INTERNALISING EXCELLENCE

2023 | CENTRAL BANK OF BARBADOS ANNUAL REPORT

ABOUT THE COVER

Internalising excellence was the Central Bank of Barbados' guiding principle in 2023. Internalising excellence means cultivating a culture of efficiency, productivity, and quality by having each member of the organisation commit to giving of their best. The individual commitment to excellence becomes an organisational standard, which in turn manifests itself in everything the Bank does, be it related to its core business or its work as a corporate citizen.

The cover of the 2023 Annual Report showcases several of the Bank's activities during the year: (top row) Governor Dr. Kevin Greenidge delivers the 3rd Distinguished Owen S. Arthur Memorial Lecture; the awards ceremony for the Bank's Independence Games; and the 48th Sir Winston Scott Memorial Lecture; (middle row) a meeting with The Barbados Bankers' Association; a quarterly staff meeting; the Forerunners Forum, a gathering of current and former Governors, Deputy Governors, and Advisors to the Governor; (bottom row) a get-together for retirees and a strategic planning session for the Management team. These images emanate from and surround the Bank's iconic headquarters, highlighting the Bank's dedication to producing excellence in its every endeavour.

CENTRAL BANK OF BARBADOS

INTERNALISING EXCELLENCE


Export-Import
Bank of


FEATURE ADDRESS
Sir Winston Scott
Memorial Lecture
CENTRAL BANK OF BARBADOS

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CENTRAL BANK OF BARBADOS

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kevin.greenidge@centralbank.org.bb

March 31, 2024

The Hon. Mia Amor Mottley, Q.C., M.P.
Prime Minister, Minister of Finance,
Economic Affairs and Investment
Government Headquarters
Bay Street
ST. MICHAEL

Dear Prime Minister:

In accordance with Section 68(3) of the Central Bank of Barbados Act, 2020-30, I have the honour on behalf of the Board of Directors to submit to you in your capacity as Minister of Finance, the Bank's Annual Accounts for the year ended December 31, 2023 as certified by the External Auditors, together with the Report on the Bank's operations during 2023.

Sincerely,

Dr. Kevin Greenidge
Governor

Encs.

CORPORATE PROFILE

The Central Bank of Barbados ("the Bank") was established by an Act of Parliament in 1972. In December 2020, a new *Central Bank of Barbados Act, 2020* was passed in the Parliament of Barbados, which prescribes two objectives for the organisation. The primary objective is to maintain the value of the Barbados currency and the secondary objective is to promote financial stability that is conducive to the orderly and sustained economic development of Barbados.

MISSION STATEMENT

To foster an economic and financial environment conducive to sustainable economic growth and development.

OUR VISION

To create and maintain an institution of world-class excellence.

OUR VALUES

Leadership and Innovation
We will nurture creativity, seek out new ideas, embrace change, and execute our tasks efficiently and on a timely basis. We will listen to, inspire, and motivate our stakeholders. We will promote critical and strategic thinking and nimbleness to achieve high performance.

Governance
We commit to adhere to the structures and policies approved by the Board in order to inform, direct, and monitor the organisation's activities towards the achievement of our objectives.

Integrity and Transparency
We acknowledge that our performance, success, and reputation hinge on the highest standard of ethical behaviour. We, therefore, promise to provide open communication and to be consistent in our application of policies across the organisation. We will always practise honesty and fiscal responsibility in all of our undertakings as a way of building trust among our stakeholders and garnering public support for our policy initiatives.

Accountability
We will, in all our actions, demonstrate timeliness, openness, and accuracy with our work, information, and data. We will ensure the safety and security of all assets and resources under our responsibility so as to engender the confidence of all our constituents.

Respect and Empathy
We will recognise everyone's value and worth in the workplace, genuinely listening to and considering their points of view. We will be sensitive to each other's thoughts and experiences.

Team Spiritedness
We commit to engendering a caring spirit in the workplace where staff are supportive of and collaborate with each other to achieve objectives. We will encourage enthusiasm in all our endeavours and bring a positive attitude to our mission, vision, and values.

GOVERNOR'S MESSAGE

Dr. Kevin Greenidge
GOVERNOR

In 2023, the Central Bank of Barbados embarked on a transformative journey, embracing the ethos of "Internalising Excellence." This guiding principle, which I introduced upon my appointment as Governor in March, reflects our unwavering commitment to fostering an institution that embodies global standards of excellence. It's a vision that aligns seamlessly with our perennial ambition to be a beacon of world-class distinction in the financial landscape.

At the heart of this vision lies the conviction that a fulfilled and joyful workforce is the cornerstone of innovation, creativity, and boundless energy. It's about nurturing a team that's not only dedicated, but also eager to exceed expectations, embodying productivity in its purest form. In pursuit of this, we've implemented a myriad of initiatives, both grand and modest, designed to cultivate an environment where happiness thrives.

The past year saw us acknowledging the hard work and loyalty of our team through the promotion of 49 staff members, alongside reconfiguring our organisational structure to better meet the needs of our stakeholders and offer more avenues for career growth. Our enhanced staff advances scheme now offers more advantageous loan conditions, further testament to our commitment to staff welfare.

Reinvigorating social cohesion and fostering a sense of camaraderie became a focal point, especially as we transitioned from a period of remote work. Our digital transformation journey continues unabated, equipping our team with the necessary tools and systems to work seamlessly, irrespective of location. These efforts have collectively fuelled a vibrant and spirited workforce, as evidenced by our inaugural happiness survey, which yielded a commendable score of 4.08 out of 5, and an employee engagement rating of 78.3 percent. While these figures are encouraging, we view them as just the beginning of our journey towards unparalleled workplace satisfaction.

A significant initiative has been to deepen our engagement with the Bank's retirees, recognising their invaluable contributions and the wealth of knowledge they continue to offer. This has led to the creation of mentorship programmes and the Forerunners Forum, facilitating meaningful exchanges on central banking and economic issues, thus leveraging decades of institutional wisdom for contemporary challenges.

The fruits of our labour are evident in the Bank's performance over the year. Our data-driven advisories have supported governmental policies, contributing to an economic resurgence with growth of 4.4 percent in 2023, surpassing pre-COVID levels. This economic revitalisation is mirrored across all indicators, showcasing a robust and forward-moving economy.

Our strides in banking, capital market revitalisation, and public education through initiatives like the Caribbean Economic Forum have reinforced public trust and financial security. The introduction of counterfeit-resistant polymer banknotes marks a milestone in our commitment to secure financial transactions.

Looking ahead, we remain undaunted by the challenges of further economic enhancement. Our focus will extend to fostering inclusive and sustainable growth, enhancing financial intermediation, and supporting wealth creation among Barbadians. Our planned digital financial literacy campaign underscores our dedication to navigating the evolving financial landscape responsibly.

Our digital transformation within the Bank will set new standards for efficiency and modernisation, all while maintaining an environment that cherishes a happy and dynamic team. Our agenda for 2024 is ambitious, yet essential for fulfilling our mission to cultivate an economic and financial climate that propels sustainable growth and development for all Barbadians. With a foundation built on excellence, we move forward with confidence, ready to embrace the challenges and opportunities that lie ahead.

BOARD OF DIRECTORS

Dr. Kevin Greenidge
Governor
Ph.D.

Trevor Campbell
M.A.

The Most Honourable
Ian Carrington
M.B.A, C.P.A

Michael Edghill
M.B.A, C.P.A, F.C.A

Professor Winston Moore
Ph.D.

Professor Justin Robinson
Ph.D.

Lynne-Marie Simmons
LL.B, LL.M, ACoI, TEP

Jared Wright
M.B.A

EXECUTIVE COMMITTEE & SENIOR MANAGEMENT

EXECUTIVE COMMITTEE

Dr. Kevin Greenidge
Governor
Ph.D.

Alwyn Jordan
Deputy Governor
M.Sc.

Michelle Doyle
Deputy Governor
MPhil, CFA

Elson Gaskin
Deputy Governor
LL.B, L.E.C, M.B.A,
M.I.C.B.S, J.P.

SENIOR MANAGEMENT

Julia A. Weekes
Executive Director
B.Sc., CFA

Pamela Arthur
Director, Human Resources
M.Sc.

Karla Austin
Director (Ag.)
Facilities Management
M.Sc., C.Eng., CMRP, PMP

Anton Belgrave
Director, Research and
Economic Analysis
M.A. (Econ), FRM

Sadie Dixon
Secretary to the Board
LL.B., LL.M. L.E.C.

Darrin Downes
Director (Ag.)
Foreign Exchange and Fund Management
M.A. (Econ.), LL.B., LL.M, L.E.C.

Cheryl Greenidge
Director, Bank Supervision
M.B.A.

Heather Moore-Bernard
Director, Corporate
Strategy and Risk
M.B.A

Philmore Thorne
Financial Controller
M.B.A, F.C.C.A, FCA

Steve Vaughn
Chief Internal Auditor
M.B.A, F.C.C.A, FCA, C.I.A.

Ian Wood
Director, Management
Information Systems
M.Sc., CISA, CISM, CRISC

OTHER SENIOR OFFICERS

Novaline Brewster
Chief, Corporate Communications
M.Sc., J.P.

Debbie Briggs
Deputy Director
Banking and Investments
B.Sc., F.C.C.A., FCA

Rudolph Browne
Chief Statistical and Information Analyst
Research and Economic Analysis
M.Sc.

Terry Burke
Chief Information Security Officer
Management Information Systems
B.Sc., CISA, CISM, CISSP, CRISC

Jennifer Clarke-Murrell
Deputy Director
Bank Supervision
M.Sc.

Fay Downes
Deputy Financial Controller
B.Sc., F.C.C.A, FCA

Oliver Estwick
Deputy Director (Ag.)
Facilities Management
B.Arch, BSc., OTD, CPM

Vincent Grosvenor
Deputy Director
Management Information Systems
M.Sc.

Roger Gumbs
Deputy Financial Controller
B.Sc., C.G.A, C.F.S.A.

Charmaine Haywood
Deputy Director
Management Information Systems
B.Sc.

Tamara Hurley
Deputy Director
Bank Supervision
M.B.A.

Alexis Lescott
Deputy Director
Research and Economic Analysis
M.Sc.

Shari Lorde Richards
Deputy Director
Bank Supervision
M.Sc.

Alvon Moore
Deputy Director (Ag.)
Currency
M.Sc.

Sheryl A. Peter-Kirton
Chief, Digital Programming
Digital Transformation Unit
M.Sc.

Angela Skeete
Chief, Library and Information Services
Research and Economic Analysis
M.A.

Dr. Saida Telau
Chief Research Economist
Research and Economic Analysis
Ph.D

Carlon Walkes
Deputy Director
Research and Economic Analysis
M.Sc.

Nichelle Yearwood
Chief Policy Analyst
Research and Economic Analysis
M.Sc.

1. CORPORATE GOVERNANCE

The Board of Directors

The Board of Directors of the Bank ("the Board") has been entrusted, pursuant to section 12 of the *Central Bank of Barbados Act, 2020,* with responsibility for the oversight of the executive management of the Bank as exercised by the Executive Committee.

The Board has the following functions and powers:

- to approve the budget of the Bank and oversee its execution
- to approve the allocation of profits to special reserves
- to consider and approve the annual audited accounts and the financial statements of the Bank
- to define the organisation of the Bank and the general policy that regulates the powers and duties of its employees, including the framework for recruitment, promotions, and the exercise of disciplinary control
- to appoint and dismiss the Chief Internal Auditor of the Bank
- to adopt the external auditor selection and rotation policy and appoint and dismiss the external auditor of the Bank upon the recommendation of the Audit Committee
- to oversee the system of financial reporting, risk management, and internal controls of the Bank
- to carry out any ancillary powers that relate to its oversight role
- to request to be furnished with information of the Bank that it requires to carry out its oversight functions
- to adopt the accounting policies of the Bank and procedures that are in accordance with the internationally recognised accounting standards
- to make by-laws that regulate the conduct of the business of the Bank
- to make regulations and issue orders to give effect to the provisions of the Act
- to appoint committees to exercise any of its functions

Composition of the Board

The Board consists of the Governor as Chairman, the Director of Finance and Economic Affairs, and six non-executive Directors, who are required to be persons of recognised experience in the areas of law, economics, finance, or business. At least one of the non-executive Directors must have not less than six years of recognised experience in accounting matters.

