2008
	D.000	**D.000**
Interest on USD deposits	58,374	35,093
Interest on EUR deposits	14,948	28,324
Interest on GBP deposits	7,295	9,389
Interest on other foreign currency deposits	469	566
Other interest income	58,028	89,085
Total interest income	**139,114**	162,457

Interest expense and other similar expense for the year ended consist of:

	31-Dec-2009	31-Dec-2008
	D.000	**D.000**
Interest on IMF loan	90	6,459
Commission to primary dealers	3,107	3,592
Other interest expense	38	-
Total interest expense	**3,235**	10,051

7.0 Other Income

Other income can be summarized as follows:

	31-Dec-2009	31-Dec-2008
	D.000	**D.000**
Gain on sale of investments	260	393
Miscellaneous income	3,326	5,311
Sale of commemorative coins	26	37
Total other income	**3,612**	5,741

8.0 Exchange rate gains and losses

Exchange rate gains and losses can be summarized as follows:

	31-Dec-2009	31-Dec-2008
	D.000	D.000
Net exchange rate differences on foreign currency deposits	149,019	289,650
Net exchange rate differences on foreign currency on IMF loan	118,024	(192,279)
Net exchange differences on SDR accounts with IMF	(216,236)	280,376
Exchange rate differences, net	**50,807**	377,747

9.0 Personnel Costs

Personnel costs can be summarized as follows:

	31-Dec-2009	31-Dec-2008
	D.000	D.000
Salaries	20,594	19,895
Transport allowance	5,502	6,556
Contributions to provident fund	1,710	1,654
Professional allowances	1,981	2,023
Other pension costs	22,235	2,485
Other	535	545
Total personnel costs	**52,557**	**33,158**

The total number of employees as at 31 December 2009 was 249 of which 13 employees are directors and management of the Bank ((2008) 250:14).

10.0 General and administration expenses

General and administration expenses comprise:

	31-Dec-2009	31-Dec-2008
	D.000	D.000
Contributions to regional organizations	18,729	13,537
Replacement of currency	26,954	28,606
Training expenses	10,858	14,051
Travel and transport operating expenses	10,425	8,857
Software license fees	2,751	2,616
Telecommunication expenses	1,931	2,030
Other costs and expenses	25,272	29,660
Total general and administration expenses	**96,920**	**99,357**

11.0 Property, plant and equipment

	Buildings at fair value as deemed costs	Furniture and Equipment	Motor vehicles	Computer equipment	Work In Progress	Total
Cost or fair value as deemed cost	**D.000**	**D.000**	**D.000**	**D.000**	**D.000**	**D.000**
Balance at 1 January 2008	263,694	21,558	19,248	13,762	-	**318,262**
Additions	11,551	3,571	1,396	2,233	-	**18,751**
Fair value adjustment for deemed cost	-	-	(584)	-	-	**(584)**
Balance at 31 December 2008	275,245	25,129	20,060	15,995	-	**336,429**
Additions	21,470	6,491	928	597	10,517	**40,003**
Disposal	-	-	(389)	-	-	**(389)**
Fair value adjustment	32	274	2768	3534	-	**6,608**
Balance at 31 December 2009	296,747	31,894	23,367	20,126	10,517	**382,651**
Accumulated depreciation and impairment						
Balance at 1 January 2008	(5,838)	(9,067)	(6,341)	(6,793)	-	**(28,039)**
Depreciation expense	(4,126)	(2,952)	(3,424)	(1,922)	-	**(12,424)**
Fair Value Adjustments	8	(736)	784	(56)	-	**584**
Balance at 31 December 2008	(9,956)	(12,755)	(8,397)	(8,771)	-	**(39,879)**
Depreciation expense	(2,869)	(5,583)	(4,486)	(2,833)	-	**(15,771)**
disposal	-	-	389	-	-	**389**
Balance at 31 December 2009	(12825)	(18,338)	(12,494)	(11,604)	-	**(55,261)**
Carrying amount						
As at 31 December 2009	**283,922**	**13,556**	**10,873**	**8,522**	**10,517**	**327,390**
As at 31 December 2008	**265,289**	**12,374**	**11,663**	**7,224**	**-**	**296,550**

MAJ CONSULTS, an independent appraiser, re-valued the administrative building as of September 2008. Their revaluation was based on the observed asset conditions and asset replacement cost by reference to market evidence of recent transactions for similar properties and replacement cost estimation methodologies. Replacement costs estimates are based on estimated costs of Equivalent Assets (EA) and estimating the residual asset value from the EA cost, useful life and age of existing assets (Depreciated Replacement Cost methodology). On the basis of the September valuation, management of the Bank has estimated the fair value of the building as at 31 December 2009.

12.0 Intangible assets

	Right for use of land	Software	Total
Cost	D.000	D.000	D.000
Balance at 1 January 2008	-	1,681	**1,681**
Additions	-	947	**947**
Fair value adjustment for deemed costs	25,000	-	**25,000**
Balance at 31 December 2008	25,000	2,628	**27,628**
Additions	-	783	**783**
Balance at 31 December 2009	25,000	3,411	**28,411**
Accumulated amortisation			
	-	(603)	**(603)**
Balance at 1 January 2008			
Amortisation expense	(253)	(372)	**(625)**
Balance at 31 December 2008	(253)	(975)	**(1.228)**
Amortisation expense	(253)	(1,022)	**(1,275)**
Balance at 31 December 2009	(506)	(1,997)	**(2,503)**
Carrying amount			
As at 31 December 2009	**24,494**	**1,414**	**25,908**
As at 31 December 2008	**24,747**	**1,653**	**26,400**

Rights of use of land were acquired as leasehold land for a period of 99 years and have been re-valued as at the date of transition to IFRS. The fair value of these rights now represent the deemed costs for the rights of use of land. The valuation was performed by an independent appraiser together with the valuation of the administrative building. Refer to Note 11. The previous carrying amount for these rights represented a nominal amount.

13.0 Foreign currency cash balances held and deposits

Foreign currency cash balances held and deposits (cash and cash equivalents) comprise:

	31-Dec-2009	31-Dec-2008
	D.000	D.000
USD Deposits	227,822	983,493
EUR Deposits	310,140	325,761
GBP deposits	83,647	276,120
SDR Deposits	979,084	-
Other deposits	39,952	37,635
Foreign currency cash balances held	48,987	16,017
Total	**1,689,632**	**1,639,026**

Foreign currency deposits are made primarily with foreign central banks.

14.0 Financial Assets (Investments in Securities)

	Current		Non-current	
	31-Dec-2009	31-Dec-2008	31-Dec-2009	31-Dec-2008
	D.000	D.000	D.000	D.000
Held-to-maturity investments carried at amortised cost				
US Treasury bills	321,879	-	-	-
Gambia Government Treasury bills	-	126,627	-	-
Fixed term investment Euro	278,674	-	414,815	411,480
Fixed term Investment USD	1,331,572	-	362,125	624,663
Fixed term Investments GBP	273,133	-	-	123,489
Total	**2,205,258**	**126,627**	**776,940**	**1,159,632**
Available-for-sale investments carried at fair value or cost				
5% Gambia Government bonds	-	-	250,000	250,000
Redeemable Interest-bearing notes	-	-	495,865	553,853
Equity investments	-	-	235,965	201,218
Total	-	-	981,830	1,005,071
Grand Total	**2,205,258**	**126,627**	**1,758,770**	**2,164,703**

The Bank held no treasury bills to maturity as at 31st December 2009.

Available for sale investments include the following equity investments:

a. Shareholding in Africa Export-Import Bank for an amount of D12.388 million representing 0.13% holding;
b. Shareholding in Africa Re-insurance Company Limited for an amount of D13.627 million representing 0.62% holding; and
c. Shares in West African Central Bank for an amount of D190.765 million (D175.203:2008) representing a 6.9% holding. Interest accrued on this investment has been applied against the final instalment payment towards the capital of the proposed West African Central Bank.

These equity investments were not recorded at fair value as they do not represent listed investments and the directors of the Bank have concluded that there is no alternative reliable basis for determining their fair value.