The members of the Board of Directors apart from the Governor are Mr. Trevor Campbell, Mr. Michael Edghill, Professor Winston Moore, Professor Justin Robinson, Ms. Lynne-Marie Simmons, Mr. Jared Wright, and the Most Honourable Ian Carrington, the Director of Finance and Economic Affairs, who is an ex *officio* member.

Statutorily, there are three Deputy Governors of the Bank who may attend all Board meetings but are only entitled to vote if, in the absence or disability of the Governor, one of them is chairing a Board meeting.

The Bank appointed Michelle Doyle and Elson Gaskin as the two new Deputy Governors effective October 1, 2023. They join Alwyn Jordan, who has been Deputy Governor since October 2019.

Sadie Dixon is the new Bank Secretary effective October 1, 2023, and is the officer chiefly responsible for Board administration.

Meetings of the Board

The Board is statutorily mandated to meet as often as the business of the Bank requires, but not less frequently than 10 times in each year. Not more than two months must elapse between one meeting of the Board and the next meeting.

Five Directors, of whom one must be the Governor, or in case of his absence or disability, a Deputy Governor, form a quorum at any meeting, and decisions are adopted by a simple majority of the votes of the members present. In the event of an equality of votes, the Chairman may exercise a second or casting vote.

The Bank's by-laws provide for regular meetings for which no notice is necessary and for special meetings to be convened at the written request of the Governor or any two Directors. In the latter case, however, notice is required.

The Board met in 11 regular sessions in 2023. The meetings were held at the Bank's offices in the Courtney Blackman Grande Salle or virtually.

Among the matters considered in the year under review were economic developments and monetary policy, the administrative budget, human resource appointments, administrative policies, strategic planning, and other periodic reporting.

Sub-Committees of the Board

There is one sub-committee of the Board, namely the Audit Committee. Under the aforementioned legislation, the Audit Committee has been given statutory recognition and must be comprised of non-executive Directors.

The committee addresses matters pertaining to the internal and external audit functions of the Bank, including reviewing the draft audited financial statements of the Bank in conjunction with the external auditors prior to the said statements being approved by the Board. The Audit Committee also oversees the risk function of the Bank, and, in 2023, approved the enterprise risk management framework of the Bank.

For the first half of the year under review, the Audit Committee comprised Professor Justin Robinson (Chairman (Ag.) and Professor Winston Moore.

In November, upon the appointment of Mr. Michael Edghill to the Board of Directors, he was appointed to serve as Chairman of the Audit Committee.

During the year under review, the Audit Committee met four times.

The Executive Committee

The Executive Committee consists of the Governor and three Deputy Governors. The Governor also chairs the Executive Committee.

The Executive Committee's responsibilities include:

- the executive management of the Bank
- the formulation, adoption, and implementation of the policies of the Bank, including the monetary policy and the financial stability policy of the Bank
- the formulation and implementation of the policies that the Board adopts
- the management of the international reserves in accordance with the risk management and internal control framework as approved by the Board
- the rules for the reproduction of legal tender banknotes and the details of the exchange of legal tender banknotes, including the rules for the replacement of damaged legal tender banknotes
- the requirements and conditions for the management of and access to the clearing and payment system
- making regulations in relation to the functions and powers that it exercises under the *Central Bank of Barbados Act, 2020*
- such other powers and duties as stated within the Act that are not explicitly allocated to the Board

The Executive Committee is empowered to delegate its functions and powers where such delegation is not inconsistent with the provisions of the Bank's enabling Act.

The Executive Committee developed and adopted its terms of reference, which were seen and noted by the Board.

Meetings of the Executive Committee

The Executive Committee is statutorily mandated under section 15 of the *Central Bank of Barbados Act, 2020* to meet as often as the business of the Bank requires. During the year under review, the Executive Committee met seven times. The meetings were held in the Tom Adams Financial Centre or virtually. The deliberations of the Executive Committee focused on monitoring foreign exchange flows to ensure that the country maintains adequate levels of foreign reserves to support the fixed exchange rate regime.

The committee also continued to assess, from a macroprudential perspective, developments that could adversely affect the stability of the financial sector.

The Executive Committee also considered the policies of the Bank related to administrative matters, including the organisational structure, issues related to financial market conduct, and the financing of Government.

Legislative Reform

In 2023, the Bank piloted a number of enactments.

The first of these was the *Central Bank of Barbados (Amendment) Act, 2023*, which amended the *Central Bank of Barbados Act, 2020*. Since the passage of the Act in December 2020, the Bank recognised that there were areas that were provided for in the former Act that were not included in the current Act, which related primarily to matters of Board governance. In addition, some minor matters were raised during the International Monetary Fund's (IMF) 2023 Safeguards Assessment mission that the Bank thought were necessary to be included.

Efforts to finalise the draft *National Payment System (Clearing and Settlement) Regulations, 2023* and the draft *National Payment System (Electronic Payment Service Providers) Regulations, 2023* continued during the year.

The *Financial Services Tribunal Bill* is also being finalised and is expected to be introduced into Parliament early in 2024, after a final stakeholder consultation.

Strategic Planning

The Bank's 2022–2024 Strategic Plan focused on risk awareness and mitigation and on consolidating and expanding its achievements in the area of internal transformation. The Committee members are Elson Gaskin (Chairman), Pamela Arthur, Novaline Brewster, Michelle Doyle, Darrin Downes, Arlene Estwick, Alexis Lescott, Shari Lorde Richards, Alvon Moore, Heather Moore-Bernard, and Ian Wood.

The year 2023 was a season of change for the Bank. The passing of the executive torch will, in most cases, represent a reordering of strategic vision and priorities. While such did occur in this instance, the transition flowed smoothly from and built upon the priorities of previous years.

Notable achievements during 2023 include:

- The rollout of an employee engagement programme to raise employee engagement levels in the Bank and to enhance Management-team dynamics
- The promotion of greater management accountability via the introduction of a performance system for Management
- The development of departmental KPIs, the first of which was the introduction of targeted performance development plans for all staff
- The onboarding of an experienced consultant to conduct a job evaluation that is expected to be completed by August 2024
- The creation of more opportunities for promotion at the Management level, including the creation of five Senior Director posts.

Under the leadership of the Governor, and with the support of Management, internalising excellence has become one of the top priorities of the Bank. Therefore, the Bank has taken a considered decision to completely realign the Strategic Plan for the 2024-2026 period with the new strategic priorities and objectives envisioned by Executive Management.

The Bank has embarked on this reordered journey without losing sight of the new strategic priorities and objectives from the previous triennium that it believes are worthy of completion.

For this reason, the theme of the 2024-2026 Strategic Plan is "Transforming our Bank and Internalising Excellence."

Risk Management

During 2023, the Bank conducted various audits of its activities and tasks as outlined in the annual audit plan, doing so in conformity with the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing and the Code of Ethics. The results from completed audits were reported to auditees, senior management, and the Audit Committee.

Tasks performed included the follow-up of outstanding audit recommendations from completed audits, improvement of reporting on the progress of related corrective actions, development of a multi-year audit plan as an enhancement to the previously prepared annual audit plans, periodic reporting to senior management and the Audit Committee in compliance with the Standards and the *Central Bank of Barbados Act 2020*, and the facilitation of external information technology (IT) audit services.

The firm contracted to provide IT audit services for the period 2022-2024 continued to work during the year.

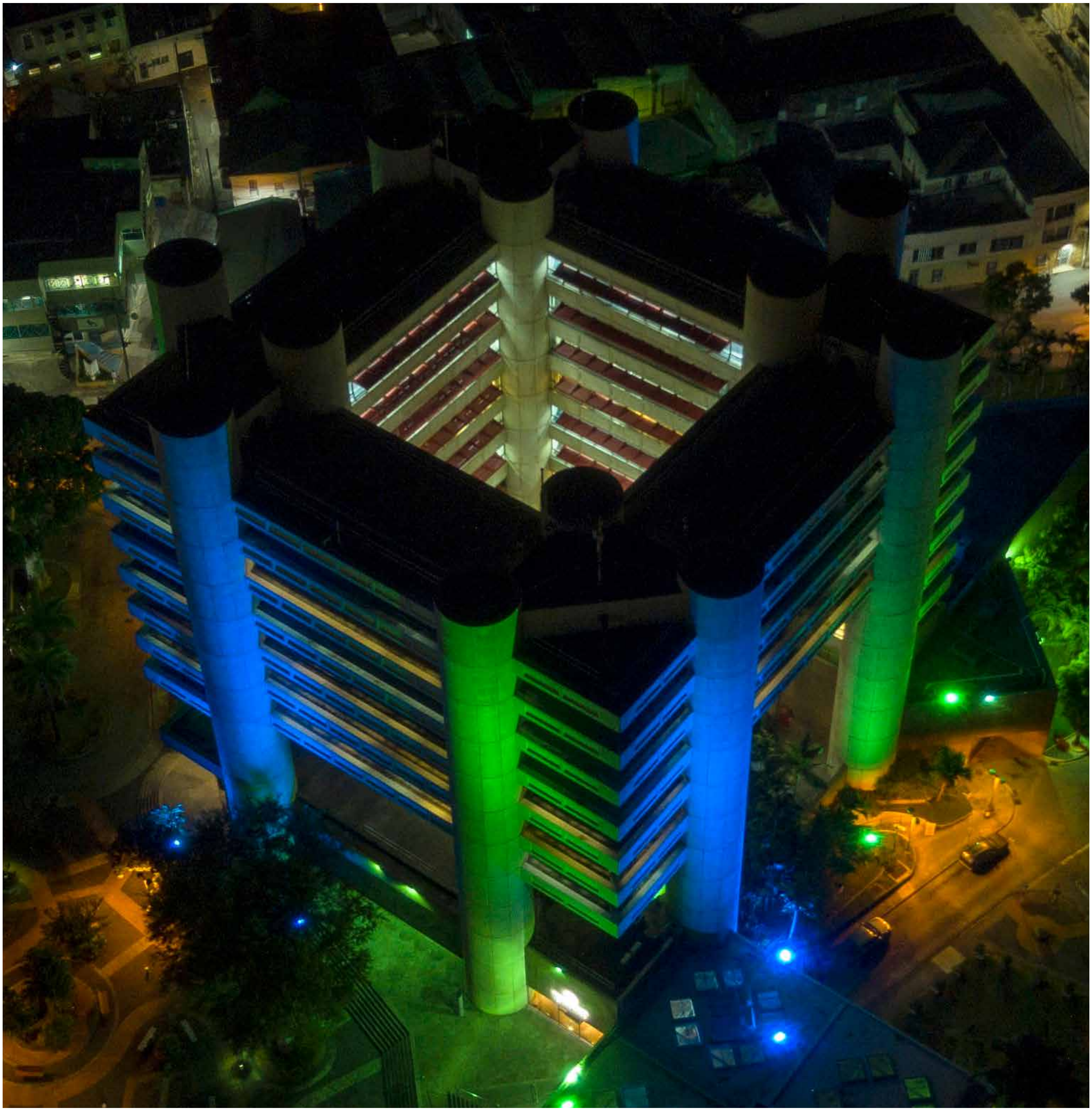
The Board of Directors adopted the process for establishing an enterprise risk management (ERM) framework for the organisation that was outlined in the 2023-2025 Strategic Plan. In the 2024-2026 strategic triennium, the Bank will continue its thrust towards cascading the ERM process to the departmental level. This would capture all risks throughout the Bank from a top-down approach, providing a helicopter view of the Bank's risks. This approach will be facilitated by strengthening the capacity of its enterprise risk department.

In addition, the Bank intends to build on its existing capacity and knowledge, while seeking to grow and explore how modern ERM trends and methodologies can enhance risk identification, assessment, mitigation, and reporting. In support of this, it has elected to create a Project Management Office in the coming year, to ensure that its processes for managing its projects of various sizes and scopes, are in line with international best practices.

Internalising Excellence

The International Monetary Fund (IMF), in their Safeguards Assessment, acknowledged and congratulated the Bank for its improvement and progress in embedding the ERM process.

Looking forward to 2024, the Bank will continue its efforts to simultaneously build capacity within the organisation and to inculcate an even greater appreciation for sound risk management practices as it strives to become a risk-intelligent organisation. This approach includes embedding this mindset into its decision-making and conducting environmental scans to determine any emerging and materialising risks.