15.0 Loans and advances

	Current		Non-current	
	31-Dec-2009	31-Dec-2008	31-Dec-2009	31-Dec-2008
	D.000	D.000	D.000	D.000
Loans to Gambia Government	32,400	14,557	52,283	84,683
Staff Loans	-	-	41,681	39,322
Loans to financial institutions	12,000	11,200	-	-
Grand Total	**44,400**	**25,757**	**93,964**	**124,005**

16.0 Other assets

	Current		Non-current	
	31-Dec-2009	31-Dec-2008	31-Dec-2009	31-Dec-2008
	D.000	D.000	D.000	D.000
Stock of notes not yet issued	108,057	51,514	-	-
Commemorative coins	1,230	1,230	-	-
African Bank for investment & commerce receivables	-	-	36,030	36,030
ECOWAS receivables	-	-	10,250	10,250
WAMI Stabilization fund receivables	-	-	97,716	101,232
W. African Monetary Agency receivables	17,952	17,655	-	-
Accrued interest receivable	118,293	84,551	-	-
Prepayments	577	24,735	-	-
Other	4,936	174	-	-
Total	**251,045**	**179,859**	**143,996**	**147,512**

17.0 Deposits of government and financial institutions

Deposits of government and financial institutions comprise:

	31-Dec-2009	31-Dec-2008
	D.000	D.000
Deposits of commercial banks	954,710	842,945
The Gambia government deposits	684,386	592,994
Other deposits	63,639	65,295
Total	**1,702,735**	**1,501,234**

As stipulated under the provisions of the Central Bank of The Gambia Act 2005, one of the principal objectives of the Bank is acting as banker and adviser to the Government. Relying on this provision, the Bank receives deposits which represent all receipts accruing to the Government through the consolidated revenue fund (CRF) account. The Bank also facilitates the operation of the Government's cash management system through the Treasury Main Account (TMA) as the expenditure account with maintenance holding accounts which fund the TMA.

Deposits of commercial banks also include the minimum required reserves that commercial banks must deposit with the Bank. Currently, commercial banks are required to maintain 14% of their total demand deposits as a minimum reserve requirement.

Deposits (The Gambia government and commercial banks) do not bear interest and are repayable on demand, except for the minimum reserve requirement of the commercial banks.

18.0 Balances with IMF (excluding long-term loan)

	31-Dec-2009	31-Dec-2008
Receivables:	D.000	D.000
- IMF quotas (deposits of Dalasi currency at IMF)	1,237,158	1,010,128
Liabilities:		
IMF Account #1	(1,178,167)	(961,771)
IMF Account #2	(113)	(92)
Net receivable due from IMF	**58,878**	**48,265**

19.0 Interest-bearing borrowings from IMF

Interest-bearing borrowings from the IMF include amounts for The Gambia's Poverty Reduction Growth Facility and (PRGF) and the Extended Credit Facility (ECF)in the amount of SDR18.22 million (D720.81 million) and SDR4 million (D259.84 million) respectively. The PRGF facility final disbursement was made during the year. In addition the Bank accessed the Extended Credit Facility being granted by the fund during the year resulting in total disbursement under the program amounting to SDR18.22 million disbursed to date. A one-year extension of the program with the Fund is currently being undertaken. The undrawn balance currently under the ECF is at SDR 4.66 million.

The PRGF and the ECF are repayable in 40 instalments of SDR0.2 million and 20 instalments of SDR0.511 (2008: 32:SDR0.2 million). Final instalment repayment is scheduled in 2019. The Gambia reached HIPC Initiative decision point in December 2000 and qualified for debt relief in December

2007. On 31 December 2007, the IMF executive board approved a relief of SDR 9.4165 million for The Gambia representing PRGF loan balance due under the PRGF facility. This amount is classified under provisions and other liabilities which are disbursed periodically to government. The undisbursed amount as at 31 December 2009 stands at D236, 392 million (2008: D315, 189).