2. MACROECONOMIC DEVELOPMENTS

Despite facing global and local headwinds, the Barbados economy sustained its growth trajectory, driven by the robust performance of the tourism sector. Amidst challenges such as elevated foreign interest rates, geopolitical tensions, and local climatic events affecting agricultural output and local prices, the Barbadian economy demonstrated resilience and continued its upward growth path in 2023. Anchored by thriving tourism, the economy registered an estimated growth rate of 4.4 percent. This robust expansion not only bolstered transaction-based tax revenues but also contributed significantly to reducing the debt-to-GDP ratio, narrowing the external current account deficit, and enhancing the profitability of the financial sector.

Tourism continued to be the major driver of the economic expansion. The sector's strong performance in its second year of recovery since the COVID-19 pandemic has been bolstered by increased airlift capacity, intensified promotional initiatives in key source markets, high-profile cricket events, and the vibrant revival of the Crop Over festivities. The sustained growth in tourism has been a catalyst for expansion in the non-traded sectors, particularly energising construction, wholesale & retail, and the business & other services sectors, underscoring the interconnectedness of the economy.

Barbados' external position continued to strengthen during the review period. The current account narrowed by $224.5 million to a reduced deficit of $1,026.2 million, primarily fuelled by a surge in tourism receipts and a decrease in the value of imports. Additionally, the country's foreign reserves benefitted from the inflow of policy-based loans. These positive developments collectively elevated the gross international reserves by $227.2 million, amounting to $2,997.4 million at end December 2023, equivalent to 31.6 weeks of imports of goods and services. This performance marks the second-largest end-of-year reserve position on record, and is another indicator of Barbados' enduring economic resilience.

Government effectively balanced its fiscal challenges, achieving its primary surplus target and maintaining a minimal overall deficit. In the face of challenges such as the cessation of the pandemic levy and shifts in the timing of corporation tax collections, Government navigated the fiscal landscape. Enhanced domestic economic activity bolstered transaction-based taxes, effectively mitigating revenue losses. Despite rising interest costs, wages & salaries, and grants to public institutions contributing to increased spending, Government achieved a primary surplus of $493.9 million, equivalent to 3.8 percent of GDP. This not only surpassed the target of $378 million, thus helping to reduce Government's financing requirements, but also resulted in a small overall fiscal deficit of just $9.1 million, or 0.1 percent of GDP.

The debt-to-GDP ratio remains sustainable on its downward trajectory. The ratio fell to 115.5 percent, from 120.3 percent in 2022, in tandem with the rise in economic activity. The period also realised an increase in the uptake of domestic securities and the acquisition of additional policy-related loans from multilateral institutions that pushed up the debt stock. Moreover, the interest-to-revenue ratio rose slightly, influenced in part by the global increase in interest rates.

Financial sector conditions remained stable. The robust economic growth positively influenced the financial sector's performance, enabling higher private sector credit to households and businesses, along with a continued decrease in non-performing loans (NPLs). Despite a slowdown in deposit growth at the end of the year, primarily due to higher drawdowns to facilitate loan repayments, travel by households, and larger holdings of Government securities by individuals and businesses, liquidity in the banking sector remained high. Furthermore, the steady enhancement of capital adequacy ratios and bank profitability underscored the resilience and robustness of the financial system.

Table 1: Leading Economic Indicators

	2017	2018	2019	2020	2021(p)	2022(e)	2023(e)
Nominal GDP ($ Million)[1]	10,000.9	10,256.7	10,734.3	9,559.5	9,890.6	11,681.3	12,776.0
Real GDP Growth (%)	0.7	(0.7)	0.3	(12.7)	(1.3)	13.8	4.4
Inflation (%)[2]	4.4	3.0	1.7	0.5	1.6	4.9	5.2
Unemployment (End-of-period, %)	8.2	11.6	8.9	13.6	10.9	7.2	8.2
Gross International Reserves ($ Million)	411.3	999.6	1,481.0	2,660.7	3,058.8	2,770.3	2,997.4
Gross International Reserves Cover, Weeks	5.3	12.8	18.6	40.7	40.6	29.2	31.6
BoP Current Account (% of GDP)	(3.8)	(4.4)	(2.7)	(5.9)	(11.0)	(10.7)	(8.0)
Total Imports of Goods (% of GDP)	30.4	29.2	28.0	29.7	32.1	34.9	31.3
Travel Credits (% of GDP)	21.6	21.8	23.3	12.0	12.4	15.7	17.9
Financial Account ($ Millions)	54.2	862.6	776.4	1,621.6	1,207.6	932.0	1,385.1
Gross Public Sector Debt3 (% of GDP)	148.5	125.3	116.4	134.1	135.1	120.3	115.5
Central Government External Debt (% of GDP)	28.6	31.2	28.8	41.6	45.3	40.7	42.7
External Debt Service to Curr. Acct. Cred.	8.1	5.0	3.6	9.0	7.0	7.8	9.4
Treasury-Bill Rate	3.2	0.5	0.5	0.5	0.5	0.5	0.5
Weighted-Average Deposit Rate	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Weighted-Average Loan Rate	6.6	6.7	6.4	5.9	5.7	5.5	5.5
Excess Domestic Cash Ratio	14.2	16.1	18.5	22.4	26.8	27.0	28.0
Private Sector Credit Growth (%)[4]	3.2	0.3	0.9	(1.2)	(0.7)	3.1	2.5
Private Sector Credit (% of GDP)[4]	81.8	80.2	76.9	85.3	81.9	71.5	67.0
Domestic Currency Deposits (% of GDP)[4]	112.7	111.5	96.3	128.5	129.5	114.5	106.0
Fiscal Year	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**Apr-Dec 2022**	**Apr-Dec 2023(p)**
Fiscal Balance (% of GDP)	(0.3)	3.5	(4.8)	(4.7)	(2.0)	0.4	(0.1)
Primary Balance (% of GDP)	3.4	5.8	(1.0)	(0.9)	2.5	3.5	3.8
Interest (% of GDP)	3.7	2.3	3.8	3.8	4.5	3.1	3.8
Fiscal Current Account (% of GDP)	1.6	5.3	(1.7)	(0.6)	1.9	2.1	0.9
Revenue (% of GDP)	29.1	27.4	28.6	27.0	27.1	19.6	18.1
Expenditure (% of GDP)	29.4	23.8	33.4	31.7	29.1	19.1	18.1
Non-interest Expenditure (% of GDP)	25.7	21.6	29.6	27.9	24.6	16.0	14.3
Capital Expenditure (% of GDP)	1.9	1.8	3.1	4.1	3.9	1.7	0.9
Gov't Interest Payments (% of Revenue)	12.9	8.4	13.4	14.1	16.5	15.9	21.3

(e) – Estimate
(p) – Provisional
1 - Central Bank of Barbados and Barbados Statistical Service
2 - Twelve Month Moving Average- Data as at October, 2023
3 - Gross Public Sector Debt = Gross Central Government Debt + Other Public Sector Debt
4 - Based on consolidated data for deposit-taking institutions (Commercial Banks, Finance & Trust Companies and Credit Unions)

Sources: Barbados Statistical Service, Ministry of Finance, Accountant General and Central Bank of Barbados

3. MAINTAINING THE PEG TO PROMOTE MACROECONOMIC STABILITY

The *Central Bank of Barbados Act, 2020* identifies "Maintaining the value of the currency" as the Bank's main objective. The prioritisation of protecting Barbados' fixed exchange rate is a recognition that this is a key component of ensuring macroeconomic stability. The two are inextricably linked, and, therefore, were a central focus for the Bank in 2023.

The Strategy Behind Foreign Reserves Management

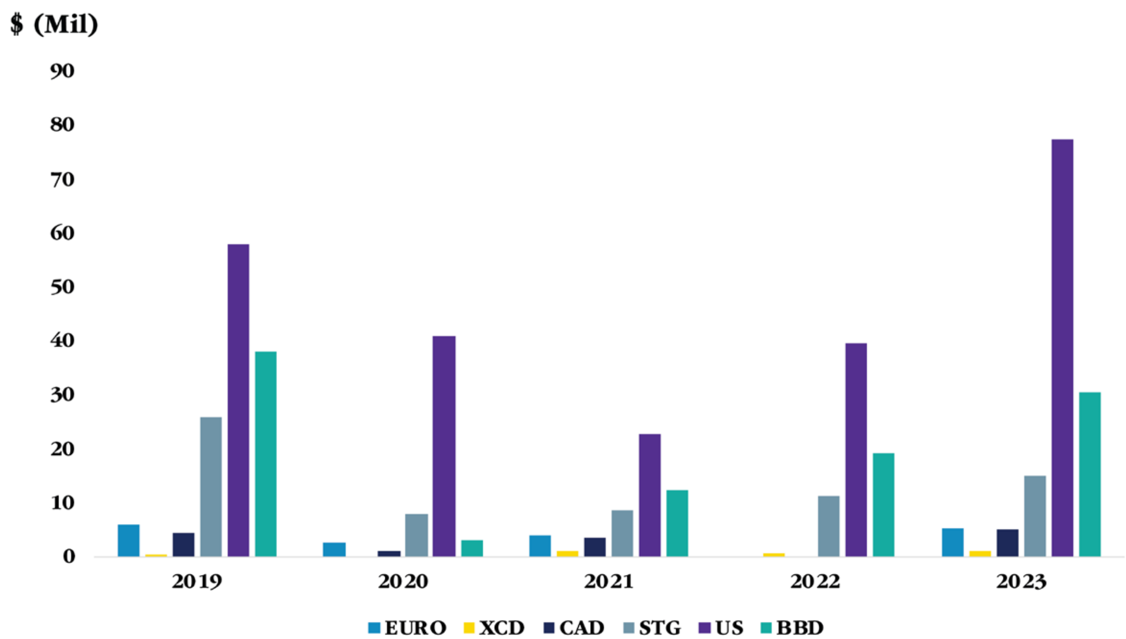
The strategic management of international reserves is pivotal to safeguarding the stability of Barbados' fixed exchange rate system. Implementing exchange controls is a critical tool that allows the Central Bank to maintain a healthy balance of foreign reserves, ensuring that individuals and businesses can access foreign currency for their essential needs without compromising national financial stability.

In 2023, the Bank's approach to managing the foreign reserves bore fruit, evidenced by a notable improvement in its gross foreign exchange position. This positive shift was driven primarily by a surge in tourism revenues and a reduction in import expenditures. Additionally, policy-based loans from global financial institutions played a significant role in bolstering Barbados' external financial health, culminating in a gross reserves position of around $3.0 billion by year end.

The Bank also actively engaged in repatriating foreign currency and selling Barbadian currency on the international market, further enhancing its reserves. Throughout the year, it successfully executed 21 such operations, generating proceeds of Barbados $134.3 million – nearly twice the amount from the previous year. Of these, sales in United States dollars were particularly noteworthy, totalling $77.3 million, reflecting a substantial increase of $37.3 million over the prior year. Moreover, transactions in pounds sterling brought in $14.9 million, exceeding the previous year's figure by $3.7 million. Sales in Canadian dollars, euros, and the Eastern Caribbean dollar also contributed significantly, yielding $5.3 million, $5.2 million, and $1.1 million, respectively. Local currency sold abroad amounted to $30.6 million, $11.3 million greater than in 2022.

These efforts are a testament to the Bank's proactive and strategic management of Barbados' foreign reserves, underscoring its commitment to maintaining the nation's financial integrity and supporting economic stability through carefully calibrated policies and actions.

Figure 1: Repatriation of Foreign Currency and Sale of Barbados Dollars



Enhancing Financial Engagement with Forex Online

In 2022, the Bank made a significant leap forward in modernising its financial services by launching Forex Online. This innovative online portal has not only simplified the application process for purchasing foreign currency but has also significantly enhanced its capabilities in data collection within this domain.

The first half of 2023 witnessed the expansion of Forex Online's capabilities with the addition of three more application forms. Initially catering solely to applications via the FC (Not for Imports) Form, the portal now seamlessly accommodates the Periodic Payment (PP) Form, the Form FC (1) (For Imports Only), and the Foreign Investment (FI) Form. This integration has successfully transitioned all exchange control applications to a digital format, marking the retirement of the traditional paper-based system.

The adoption of Forex Online has been remarkable, with 10,295 new users registering within the year, and the platform handling an average of 241 transactions daily. This reflects the Bank's commitment to leveraging technology to streamline financial transactions and improve user experience.