As a response to the Global crises the IMF increased members' SDR allocations in August 2009 in order to finance the impact of the crises. The Gambia's original SDR5.12 million allocations have been increased by SDR24.65 million resulting in total SDR allocations of SDR29.77 million. Quarterly charges are levied and payable to the IMF on an average annual interest of 0.01% (2008: 2.99%) The SDR Allocations have no specific maturity dates.

The PRGF amount has the following repayment schedule:

	31-Dec-2009	31-Dec-2008
	D.000	D.000
Within 1 year	4,188	1,057
After 2 years	4,184	1,299
After 3 years	12,126	1,299
After 4 years	43,812	1,299
5 years and after	656,498	254,886
Total	720,808	259,840
SDR allocations	1,184,173	164,750
	1,904,981	**424,590**

20.0 Share Capital and Equity Reserves

Share capital represents contributions by the sole shareholder (the government of The Gambia) and may not be distributed under current legislation. Under the recapitalization policy of the Bank Government has undertaken to increase the share capital to D100 million over a period of 5 years starting in 2007. The current amount of D81 million has been fully paid up (2008: D61 million)

Statutory reserves include the General Reserve Fund, the use of which is subject to the Central Bank Act rules. Under this Act, any net loss incurred by the Bank under the accounting standards of the Act shall be charged to the General Reserve Fund. In cases where the General Reserve Fund is inadequate to cover the entire amount of the loss, the balance of the loss shall be carried forward under retained earnings or accumulated losses.

Retained earnings include amounts resulting from the revaluation of certain items of property, plant and equipment and intangible assets under the adoption of IFRS for the first time. These amounts do not represent statutory reserves and are therefore not subject to the requirements of the Act and are therefore not distributable.

21.0 Currency in circulation

The liability for currency in circulation represents that part of the Bank's activity which relates to the issuing of notes and coins to the general public amounting to D2.216,721 thousand (2008: D2,050,167 thousand). Changes in the level of the liability are mainly influenced by the Government's fiscal policies and monetary policies of the Bank.

22.0 Other liabilities

	Current		Non-current	
	31-Dec-2009	31-Dec-2008	31-Dec-2009	31-Dec-2008
	D.000	D.000	D.000	D.000
MDRI Relief	78,797	-	157,595	315,189
Payment obligations to China	51,837	51,664	-	-
Accrued interest payable	63,395	34,346	-	-
Provisions and other liabilities	24,062	14,679	7,380	7,756
Total	**218,091**	**100,689**	**164,975**	**322,945**

Non – current provisions and other liabilities represent pension fund obligations arising from the actuarial valuation by Muhanna and Co. Limited and which is more fully explained n note 23.

23.0 Provisions and other liabilities

Provisions and other liabilities include Pension fund reserve of D27.07 million in line with the actuarial valuation done as at 31 December 2009. The IAS 19 disclosure requirements are as detailed below:

Change in benefit obligation during the year ending	**31-Dec-2009**
	D.000
Benefit obligation at the beginning of the year	75,380
Interest cost	3,825
Current service cost	2,244
Members contribution	-
Benefits paid	-
Actuarial (gain) loss on obligation	(3,914)
Benefit obligation at the end of the year	**77,535**

Corridor	**31-Dec-2009**
	D.000
Net cumulative unrecognized actuarial gains (losses)as 1 January brought forward	-
Limits of corridor at 1 January	7,538
Excess of brought forward over the corridor limit	-
Average expected remaining working lives years (B)	18
Actuarial gains (loss) to be recognised	-
Actuarial (gain) loss recognised	-

Unrecognised actuarial gain or loss	**31-Dec-2009**
	D.000
Unrecognised actuarial gains (losses) at 1 January	-
Actuarial gain (loss) for year – obligation	(3,914)
Actuarial gain (loss) for year – plan assets	-
Actuarial gain (loss) for year – from corridor	-
Unrecognised actuarial gains (losses) at 31 December	(3,914)

Amounts recognized in the balance sheet	**31-Dec-2009**
	D.000
Benefit obligation at the end of the year	77,535
Fair value of plan assets end of the year	-
Unrecognised transition liability	(54,378)
Unrecognised actuarial gains (losses)	3,914
Recognised plan asset (liability)	**27,071**

Movement in balance sheet/provision	**31-Dec-2009**
	D.000
Opening net liability	7,408
Expenses recognized in the income statement	19,663
Payment directly to members	-
Members contributions	-
Closing net liability	**27,071**

24.0 Financial instruments

24.1 Capital risk management

The Bank manages its capital to ensure that it fulfills its role as the Central Bank of The Gambia. An integral part of the Bank's strategy is to maintain its equity under the requirements of the Act which ensures that the government makes grants of Redeemable interest-bearing notes to cover losses from revaluation of monetary assets and liabilities denominated in foreign currencies.