In 2024, the Bank will upgrade its Forex Online platform. This enhancement will introduce the capability for users to apply for adjustments to their foreign currency limits on debit and credit cards, further expanding the portal's utility and ensuring its stakeholders have the tools they need to navigate the global financial landscape effortlessly.

Strategic Collaboration with the Government

The Central Bank has steadfastly provided key policymakers with detailed monthly economic summaries, a practice that ensures the government is well-informed about both local and international economic trends and their implications for the Barbadian economy.

Its role extends to presenting comprehensive updates on economic performance during the monthly Joint Economic Group (JEG) Meetings, presided over by the Prime Minister or her appointed representative. These meetings serve as a vital forum for dialogue among key public sector stakeholders, including ministers and senior Government officials. Here, critical policy issues are deliberated, and decisions are made regarding necessary corrective measures, guided by the macroeconomic indicators presented by the Bank.

Additionally, the progress of the Barbados Economic Recovery and Transformation (BERT) 2022 programme is meticulously reviewed during these sessions. This collaboration underscores the Bank's commitment to supporting informed decision-making and contributing to the nation's economic strategy and recovery efforts.

Enhancing Global Partnerships and Economic Credibility

Throughout the past year, the Central Bank's expertise played a crucial role in actively communicating the progress of the Barbados Economic Recovery and Transformation (BERT) 2022 programme to international stakeholders, including missions from the International Monetary Fund (IMF) and global rating agencies.

Engagement with the IMF

The Bank participated in both review missions and staff visits organised by the IMF. As part of the Barbados team, it delivered comprehensive presentations on Barbados' macroeconomic framework. These presentations covered the underlying assumptions, as well as short- and medium-term economic forecasts. The Bank also participated in in-depth discussions on the BERT programme's performance criteria targets, offering valuable insights into Barbados' economic reform strategies and achievements to its international partners.

Interactions with Rating Agencies

In addition, the Bank convened with representatives from four major rating agencies: Caribbean Information and Credit Rating Services (CariCRIS), Fitch, Moody's, and Standard & Poor's (S&P). Supported by officials from the Barbados Revenue Authority, the Ministry of Finance's Debt Unit, the National Insurance and Social Security Service, and the Customs and Excise Department, the Bank presented on the macroeconomic framework's sustainability under the BERT programme for the medium to long term.

These efforts have been recognised on the international stage, evidenced by significant upgrades in Barbados' sovereign credit ratings. CariCRIS elevated the country's rating by two notches to CariBBB-, and Moody's by one notch to B3, acknowledging the notable progress Barbados has made under its IMF-supported economic programmes, and its disciplined approach to economic management. Meanwhile, Fitch and S&P have maintained their ratings at B and B- respectively but shifted the country's outlook from stable to positive, reflecting a growing confidence in Barbados' economic trajectory.

Strengthening Technical Expertise and International Cooperation

Throughout the year, the Bank's staff actively engaged in a series of technical assistance workshops to enhance their expertise and capabilities, and to build international corporation.

Enhancing Financial Stability Reporting

In January and early February, the Bank collaborated with the Financial Services Commission (FSC) and the Caribbean Regional Technical Assistance Centre (CARTAC) on a mission aimed at improving the Financial Stability Report (FSR). This joint publication with the FSC, which analyses the health of Barbados' financial system, benefitted from recommendations to refine its structure and content. The CARTAC team advised on advancing the financial stability analytical toolkit, deepening economic research, refining analysis methodologies, and broadening the use of statistics and data sources. They also provided strategies for effectively marketing the report.

Modernising Monetary Operations

In May, the Bank participated in a technical assistance mission with the IMF's Monetary and Capital Markets (MCM) department. The objective of this mission, which formed part of the structural reforms agreed under Barbados' current Extended Fund Facility (EFF) programme, was to review the current monetary framework, analyse the resilience of the Bank's balance sheet, and provide a modernised framework with which the Bank could conduct monetary operations.

Advancing Stress Testing Frameworks

In August, the Bank and the FSC received technical assistance from CARTAC to improve the stress testing framework. The mission resulted in the development of two new frameworks: one for the Bank to assess commercial banks and financial institutions, and another for the FSC, designed for credit unions. Recommendations were also made to both regulators on the technicalities of stress testing, the interpretation and communication of results, data collection, and operational aspects of the framework.

Offering Guidance to São Tomé and Príncipe

The Bank hosted a delegation from São Tomé and Príncipe.

Later in August, the Bank welcomed a delegation from São Tomé and Príncipe, including their Minister of Finance and Central Bank Governor, seeking insights on entering an IMF programme. The Bank shared its macroeconomic framework and provided guidance on engaging with the IMF, drawing from Barbados' experiences with the BERT 2018 and BERT 2022 programmes.

Internalising Excellence

The extensive training of the Bank's economic team in contemporary monetary and financial stability dynamics during the year strengthened the organisation's capacity in these areas. The staff is now equipped with the necessary tools to enhance the monitoring and reporting on financial system developments, which will contribute to the fulfilment of the institution's mandate.

Strengthening Barbados' Domestic Capital Market in 2023

In 2023, the Bank advanced its mission to enhance Barbados' domestic capital market, achieving notable success in rebuilding trust in government securities. A robust domestic capital market is crucial as it provides a local financing avenue for the Government, minimising reliance on international markets. It also creates valuable investment opportunities for both individuals and institutions, benefitting the economy at large.

Government Bond Market Initiatives

The Bank focused on ensuring prompt debt service payments on domestic government bonds and facilitated both transfers and secondary market activities. New bond issuances amounted to $110.5 million, settling overdue payments to various entities and individuals. Moreover, an early partial principal repayment initiative for Series B bondholders was introduced, allowing for payments of up to $17,500. In total, the Government repaid approximately $70 million to pensioners and eligible investors.

BOSS+ Bonds Growth

The original $200 million BOSS+ bond series launched in September 2022 saw an outstanding amount of $167.4 million at year end. A significant $100 million investment by CIBC FirstCaribbean (now CIBC Caribbean) spurred sales, leading to full subscription by June. Following this, a second $200 million tranche issued in July 2023 garnered $87.6 million in sales by year end to both institutions and individuals, reflecting growing confidence in Government securities.

Innovations in BOSS+ Bonds

The second BOSS+ bond series offers a 4.5 percent annual interest rate, with maturity set five years from purchase, differing from the first series' issue-date maturity. In addition, the security's governing legislation was amended to add two clauses that offer both creditors and the Government of Barbados some protection against future debt distress caused by a major natural disaster or pandemic.

The "natural disaster" clause allows for the capitalisation of interest and the deferral of scheduled amortisations falling due over a two-year period in the event of a major natural disaster. Per the amendment, Government can exercise this option after it receives a payment from the Caribbean Catastrophe Risk Insurance Facility (CCRIF) under the catastrophe insurance policy.

The Pandemic Event Deferment also allows Government to elect to postpone payment of the principal amortisations and interest payments to holders of the bonds for the consecutive two-year period where a pandemic event has occurred, as defined in the BOSS+ Amendment Act. Per the Act, a pandemic event has occurred when a) the World Health Organisation declares a Public Health Emergency of International Concern; b) a public health emergency has been declared under section 28A of the Emergency Management Act, Cap. 160A; or c) either i) there has been a real GDP contraction over two consecutive quarters that satisfies particular criteria; or ii) there has been approved increased governmental spending, directly related to the pandemic event.

Savings Bonds Issues

No new savings bonds issues were offered to the public in 2023. Certificates presented during the year for redemption and early surrender totalled $12.3 million, while savings bonds certificates of previously matured issues not yet presented for redemption totalled $22.5 million at December 31, 2023.

This comprehensive approach to bolstering the domestic capital market demonstrates the Central Bank's commitment to ensuring financial stability and fostering economic growth through strategic financial management and innovative financial instruments.

Internalising Excellence

The Bank is in the process of implementing a new central securities depository (CSD) system to further enhance the administration of the Government's domestic debt. This solution will facilitate the safekeeping of dematerialised bonds for institutional and individual investors and custodians. In addition, the bond register for transfers and trades in the secondary market will be more easily updated. It will also improve communication with bondholders by automating the calculation, notification, distribution, and confirmation of cash payments on the securities.

Additionally, the Bank will introduce an investor portal to allow bondholders user-friendly access to their bond account through an interface with the CSD in near real-time. The benefits to the end-user will include early notifications on events of interest, including information on new issues and on the application process, easier understanding of their holdings across multiple accounts, and the ability to update their personal data, including email addresses and payment instructions.

Supporting Small- and Medium-Sized Businesses

The Bank administers partial guarantee schemes and other funds, which assist eligible small- and medium-sized businesses when necessary to help ensure their stability or to facilitate growth opportunities.

Enhanced Access to Credit for Productivity Project

The funds earmarked for the Enhanced Access to Credit for Productivity Project were fully disbursed in 2021. At the end of 2023, 41 guarantees were outstanding, with a maximum liability of $26.2 million.

Enhanced Credit Guarantee Fund (COVID-19 Support)

This fund continued to record high demand during the year. Six participating financial institutions accessed the programme, seeking partial guarantees for loans provided to 48 small- and medium-sized businesses. At year end, 52 guarantees totalling $28.7 million were approved.

Divestment of Schemes

The Bank completed its divestment of the Export Credit Insurance and Guarantee Scheme and the Credit Guarantee Scheme for Small Business during the year. Therefore, no guarantees and liabilities for insurance business remained outstanding under these schemes.

Housing Credit Fund (HCF)

During 2023, the Housing Credit Fund approved the disbursements $25.2 million, resulting in total loans outstanding of $55.0 million. There were no repayments for the corresponding period.

Table 2: Indicators of HCF Operations

Indicator ($M)	2019	2020	2021	2022	2023
Principal Payments	17.1	3.4	40.2	0.0	0.0
Loans Outstanding	43.6	40.2	11.0	29.8	55.0

Industrial Credit Fund (ICF)

The loan portfolio balance of the Industrial Credit Fund fell to $0.1 million as at December 31, 2023, owing to regular loan repayments. Principal repayments for the year totalled $0.2 million, inclusive of a final repayment by one commercial bank. Consistent with its mandate under the *Central Bank of Barbados Act 2020*, the Bank is expected to complete the divestment of the operations of the Industrial Credit Fund during 2024.

Table 3: Indicators of ICF Operations

Indicator ($M)	2019	2020	2021	2022	2023
Principal Payments	0.7	0.8	0.7	0.8	0.2
Loans Outstanding	2.6	1.8	1.1	0.3	0.1

4. PROMOTING FINANCIAL STABILITY

In alignment with its foundational mandate, the Central Bank is deeply committed to fostering financial stability as a cornerstone for Barbados' orderly and progressive economic development. Throughout 2023, the Bank's diverse activities, from stringent financial sector oversight to the issuance of national currency and the diligent supervision of payment systems, were all strategically aimed at maintaining a robust and resilient financial ecosystem on the island.

Financial Sector Regulation

In its role as a regulatory authority, the Bank oversaw a slight consolidation in the financial sector, with the total number of licensed financial entities falling to 32. This reduction by two reflects the successful completion of the wind-up process for two Part III companies, underscoring the Bank's vigilant monitoring and regulation efforts to ensure the health and stability of the financial system.

Table 4: Licensed Financial Institutions

Type of Institution	2019	2020	2021	2022	2023
Domestic					
Commercial Banks	5	5	6	6	6
Financial Holding Companies	1	1	4	4	4
Part III Companies	9	8	7	6	4
Money or Value Transmission Service Providers	0	3	3	4	4
Total Domestic	**15**	**17**	**20**	**20**	**18**
Foreign Currency Earning Banks	22	21	15	14	14
Total Licensed Institutions	**37**	**38**	**35**	**34**	**32**

Supervisory Framework

At the start of the year, the Central Bank evolved its supervisory approach to include both remote and onsite inspections, successfully conducting an onsite inspection focused on anti-money laundering and combatting the financing of terrorism (AML/CFT).

To support its licensees and ensure adherence to the latest information security standards, the Bank introduced the Technology and Cyber Risk Guideline (TCRM) along with the Major Cyber Incident Reporting Template (M-CIRT) and its instructions in May 2023. These initiatives aim to clarify the Bank's regulatory expectations for managing cyber risks effectively, and outline the procedures for reporting significant cyber incidents by commercial banks. The guideline responds to the financial sector's heightened vulnerability to cyber threats, exacerbated by increased technological adoption and sectoral interconnectivity.

In July, the Bank issued the Large Exposures Guideline, detailing its expectations for the measurement and control of risks related to significant financial exposures.

This guideline aligns with the Basel Committee on Banking Supervision's recommendations, ensuring that banks maintain robust risk management practices. Furthermore, in November, the Bank organised a virtual workshop on cyber risk supervision attended by officers from both the Bank and the Financial Services Commission, highlighting its commitment to strengthening cyber resilience across the financial sector.

Anti-Money Laundering/Combatting the Financing of Terrorism (AML/CFT) Supervision

As part of its ongoing supervision of licensees and their measures to counter money laundering (ML), financing of terrorism (FT), and proliferation financing (PF), the Bank continued its risk-based supervision of licensees. This included the continuous assessment of qualitative and quantitative information from licensed financial institutions to assist in updating the inherent and residual ML/FT risk of licensees. Training of staff through the Bank's online training tool, overseas training, online webinars, and internal training helped to bolster the skills of all staff in this area.

As a member of the National Supervisors Committee, the Bank collaborated with other regulatory agencies on several issues, including changes to the Financial Action Task Force's (FATF) methodology on beneficial ownership, suspicious transaction reporting, and information sharing. In addition, the Bank, together with the Financial Intelligence Unit (FIU), continued to ensure that licensees understood their reporting obligations as it relates to the identification of suspicious activities and targeted financial sanctions. The Bank also engaged its licensees on customer due diligence and onboarding requirements. The Bank, as lead on all discussions with the FATF, continued to coordinate reports on Barbados' action plan.

During the year, the Bank worked alongside the Attorney General's Office and other stakeholders to address the remaining actions required to remove Barbados from the FATF's list of jurisdictions under increased monitoring (previously known as the grey list). In October, the FATF determined that Barbados had substantially completed its action plan, and it approved an onsite visit to the island, the final step towards Barbados' removal from the list.

The country's removal from the list would signal that it has substantially improved the effectiveness of its regime to combat Money Laundering, Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction.

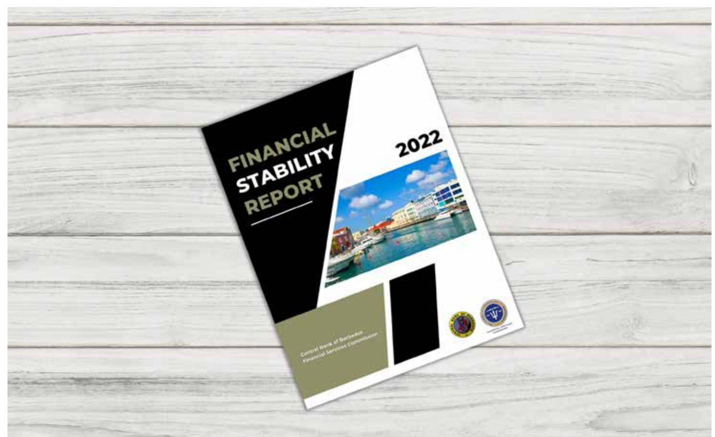
Financial Inclusion

The Bank remains unwavering in its commitment to enhancing financial inclusion. Throughout 2023, it proactively engaged with commercial banks to scrutinise and address the fees associated with various banking services. These concerted efforts culminated in a landmark agreement where, starting June 1, every bank pledged to provide at least one type of savings account free of maintenance fees.

This initiative is part of a broader strategy where the Bank, in collaboration with commercial banks, is diligently working to establish a comprehensive framework. This framework is designed to systematically structure the fee policies across the banking sector, ensuring they are fair and conducive to fostering greater financial access for all Barbadians.

In recognising the pivotal role that reasonable bank fees play in securing equitable access to essential financial services, the Bank prioritises the continuous evaluation and adjustment of these fees. This commitment not only reflects its dedication to financial inclusivity, but also underscores its resolve to make banking more accessible and affordable for the people of Barbados.

2022 Financial Stability Report: Resilience Amid Global Challenges



The 2022 Financial Stability Report was published in November 2023.

In November 2023, the Bank, in partnership with the Financial Services Commission, unveiled the 2022 Financial Stability Report (FSR). This collaborative effort between the two regulatory bodies offers an in-depth analysis of Barbados' financial ecosystem, affirming its resilience and stability throughout 2022 and into the first three quarters of 2023. This period was marked by substantial global, economic, and political challenges, yet the domestic financial sector successfully maintained its crucial role in bridging savers with investors. Additionally, it continued to provide a comprehensive suite of services, including credit, investment, and payment solutions to its clientele.

The FSR includes findings from rigorous stress tests conducted on institutions accepting deposits. These tests demonstrate that such institutions have maintained robust capital levels, equipping them to withstand significant external shocks.

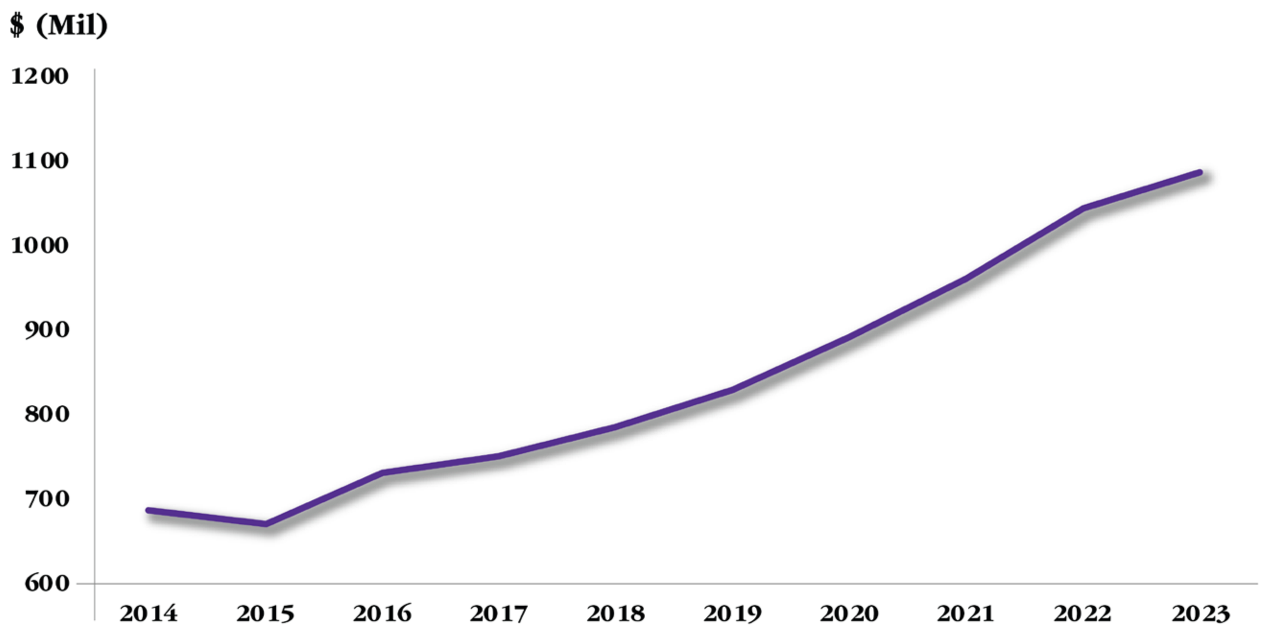
However, the report also highlights a pertinent challenge: the rising global interest rates have adversely affected the valuation of mutual and pension funds based in Barbados.

This report underscores the strength and adaptability of Barbados' financial system against a backdrop of global uncertainty, while also pinpointing areas requiring attention to safeguard and enhance financial stability further.

Maintaining a Steady Supply of Currency in Circulation

During 2023, currency in circulation[1] increased by $43.6 million to $1.09 billion. Banknotes in circulation rose by $41.1 million to $1.01 billion, while coins in circulation grew by $2.4 million to $74.5 million.

Figure 2: Currency in Circulation (2014-2023)



Despite the year-to-year increase in value, currency in circulation in proportion to GDP continues to decline, falling from 8.9 percent in 2022 to 8.5 percent in 2023, which is indicative of Barbadians migrating to electronic and card-based platforms to execute their payments.

[1] Currency in circulation as at December 31, 2023 equals currency in circulation as at December 31, 2022 plus issues to the public during 2023 less deposits to the Bank during 2023.

The 2022 Polymer Banknote Series

Barbados' polymer banknotes were named "Best New Banknotes Series 2023"

At the end of the year, 12.81 million polymer banknotes were in circulation, accounting for 40.5 percent of the total number of notes in circulation and more than half (55.7 percent) of the total value of these notes. During the first nine months of the year, the Bank continued to issue limited quantities of paper notes as some commercial banks were still in the process of recalibrating their ATMs. This process was completed, and by October, the Bank was issuing polymer banknotes exclusively.

The polymer banknotes, introduced because of their greater durability and improved security features, performed as expected since entering circulation. Of the $142.2 million in mutilated banknotes destroyed in 2023, only $0.2 million (less than 7,000 banknotes) were polymer. In addition, none of the counterfeit banknotes removed from circulation during the year were polymer notes.

As it has done since the launch of the new series, the Bank continued to educate the public about the security features of the notes by conducting Know Your Money sessions for financial institutions and other businesses.

Internalising Excellence

The Bank decided to switch from cotton-based "paper" banknotes to polymer after thorough research and analysis of the available substrates. Similarly, it selected the design based on an understanding of which security features would be most effective and what visual elements would be most appealing. As detailed above, the move has proven to be a successful one, with the notes performing as anticipated.

The notes were quickly accepted by the public, as illustrated in the results of a survey conducted in February where a majority of respondents, 85.3 percent, had a neutral to positive opinion of the new notes, including a significant plurality, 48.8 percent, who said "I like them."

During the year, the Bank also received international kudos for the series. In May, the marketing campaign for the notes was a finalist for "Best New Currency Public Education Programme" at the International Association of Currency Affairs' Excellence in Currency Awards. And in June, the notes were named "Best New Series" at Reconnaissance International's Regional Banknote and ID Document of the Year Awards.

Modernising Barbados' Payments System

The Bank sustained its efforts to modernise the payment sector during the year, with the launch of the real-time processing (RTP) system in February. With the introduction of the RTP platform, which was a joint effort between the Bank and the other members of the Barbados Automated Clearings House Services Incorporated (BACHSI), banks' clients can now instantly and safely transfer funds between accounts at different commercial banks, providing more options for the instant settlement of transactions. As a result, payments made through the Automated Clearing House (ACH), which facilitates both electronic fund transfers and the clearing of cheques, again increased in 2023. The volume and value of electronic fund transfers through the ACH continued to climb as both private corporations and public sector institutions utilised more electronic payment methods.

Amid the ongoing shift from cash to electronic and online payment platforms, the total value of electronic fund transfers through the system grew by 15 percent to $14.4 billion during the year, of which RTP transactions accounted for $2.6 billion. In contrast, the number and total value of cheques written decreased by 8 percent, and 1.4 percent, respectively, the equivalent of $11.9 billion.