The capital structure of the Bank consists of deposits of the government and minimum reserves of the commercial banks and the long-term loan obtained from the IMF, deposits of the Bank in foreign banks, foreign cash held at the Bank and equity, comprising share capital, reserves and retained earnings as disclosed in Note 21.

24.2 Gearing ratio

The Bank's board of directors reviews the capital structure on an annual basis. The Bank attempts to maintain a stable gearing ratio as ensured by the requirement of the government to grant Interest-bearing notes to cover losses relating to foreign currency denominated monetary assets and liabilities.

The gearing ratio at the year end was as follows:

	31-Dec-2009	**31-Dec-2008**
	D.000	**D.000**
Debt (i)	(3,607,716)	(1,925,825)
Cash and cash equivalents	1,689,632	1,639,026
Net debt (negative)	(1,918,084)	(286,799)
Equity (ii)	**372,047**	**379,078**
Net debt to equity ratio	(515%)	(76%)

(i) Debt comprises the long-term interest-bearing borrowings from the IMF and the deposits of the commercial banks and the Government of The Gambia.
(ii) Equity includes all capital, retained earnings and reserves of the Bank.

The significant increase in the gearing ratio is both by the increased in debt and the significant reduction in the cash and cash equivalents mainly caused by increase loan disbursements and significant increase in our SDR allocation from the IMF. The increase in these two line items is by 1.43 billion during the year. On the other hand, in response to continued low interest rates and the unsettled global financial market and uncertainty in the direction of interest rates in the advanced economies; the Bank investments in fixed deposits were increased and thus a decrease in cash and cash equivalents.

24.3 Categories of financial instruments

	31-Dec-2009	31-Dec-2008
Financial assets	**D.000**	**D.000**
Held-to-maturity investments	2,982,198	1,286,259
Loans and receivables (including cash and cash equivalents)	2,298,100	2,164,424
Available-for-sale financial assets	962,645	1,005,071
Total	**6,242,943**	**4,455,754**
Financial liabilities		
Liabilities at amortised cost	720,808	259,840
Other liabilities	5,486,947	4,139,786
Total	**6,207,755**	**4,399,626**

24.4 Financial risk management objectives

The Bank's Board monitors and manages the financial risks relating to the operations of the Bank through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Bank does not engage in any derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Bank's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Bank does not enter into or trade financial instruments, including derivative financial instruments, for any purpose.

24.5 Market risk

The Bank's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Bank does not manage its exposure to interest rate and foreign currency risk except for the government grants of Interest-bearing redeemable notes to cover foreign currency exchange rate losses on monetary assets and liabilities.

24.6 Foreign currency risk management

Exchange rate exposures are covered through the government grant or redemption of Redeemable Interest-bearing notes to cover losses or to offset gains relating to exchange rate differences on monetary assets and liabilities.

The carrying amounts of the Bank's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	31-Dec-2009	31-Dec-2008	31-Dec-2009	31-Dec-2008
	D.000	D.000	D.000	D.000
EUR	-	-	1,025,890	740,693
USD	-	-	2,266,018	1,617,180
GBP	-	-	363,932	403,149
SDR	1,904,981	426,170	979,084	48,265
Other	-	-	39,952	37,634
Total	**1,904,981**	**426,170**	**4,674,876**	**2,846,921**

24.7 Foreign currency sensitivity analysis

The Bank is mainly exposed to the USD, EUR, GBP and IMF SDR currencies.