Figure 3: Electronic Transfers

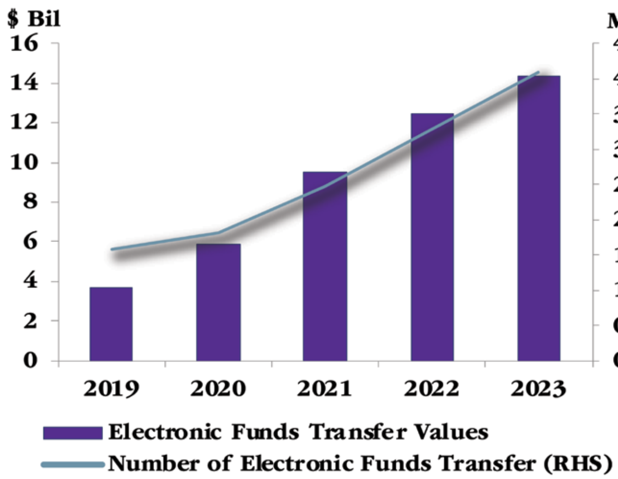


Figure 4: Cheque Transactions

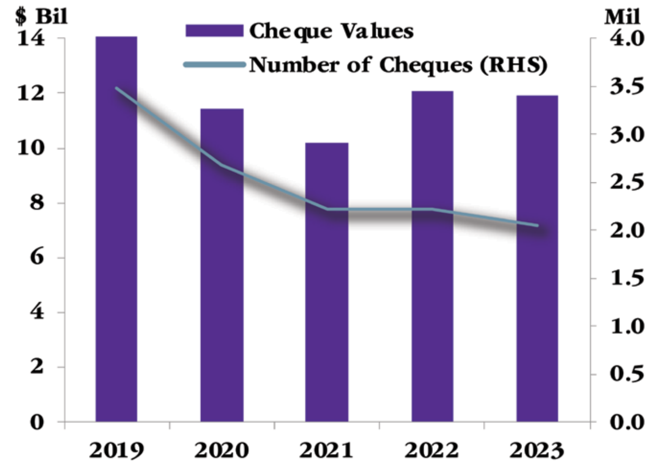
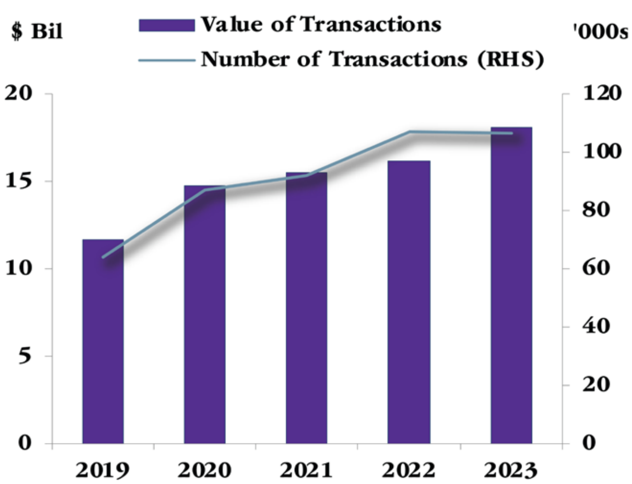


Figure 5: RTGS Transactions



The value of transactions processed through the Real Time Gross Settlement (RTGS) system grew to $18.1 billion during 2023, while the number of transactions remained on par with the previous year. This increase was linked to heightened economic activity and increased activity in the securities market, as the RTGS is typically used for large-value transactions between institutions.

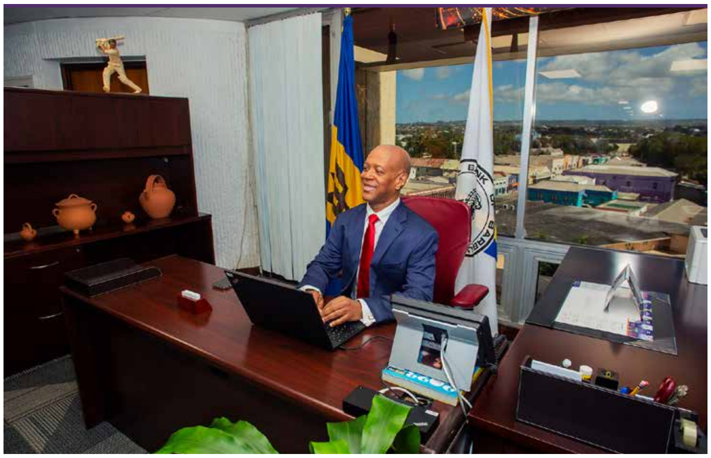
Internalising Excellence

Early in the year, the Bank upgraded the automated clearing house (ACH) to facilitate real-time payments (RTP). The introduction of the RTP system represents another step in the Bank's efforts to modernise Barbados' payments system.

The Bank is also working with its stakeholders to implement a cheque image truncation solution to make the cheque-exchange process more efficient for commercial banks, and, by extension, their customers. This project is scheduled to be completed by the second quarter of 2024.

5. PEOPLE & PROGRAMMES

Welcoming a New Governor



Governor Dr. Kevin Greenidge assumed office on March 1, 2023.

At the end of the January economic review and press conference, the then Governor Cleviston Haynes announced that he would demit office at month-end. Shortly thereafter, it was announced that Dr. Kevin Greenidge, a past Director of Research at the Bank, who was at the time a Senior Economist at the International Monetary Fund (IMF), would succeed him. Dr. Greenidge took office on March 1, becoming the Central Bank of Barbados' eighth Governor.

At his first staff meeting later that month, Governor Greenidge announced that his top priority, in keeping with the organisation's stated vision, was to make the Central Bank an example of excellence.

In support of this, the Bank initiated an "#InternalisingExcellence" campaign that included a series of blog articles that helped to define and promote the concept as well as features about staff members who live this vision. Staff was encouraged to share their feedback and suggestions for how the Bank could improve.

Increasing Staff Engagement

During 2023, the Bank increased the frequency of its general staff meetings, committing to having the entire complement come together on a quarterly basis. These meetings were used to discuss the Bank's strategic plan, proposed changes to the structure of the organisation, policies related to promotions, employee development, adjustments to the staff advances scheme and other benefits, and other issues. The meetings also provided an opportunity to track the Bank's achievements.

Daily public service announcements (PSAs) were used to keep staff aware of Bank-related events and activities as well as to share and reinforce information about new and updated policies; the Bank's new data governance framework and enterprise content management system; BOSS+ bonds; the security features of the new polymer banknotes; and other projects in which the Bank is involved. They also provided updates on broader national issues. The Bank utilised its internal WhatsApp broadcasts in similar fashion.

Supporting Wellness

During the year, the Bank continued to prioritise staff wellness through activities geared towards supporting their mental and physical health. These included scheduling monthly nurse and nutritionist visits, hosting a virtual cooking demo, "When Culture and Cuisine Collide," and a nutrition talk, "Stress and Emotional Eating," and upgrading the staff gym to improve both its aesthetics and its functionality. It also staged "Wellness - The Key to Good Health," a six-month challenge that focused on general fitness, strength training, and cardiovascular activity.

Between June and October, the Bank also organised monthly mental health awareness sessions.

Boosting Social Cohesion

The years-long COVID-19 pandemic curtailed much of the socialising that was previously commonplace. As a result, in 2023, the Bank made a concerted effort to organise activities to boost morale and build community, including having post-staff meeting mix and mingles and reintroducing the family fun day. It also hosted several special activities, including a Valentine's Day staff appreciation event and a "Zen Day" in November, as well as the staff Christmas party. Governor Greenidge also championed several team-building events for the management team, among them a sip 'n' paint and brunch. Later in the year, he treated the Bank's administrative assistants to a similar get-together.

Recognising and Rewarding Staff

During the year, the Bank reintroduced its awards and recognition programme to reward both long-serving employees and those who produce high-quality work, demonstrate team spiritedness, are innovative, frequently go above and beyond, and otherwise exemplify the excellence to which the organisation is committed.

Staff now has the opportunity to be acknowledged for their work on special projects or for completing *ad hoc* assignments through the "On the Spot Award."

Staff was also recognised for their contribution to the organisation through the introduction of additional benefits such as an Internet stipend and changes to the staff advances scheme to make the terms more attractive.

In June, the Bank reached a three-year agreement with the Barbados Workers' Union on salaries and wages to adequately compensate staff for their efforts. It also initiated a job evaluation and regrading exercise, which is expected to be completed in 2024.

Staff Movements

Twenty-nine persons joined the Bank during the year, including the appointment of 14 temporary officers, while 16 people left the organisation. These included 10 retirements, four resignations, and two terminations. Regrettably, there were also two deaths in service. At year end, the staff complement stood at 274, of which 228 were permanent employees.

Retirees	Years of Service
Octavia Gibson	47
Ian Collymore	44
Beverley Howell-Mayers	43
Paulette Gibbons	41
Tyrone Moe	36
Sandee Dixon	34
Trevor Callender	28
Chesterfield Taylor	26
Lennox Callender	21
Marcelle Mayers	19

During the year, 49 persons were promoted, including the appointment of Michelle Doyle and Elson Gaskin to the post of Deputy Governor.

Julia Weekes was promoted to the new post of Executive Director and Sadie Dixon to the position of Bank Secretary. Additionally, four officers were promoted to Deputy Director positions: Fay Downes, Roger Gumbs, Carlon Walkes, and Nichelle Yearwood.

All other promotions are noted below.

Name	New Position	Department
Renee Babb	Senior Administrative Assistant	Governor's Office
Patrick Barrow	Senior Security Officer	Governor's Office
Jamila Beckles	Senior Economist	Research and Economic Analysis
Margaret Best	Senior Exchange Control Officer (I)	Foreign Exchange and Fund Management
Linda Boyce	Senior Accounting Officer (I)	Accounts
Katrina Blackman	Currency Officer	Banking, Currency and Investments
Lisa Brathwaite Phillips	Assistant Advisor	Governor's Office
Shane Browne	Examiner	Bank Supervision
Jan Carrington	Senior Administrative Assistant	Facilities Management
Dale Christie-Bourne	Senior Administrative Assistant	Management Information Systems
Wendell Cumberbatch	Services Manager	Facilities Management
Sandee Dixon	Senior Currency Officer	Banking, Currency and Investments
Ryan Drakes	Senior Security Officer	Governor's Office
Donna Foster	Assistant Administrative Officer	Facilities Management
Dave Gittens	Senior Security Officer	Governor's Office
Jeanell Griffith-Wood	Bank Examiner	Bank Supervision
Joy-Ann Hooper-Beckles	Senior Secretary	Foreign Exchange and Fund Management
Olivia Husbands	Senior Economic Statistician	Research and Economic Analysis
Christopher Kinch	Senior Economist	Research and Economic Analysis
Nkenge Lawrence	Assistant Advisor to the Governor	Governor's Office
Suzanne Lawrence-Jordan	Senior Currency Officer	Banking, Currency and Investments
Jason Lynch	Bank Examiner	Bank Supervision
Nina Marshall	Senior Systems Administrator	Management Information Systems
Sherry-Ann Mayers	Senior Economic Statistician	Research and Economic Analysis
Deborah McCollin	Assistant Exchange Control Officer	Foreign Exchange and Fund Management
Sandy Moore	Senior Banking Officer	Banking, Currency and Investments
Margaret Nurse	Senior Exchange Control Officer (I)	Foreign Exchange and Fund Management
Onah-Obasi Okey	Senior Economist	Research and Economic Analysis
Janelle Pollard-Jones	Senior Examiner	Bank Supervision
Victoria Rayside	Senior Security Officer	Governor's Office
Kim Reid	Senior Examiner	Bank Supervision
Natalie Scantlebury	Senior Accounting Officer (II)	Accounts
Danielle Skeete	Senior Administrative Assistant	Research and Economic Analysis
John Stoute	Senior Security Officer	Governor's Office
Paula Trotman	Senior Administrative Officer	Facilities Management
Shamika Walrond	Senior Economist	Research and Economic Analysis
Jacqueline Watson	Senior Administrative Assistant	Banking, Currency and Investments
Nikita Wharton	Examiner	Bank Supervision
Eurcil Williams	Senior Administrative Assistant	Accounts
Matthew Williams-Rawlins	Senior Records & Information Officer	Research and Economic Analysis
Nicholas Worrell	Bank Examiner	Bank Supervision

Training Excellence: Custom Paths & Leadership

The Bank steadfastly champions the ongoing education and skill enhancement of its team, recognising the importance of being well-equipped to excel in an increasingly dynamic professional landscape. With a commitment to individual growth, the Bank collaborates closely with every employee to formulate customised development plans tailored to their unique career trajectories.

Further reinforcing this commitment, the Bank maintains a strategic partnership with the Caribbean Centre for Development Administration (CARICAD), delivering specialised leadership training programmes for its management team. This initiative is designed to bolster their leadership skills, ensuring they are well-prepared to navigate and lead effectively in this evolving environment.

Education and Certification

During the year, several staff members enhanced their academic qualifications. These included Darrin Downes, LL.M (Corporate & Commercial Law); Catrina Forde, M.B.A; and O'Shannon Vaughan-Dorant, M.Phil in Economics. Other staff members also completed various certificate programmes during the year.

Embracing the Wider Central Bank Family

In July, the Bank hosted a reunion for its retirees. At the event, Governor Greenidge announced four programmes intended to leverage their expertise and strengthen the connection between past and current employees:

- Retirees Legacy Programme (RLP): a Bank-sponsored quarterly social or meeting for retirees
- Retirees Returnee Programme (RRP): an initiative that allows retirees to return to the Bank for short flexible work stints
- Retirees Assistance Mentorship Programme (RAMP): an opportunity for retirees to mentor and train employees to assist with their overall development
- Retirees Office Space Programme (ROSP): a workspace in the Bank to facilitate any administrative work such as photocopying, computer access, and administrative assistance that retirees need

The Bank formed the Forerunners Forum, a quarterly get-together for past Governors, Deputy Governors, and Advisors to the Governor. The initiative recognises them for their stewardship to the Bank and provides an opportunity for them to discuss central banking and other economic and financial matters while socialising.

Summer Internships

The Bank's 2023 summer interns.

The Bank's long-running summer internship programme continued in 2023, with 21 tertiary-level students pursuing qualifications in a range of disciplines joining the organisation for a three-month stint. During their time at the Bank, they participated in a variety of work and social activities intended to develop them both professionally and personally, including an "ask them anything" session with Governor Greenidge and Deputy Governor Jordan.

The experiences of several of the interns were chronicled in a four-part "Learning on the Job" video series.

Internalising Excellence

The Bank's various efforts to increase engagement and boost morale have borne fruit. In an employee happiness survey conducted in September, 70.4 percent of respondents said that the new initiatives introduced during the year had increased their level of happiness. The overall happiness score was 4.08 out of 5.

6. CENTRAL BANK OPERATIONS

The Bank's ability to successfully execute its mandate depends on its staff's ability to carry out their duties in safety and comfort, and to have the tools and equipment to do so effectively and efficiently.

Plant Maintenance

The age of the Tom Adams Financial Centre has led to a range of maintenance challenges, including deteriorating infrastructure, outdated systems, and wear-and-tear that results from years of use. In 2023, the Bank continued to adopt a preventative maintenance approach rather than a reactive strategy. It continued to make significant progress in improving its facilities' mechanical and electrical systems, including the air-conditioning, elevators, lighting, cameras, fire, and security access controls.

The perimeter lighting was upgraded to ensure staff's continued comfort and safety, with the security lighting for the Frank Collymore Hall, its underpass, the Courtney Blackman Grande Salle, and the car park all being enhanced to improve visibility for staff, patrons, and members of the public traversing the area.

Much of the plant's current infrastructure was constructed based on earlier standards. However, going forward, the Bank will prioritise building for climate resilience. Key strategies include designing to more rigorous international standards and retrofitting existing infrastructure to withstand the growing threats posed by extreme weather events. This will require changing procurement and maintenance practices to integrate sustainable materials and optimise energy efficiency to create a more robust and resilient headquarters.

IT System Upgrades

In 2023, the Bank moved some of its legacy systems to Cloud-based platforms. Among other benefits, this will facilitate staff's secure access to documents and applications at any time and from anywhere, thereby improving productivity and organisational efficiency.

As part of a major overhaul that included enhancements to its layout and features, the Bank's website was also moved to the Cloud.

The Bank has identified cyber risk as one of its top 10 risks, making its mitigation a top priority. Accordingly, it engaged consultants to determine and monitor its risk exposure, which resulted in it implementing additional measures to reduce or minimise the impact of threats. Staff was also required to complete cybersecurity training during the year.

In addition, the Bank hosted "Transformative Thursday," an educational session that used internal and external experts to educate staff about the importance of securing their personal data online. The session, which was well-received by attendees, exposed common activities and behaviours that seemed innocuous, but, in reality, were cyber risks, and offered tips to mitigate them.

Digital Transformation

The Bank has committed to reducing its use of and reliance on paper, accelerating the journey to a greener and more environmentally friendly organisation. To this end, in June, it mandated the electronic signing of all documents unless there is a clear legal requirement to do otherwise. A special solution was put in place for the Bank's legal team in August 2023, and discussions commenced with select government agencies about the future incorporation of these features.

The Bank also made significant progress in developing and implementing an enterprise content management system (ECMS) to allow staff to access information in a secure manner and to facilitate collaboration on documents between working groups and departments across the organisation. The process of migrating documents from its existing network to the ECMS also began during the year, as did a pilot project to digitise existing documents and records to be uploaded to the ECMS.

Internalising Excellence

The Bank rolled out a project to equip every staff member with a mobile device configured to receive calls placed not only to the phone's number, but also made to the employee either through the PBX or their direct line. The successful execution of this project will pave the way for the eventual removal of 90 percent of the landline handsets from employees' desks.

Towards the end of the year, the Bank started another pilot project to utilise eSIM technology for staff travelling abroad on Bank business. This will provide them with seamless mobile data access while reducing the roaming data charges incurred.

7. CORPORATE OUTREACH

In 2023, the Bank continued its long-running commitment to being a strong corporate citizen by both spearheading and supporting initiatives in multiple spheres. While many of its activities were focused on thought leadership and public education about economic issues, the Bank continues to see its role as a nation-building one. As such, it was also heavily involved in supporting the arts, culture, and youth development.

Quarterly Economic Reviews

The Bank introduced a new format for its quarterly press conferences.

During the year, the Bank held four press conferences to coincide with the release of its quarterly economic reviews.

During the January review, then Governor Cleviston Haynes announced that he would demit office at month-end.

For Governor Greenidge's first press conference in April, the format was revamped to include a presentation with him using an interactive video wall to highlight the performance of key macroeconomic indicators. The new format also incorporates Deputy Governor Alwyn Jordan and Director of Research and Economic Analysis, Anton Belgrave, who now join the Governor as he fields media and audience questions.

The July economic review reintroduced the pre-press conference media lock-up. The lock-up, which started in 2018 but was later suspended at the onset of the pandemic, allows journalists covering the press conference to read the review in advance and to get background information or clarification on any matters from the Bank's Director of Research and Economic Analysis before they meet with the Governor.

The Bank livestreamed all four press conferences on its Facebook page and YouTube channel, and online viewers were allowed to pose their questions via email, WhatsApp, or in the livestream's chat. The reviews were also broadcast live on national television.

Following the event, the Bank repurposed the main takeaways as quotes, graphics, and infographics and shared on the Bank's various social media channels.

Caribbean Economic Forum

The Bank hosted four editions of its virtual Caribbean Economic Forum series in 2022, a 90-minute discussion on common economic and financial issues that confront the region. The forums, targeting laymen, help the region's people understand how policymakers are responding to the many challenges impacting their lives.

"Managing Caribbean Economies in an Era of Many Crises"

The year's first Caribbean Economic Forum, held in March, looked at the impact of the polycrises the world faces on regional economies. During the discussion, the panellists – Governor Dr. Kevin Greenidge; Gervase Warner, Chairman of the CARICOM Private Sector Organisation; and Geneva Oliverie, Development Specialist at the Caribbean Policy Development Centre – explained how multiple crises, including elevated debt levels, high prices, climate change, and the war in the Ukraine are affecting regional economies and citizens, and debated who is most responsible for addressing these issues.

The need to develop resilience given how vulnerable we are to shocks of all types and the importance of collaboration between islands were some of the main takeaways from the discussion.

"Managing the Cost and Economic Fallout from Non-Communicable Diseases in the Caribbean"

May's Caribbean Economic Forum explored the economic impact of non-communicable diseases (NCDs) with Professor Emeritus Karl Theodore, Senior Consultant Advisor to the HEU, Centre for Health Economics, Trinidad; Dr. Kenneth Connell, Vice President, Healthy Caribbean Coalition and Deputy Dean, Recruitment & Outreach, Faculty of Medical Sciences, University of the West Indies, Cave Hill; and Professor Simon Anderson, Director, George Alleyne Chronic Disease Research Centre, Caribbean Institute for Health Research (CAIHR).

During the discussion, the panellists stressed that the health and wellbeing of individual citizens have implications for the overall economic fortunes of the countries in the region, highlighting that not only are workers suffering from NCDs likely to be less productive, but also that the increased healthcare budgets governments require to treat such conditions reduce their ability to spend in other areas.

"Addressing Food Security in the Caribbean"

The July edition centred on the concerning issue of food security in the region. The Bank assembled a group of experts comprising Regis Chapman, Representative and Country Director of the World Food Programme's Caribbean Multi-Country Office; Joseph Cox, the CARICOM Secretariat's Assistant Secretary-General, Economic Integration, Innovation and Development; and S. Michael McLaughlin, Co-Founder and Volunteer Secretary-Treasurer of the not-for-profit Trees That Feed Foundation. Chapman and Cox discussed the findings of a survey conducted jointly by their two organisations that revealed the extent of food insecurity in the region as well as efforts such as the 25 by 2025 initiative that are intended to mitigate these challenges, while McLaughlin spoke about what his organisation is doing at the community level.

"What Does Moving to Green Energy Mean for Us?"

In September, the focus shifted to the region's proposed transition to green energy. Nnyeka Prescod, Programme Officer, SIDS Partnerships, International Renewable Energy Agency (IRENA); Racquel Moses, CEO, Caribbean Climate-Smart Accelerator; Dr. Gary Jackson, Executive Director, Caribbean Centre for Renewable Energy and Energy Efficiency (CCREEE); and Ricardo Marshall, Director, Roofs to Reefs Programme (R2RP), Prime Minister's Office (Barbados) outlined the benefits of such a switch, addressed the challenges the region will face as it attempts to make it, and offered solutions that could help our nations successfully execute it.

Sir Winston Scott Memorial Lecture

Economist Professor Mariana Mazzucato delivered the 48th Sir Winston Scott Memorial Lecture.

In November, the Bank hosted the 48th edition of the Sir Winston Scott Memorial Lecture, the first one it held in person since the onset of the COVID-19 pandemic.

The featured speaker was Mariana Mazzucato, Professor in the Economics of Innovation and Public Value at University College London and Founding Director of the UCL Institute for Innovation & Public Purpose (IIPP), who is also an advisor to policymakers across the globe, including the Government of Barbados.
Professor Mazzucato recently collaborated with Government to produce a paper entitled "A Mission-Oriented Strategy for Inclusive and Sustainable Economic Growth in Barbados" that outlines six missions the island has adopted. These missions address climate issues, social cohesion, food and water insecurity, mental and physical health challenges and the associated social instability, financial marginalisation and worker vulnerability, and unequal access to technology.

This paper formed the basis for the night's lecture, "Directing Inclusive and Sustainable Growth: A Mission-Oriented Approach," and following her presentation, Professor Mazzucato was joined onstage by Prime Minister the Honourable Mia Amor Mottley for a discussion and audience Q&A.

Annual Review Seminar

In July, the Bank organised its 43rd Annual Review Seminar, a technical conference at which economists and other professionals present their research on topical and emerging issues for discussion and feedback by an expert panel and the broader participant group.

The opening day keynote discussion examined the topic "Innovative Financial Solutions for Climate Resilience," with a panel comprising Jennifer Doherty-Bigara, Senior Climate Change Specialist, Inter-American Development Bank (IDB); Torsten Elhers, Senior Financial Expert, International Monetary Fund (IMF); Leslie Gittens, Multi-Country Manager (Caribbean), the United Nations Global Compact; and Donna Wellington, Managing Director, Barbados & Eastern Caribbean, CIBC FirstCaribbean International Bank.

During the session, the panellists looked at both the current financial products available and other potential instruments that could meet the needs of small island developing states like Barbados. More broadly, they discussed the island's progress towards reaching its renewable energy goals as well as the effort it will require to take it over the finish line.

The seminar, which was expanded to five days instead of the traditional four, also included sessions on the labour market, the housing market, trade, tourism, and financial sector developments.

Speaking Engagements

Throughout the year, Governor Greenidge was invited to speak at several stakeholder events, including the Barbados Hotel and Tourism Association (BHTA), Barbados Chamber of Commerce and Industry (BCCI), the Barbados Association of Insurance and Financial Advisors (BARAIFA), and Eckler.

He was the featured speaker at the 3rd Distinguished Owen S. Arthur Memorial Lecture, the Barbados Independence Lecture put on by the Barbados Embassy in Washington, the Alleyne School's speech day, and the Barbados Youth Advance Corps' graduation ceremony.

Governor Greenidge also participated in panel discussions hosted by the Afrieximbank and at the 61st CARICOM Central Bank Governors Meeting in Jamaica.

"What It Means; Why It Matters"

The Bank produced a nine-part series to explain key economic terms to the public.

In October, the Bank premiered a new video series that breaks down key economic terms in a way that the average Barbadian could not only understand, but also relate to. Each episode featured a dramatisation of a slice-of-life scenario that raises a particular concept before a stranger steps in to explain what it means and why it matters. The stranger – The Explainer – was played by Governor Greenidge.