The following table details the Bank's sensitivity to a 5% increase and decrease in the Dalasi against the USD, EUR and GBP currencies respectively. +-5% is the toreable sensitivity rate used when reporting foreign currency risk internally to the Board and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A negative number below indicates an increase in exchange loss where the Dalasi weakens 5% against the relevant currency for assets and an increase in exchange gains for liabilities. For a 5% strengthening of the Dalasi against the relevant currency, there would be an equal and opposite impact on the exchange gains and the balances below would be negative for assets and positive for liabilities.

	USD impact		EUR impact		GBP impact		SDR impact	
	2009	2008	2009	2008	2009	2008	2009	2008
Exchange gain/loss	(113,301)	(80,859)	(51,295)	(37,035)	(18,197)	(20,157)	46,295	18,816

24.8 Interest rate risk management

The Bank is exposed to interest rate risk as it borrows funds primarily from the IMF at fixed interest rates. The Bank does not enter into any derivative transactions to manage its exposure to interest rate risk.

The Bank's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

24.9 Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure of the Bank primarily to interest rates on assets and liabilities at the balance sheet date (comprising primarily foreign currency deposits with foreign commercial and central banks, Redeemable Interest-bearing Note, the 5% Gambia government bond and the IMF long interest bearing borrowings. For floating rate assets, the analysis is prepared assuming the amount of asset outstanding at the balance sheet date was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to the Board of Directors and represents the Bank's assessment of the reasonably possible change in interest rates. However the current global financial crisis has made it much more difficult to predict interest rate movements. There is a general decline in interest rates in developed economies which encourages more borrowing with a view to stimulate their economies. Considering that interest rates are at their lowest - virtually zero, the near term outlook is that it will remain the same at least for now.

Profit for the year ended 31 December 2009 would therefore not decrease as a result of interest rates (2008: D 6,816 million). This is mainly attributable to the Bank's exposure to interest rates on its variable rate deposits with foreign commercial and central banks and the IMF long-term interest-bearing borrowings which are currently at their lowest.

24.10 Other price risks

The Bank is not exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes in regional bodies for the purpose of facilitating the harmonisation and integration of central banks in the Africa sub-region. The Bank does not actively trade these investments.

24.11 Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Bank. Given the nature of the Bank's role and responsibility, transactions are made with The Gambian government, other central banks and with reputable foreign commercial banks. Therefore, the Bank's credit risk exposure is mitigated within acceptable levels of the Bank's risk management policy. The carrying amount of financial assets recorded in the financial statements as at 31 December 2009 represents the Bank's maximum exposure to credit risk.

24.12 Liquidity risk management

Liquidity risk refers to the risk that the Bank will encounter difficulty in meeting obligations associated with financial liabilities. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Bank's short, medium and long-term funding and liquidity management requirements. The Bank manages liquidity risk by maintaining adequate amounts on very short term deposits with foreign commercial and central banks, by having ability to draw down on the IMF facilities up to the approved limits, by continuously monitoring forecast and actual cash flows related primarily to government projects and matching the maturity profiles of financial assets and liabilities. Included in note 19 is a summary of undrawn amounts from the IMF under approved facilities that the Bank has at its disposal.

The Bank's liabilities represent primarily deposits of commercial banks in the amount of D954.710 million (2008: D842.945 million) (including the minimum reserve requirement) and deposits of The Gambian government in the amount of D684.386 million (2008: D592.994 million). These amounts bear no specific maturity date and are payable on demand. The Bank's only interest bearing liabilities are in respect of the IMF facilities that are repayable as outlined in note 19.

The following table details the Bank's expected maturity for its non-derivative financial assets that are the primary tool for liquidity risk management. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Bank anticipates that the cash flow will occur in a different period.

	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	D.000		D.000		D.000	D.000
2009						
Non-interest bearing						
Variable interest rate instruments	1,689,632	-	-	-	712,645	**2,402,277**
Fixed interest rate instruments	-	-	2,205,258	776,940	250,000	**3,232,198**
Total	**1,689,632**		**2,205,258**	**776,940**	**962,645**	**5,634,475**
2008						
Non-interest bearing						
Variable interest rate instruments	1,639,026		126,627	-	696,538	**2,462,191**
Fixed interest rate instruments	-		1,159,632	-	250,000	**1,409,632**
Total	**1,639,026**		**1,286,259**		**946,538**	**3,871,823**

24.13 Fair value of financial instruments

The fair values of the Redeemable interest-bearing note and The Gambia government 5% bond are determined as follows:

- There is no secondary market in The Gambia for trading these or any other similar longer-term instruments and therefore the directors of the Bank have applied non-market valuation techniques to determine the estimated fair value of these instruments
- As the instruments have a fixed rate of interest without a fixed maturity date, a valuation technique was applied similar to fixed rate in-perpetuity instruments
- The market rate used to derive the estimated fair value included significant assumptions as The Gambia financial markets do not currently trade in any instruments with extended maturities.
- The significant assumptions used included:

1. There is little or no credit risk for government securities
2. The risk free rate as at 31 December 2009 was adjusted downwards to reflect the virtual lack of risks associated with an interest income cash flows in perpetuity
3. The Directors of the Bank have also assumed that the discount rate that would be applied would approximate the nominal interest rate on the instruments
4. Directors of the Bank have also assumed that the classification of these instruments as available for sale investments will change in the future to hold to maturity investments as the Bank plans to reach an agreement with The Gambia government on applying a maturity date to these instruments.

The directors consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost or at their nominal values in the financial statements approximate their fair values, given the short term nature, economic environment the Bank is operating in and the relationship of the Bank with the government of The Gambia, the IMF and the commercial banks. Therefore, no detailed fair value analysis of the Bank's other financial assets and liabilities were performed.

25.0 Related party transactions

The Bank's related parties include The Gambian government as the sole shareholder of the Bank, the Board of Directors and directors of functions (senior management) of the Bank.

Transactions with related parties in 2009 can be summarised as follows:

Name	Receivables D.000	Payables D.000	Revenues D.000	Expenses D.000
The Government of Gambia:				
Ministry of Finance	84,683	684,386	-	50,806
Other government departments	-	-	-	-
Directors of the Bank	4,442	-	-	-
Total	**89,125**	**684,386**	**-**	**50,806**

Transactions with related parties in 2008 can be summarised as follows:

Name	Receivables D.000	Payables D.000	Revenues D.000	Expenses D.000
The Government of Gambia:				
Department of State for Finance and Economic Affairs	**99,240**	**592,994**	-	**326,951**
Directors of the Bank	**4,931**	-	-	-
Total	104,171	592,994	-	326,951

Related party transactions represent primarily the deposits of The Gambian government and other financial instruments, including the grants if Redeemable interest-bearing borrowings. Transactions with directors of the Bank represent primarily loans provided for financing housing, car and other personal items.

Remuneration of Board of Directors and Function Directors

Remuneration paid to directors and senior management of the Bank for the period is as follows:

	31-Dec-2009 D.000	31-Dec-2008 D.000
Board of directors:		
Directors fees and sitting allowances	195	195
Senior management:		
Salary	2,466	2,584
Other benefits	2,706	3,011
Total	5,367	5,790

26.0 Commitments and Contingencies

26.1 Capital expenditures

Capital expenditures budgeted for 2009 to 2010 can be summarised as follows:

	D.000
2009	10,000
2010	10,000
Total	**20,000**

Capital expenditures mainly relate to the construction of a building for the Governor's Residence and the payments system development project currently being undertaken within the West African Second Monetary Zone (WAMZ). The Bank has entered into binding contractual arrangements in respect of the realisation of these projects for the total amounts budgeted. The Bank does not prepare capital expenditure budgets for longer periods.

26.2 Contingent liabilities and assets

A contingent liability is defined as:

(a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or
(b) A present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is defined as a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank.

The directors of the Bank have assessed the existence of contingent assets and contingent liabilities and have concluded on the basis of their evaluation that the Bank has no significant contingent assets or contingent liabilities.

27.0 Events after the balance sheet date

The directors of the Bank have concluded that no events have occurred since the balance sheet date that requires adjustments or disclosures in the financial statements.