The nine-episode first season covered inflation, the unemployment rate, international reserves, the debt-to-GDP ratio, GDP, small open economies, revenue and expenditure, the fiscal and primary balances, and the exchange rate peg. Each episode was broadcast on CBC TV8 and posted on the Bank's social media channels. The series received rave reviews, with viewers complimenting its simplicity, appeal, and production qualities.

Fish and Dragon Festival

The Bank partnered with the Embassy of the People's Republic of China in Barbados to organise the 9th Fish and Dragon Festival. The festival, which celebrates diplomatic relations between Barbados and China and is held to coincide with the Chinese New Year, was for the third consecutive year, a virtual event. Deputy Governor Alwyn Jordan delivered the welcome on behalf of the Bank, and His Excellency Yan Xiusheng, Ambassador from the People's Republic of China, gave the greeting on behalf of his country.

Frank Collymore Hall

The Frank Collymore Hall (FCH), the Bank's performing arts centre, along with the Courtney Blackman Grande Salle and the Church Village Green, continue to provide significant opportunities for cultural enrichment, artistic expression, and appreciation to the Barbadian public.

During the year, the venues were in significant demand, fuelled mainly by the artistic community taking the opportunity to mount productions put on hold during the pandemic.

In March, the Hall functioned as a rehearsal venue for American singer Nicole Scherzinger as she and her band prepared for the launch of the P&O Ship Arvia. The ability to create a complete, studio-level audio replica of the event equipment played a vital role in the choice to use the FCH for this activity.

The venue was also the preferred space for several awards ceremonies, general meetings, concerts, and theatrical productions. Barbados Community College's Music and Dance Portfolios, NIFCA Music and Dance Finals, Operation Triple Threat, and the Mosaic Concert Series were all repeat clients. The Hall's state-of-the-art equipment and ability to offer a full range of services to clients enhance its appeal as a performing arts facility.

The Grande Salle, the Bank's multipurpose facility, hosted several public lectures and private events during the year, and in December, Sagicor Life hosted its free Christmas concert in the Church Village Green, the Bank's outdoor recreation space.

Church Village Green was also one of the City spaces the Royal Commonwealth Society (RCS) used to mount Christmas trees to celebrate the holiday season, and the Bank displayed a tree that highlighted its role as supplier of the island's currency.

Frank Collymore Literary Endowment

In addition to the traditional writing competition, the 26th edition of the Bank's Frank Collymore Literary Endowment introduced a spoken-word category, which saw the finalists performing their pieces live at the awards ceremony and the winner being determined in real time.

At the end of the night, Akeem Chandler Prescod emerged as the first awardee in the new category.

Frank Collymore Literary Endowment Awards Winners (January 2023)

Prize	Artiste	Entry	Genre
1st	Not Awarded		
2nd	Christine Barrow	"Rainbow Window"	Prose
3rd	Elizabeth Best	"Shak-Shak (A Woman's Tongue Percussion)"	Poetry
Spoken-Word Category			
1st	Akeem Chandler-Prescod	"In the Summer"	Spoken-Word
2nd	La Shawna Griffith	"Colour-ism 101"	Spoken-Word

The committee also awarded two Manuscript Development Awards to Louise Parris for "States of Exile" and Winston Farrell for "From a Huckster's Tray: Poems to Wake the Villages." In addition to the spoken-word performances and readings from the finalists' works, Deputy Governor Elson Gaskin delivered remarks, and award-winning author Dr. Anthony Joseph gave the feature address. The FCLE Committee also used the occasion to pay tribute to Sonia Williams, a former finalist in the competition who had recently passed away.

Crop Over Visual Arts Festival

2023 marked 30 years that the Bank has sponsored the Crop Over Visual Arts Festival, and, speaking at the opening ceremony in May, Governor Greenidge announced that the Bank would be increasing its annual sponsorship from $55,000 to $80,000.

Other Activities

To bring a close to its 50th anniversary celebrations, the Bank, in association with the philatelic bureau, launched a commemorative edition stamp set. The four stamps each featured one of the Bank's facilities: the Frank Collymore Hall (10 cents), Church Village Green (60 cents), Exchange Interactive Centre ($1.40), and Tom Adams Financial Centre ($2.20).

Looking Ahead

In 2024, the Bank will roll out an evidence-based financial literacy campaign to help Barbadians better understand and manage their finances. The campaign will evolve from a survey the Bank conducted to measure the level of financial savvy on the island and will incorporate modules on saving and investing and retirement planning, among others. The Bank will also continue its economic outreach programmes for the benefit of its diverse stakeholders.

Internalising Excellence

The Bank's corporate outreach efforts in 2023 further cemented its reputation for hosting high-quality events and providing valuable information about the economy and other matters of national interest.

The four Caribbean Economic Forums provided insight into key issues that affect the lives and livelihoods of the region's peoples, while the Sir Winston Scott Memorial Lecture helped to outline and explain six missions the nation has embarked on. The Bank's educational series, "What it Means; Why it Matters," was viewed as a standout initiative for its innovative and entertaining approach to explaining key economic concepts in ways that make clear their relevance to the average citizen's life.

8. PUBLICATIONS, PAPERS, & PRESENTATIONS

Working Papers

Beckles, Jamila. "The Impact of the Sectoral Distribution of Credit on the External Current Account in Barbados." Central Bank of Barbados Working Paper Series, May 23, 2023.

Persad, Gabreila; Birchwood, Anthony; Moore, Winston and Christopher Kinch. "An Investigation into the Diversification Effects of Bitcoin for Caribbean Market Investors." Central Bank of Barbados Working Paper Series, May 23, 2023.

Discussion Notes

Alleyne, Laron; Belgrave, Anton and Alexis Lescott. "Labour Market Developments in Barbados." Central Bank of Barbados Discussion Note No. DN/23/1, May 16, 2023.

Presentations

Alleyne, Laron. "The 'BEST' of Times?" Evaluating the Tourism Industry's Perception of Barbados' Pandemic Relief Programme." Central Bank of Barbados', 43rd Annual Review Seminar, July 24-28, 2023.

Beckles, Jamila and Mahalia Jackman. "Financial Worry During the COVID-19 Pandemic: The Role of Government Responses to the Pandemic." Central Bank of Barbados' 43rd Annual Review Seminar, July 24-28, 2023.

Belgrave, Anton and Carlon Walkes. "An Empirical Investigation of Monetary Policy Effectiveness in Barbados." Central Bank of Barbados' 43rd Annual Review Seminar, July 24-28, 2023.

Belgrave, Anton and Karise Wilson. "A Spatial Analysis of House Prices in Barbados." Central Bank of Barbados' 43rd Annual Review Seminar, July 24-28, 2023.

Bell, Austin and Mahalia Jackman. "White Sand Beaches and a Bottle of Rum: Determinants of Barbadian Rum Exports." Central Bank of Barbados' 43rd Annual Review Seminar, July 24-28, 2023.

Brewster, Novaline. "Working with the Media." IABC Barbados Professional Development Session, April 13, 2023.

Bishop, Sherri and Novaline Brewster. "Engaging Citizens on Health Checks of Barbados' Financial System." 1st Regional Central Bank Communications Workshop, Curacao, September 13-15, 2023.

Delice, Raechel and Nlandu Mamingi. "FDI Flows to Barbados: Trend and Impact on Economic Growth." Central Bank of Barbados' 43rd Annual Review Seminar, July 24-28, 2023.

Greenidge, Kevin; Lawrence, Nkenge and Novaline Brewster. "The Economics of Procrastination: An Interdisciplinary Analysis of Behavioural, Social, and Economic Implications." Central Bank of Barbados' 43rd Annual Review Seminar, July 24-28, 2023.

Grosvenor, Peter. "An Analysis of Market Concentration and Competition in the Personal Loans and Personal Deposits Sectors of Barbados (1980-2020)." Central Bank of Barbados' 43rd Annual Review Seminar, July 24-28, 2023.

Jordan, Alwyn. "Have CARICOM Exchange Rates Converged? A Practical Application of the Optimum Currency Area Methodology to CARICOM." Central Bank of Barbados' 43rd Annual Review Seminar, July 24-28, 2023.

Joseph, Pinky. "The Motivation to Innovate – Empirical Evidence from Small and Medium Enterprises (SMEs) in the Caribbean." Central Bank of Barbados' 43rd Annual Review Seminar, July 24-28, 2023[2].

Kinch, Christopher; Joseph, Pinky and O'Shannon Vaughan-Dorant. "Analysing Bank Efficiency in Barbados." Central Bank of Barbados' 43rd Annual Review Seminar, July 24-28, 2023.

[2] This paper was also presented at Central Bank of Trinidad and Tobago's Research Review Seminar 2023, Trinidad and Tobago, September 27-29, 2023 under the name "Innovation Objectives and the Innovation Decision Process: Empirical Evidence from Caribbean SMEs."

Landis, Nicholas. “End-Stage Renal Disease Prevention in Barbados: A Cost-Savings Model.” Central Bank of Barbados’ 43rd Annual Review Seminar, July 24-28, 2023[3].

Lawrence, Nkenge; Jackman, Mahalia; and Antonio Alleyne. “Revisiting Export-Led Growth: The Roles of Export Volumes, Market Diversity and Product Variety.” Central Bank of Barbados’ 43rd Annual Review Seminar, July 24-28, 2023.

Lescott, Alexis. “Construction and Economic Growth - Barbados' Experience.” Central Bank of Barbados’ 43rd Annual Review Seminar, July 24-28, 2023

Maynard, Tracy. “Climate Variability and Sovereign Risk in the Caribbean.” Central Bank of Barbados’ 43rd Annual Review Seminar, July 24-28, 2023.

Okey, Onoh-Obasi; Thompson, Shekira and Winston Moore. "Green Financing Options in Barbados.” Central Bank of Barbados’ 43rd Annual Review Seminar, July 24-28, 2023[4].

Thompson, Shekira and Winston Moore. "Working in the Shadows: Understanding Informal Labour in a Small Island State.” Central Bank of Barbados’ 43rd Annual Review Seminar, July 24-28, 2023 .

Walrond, Shamika and Winston Moore. "SDRs in Support of the Bridgetown Initiative.” Central Bank of Barbados’ 43rd Annual Review Seminar, July 24-28, 2023.

Wilson, Karise; Jackman, Mahalia and Winston Moore. "The Impact of Environmental Quality on Mental Health: An Ecological Analysis.” Central Bank of Barbados’ 43rd Annual Review Seminar, July 24-28, 2023.

Internalising Excellence

Greater output of critical economic research was one of the hallmarks of the Bank’s 2023 activities. Going forward, the Bank aims to significantly increase the number of published research papers and studies.

[3] This paper was also presented at the Caribbean Economic Research Team’s 54th Annual Monetary Studies Conference, Jamaica, November 1-3, 2023.
[4] This paper was also presented at the Caribbean Economic Research Team’s 54th Annual Monetary Studies Conference, Jamaica, November 1-3, 2023 under the name “Working in the Shadows: A Markov Switching Model of Informal Labour Market.”

9. ADOPTION OF FINANCIAL STATEMENTS

Adoption of the Annual Financial Statements 2023

The financial statements of the Bank have been prepared in accordance with IFRS Accounting Standards (IFRS).

The Bank has recorded an accumulated deficit of $1,583 million as at December 31, 2023. This deficit was caused by significant non-recurring restructuring costs of $1,693 million reflecting statutory initiatives of Government, namely the write off of Advances to Government under the Financial Management and Audit (Amendment) Act and the institution of a debt exchange programme, which resulted in the derecognition of Government treasury bills and debentures under the Debt Holder (Approval of Debt Restructuring) Act. These costs were incurred in 2018.

Management has concluded that the going concern assumption is appropriate for the Bank. The Bank continues to perform its statutory purpose and management has reasonable expectations that the Bank will continue to generate cash flows to meet its operating requirements over 12 months from the reporting date.

In 2021, Government, the sole shareholder with the Bank, developed a gradual approach to recapitalisation, which included:

a) Maintaining the status quo to organically grow capital through profits with no capital being injected into the Bank in the near to medium term and
b) In approximately seven years, there is a gradual recapitalisation of authorised capital based on a predetermined payment plan.

Management has concluded that the consolidated financial statements fairly present the Bank's consolidated financial position, financial performance, and cash flows and that it has complied with IFRS.

Consolidated Statement of Financial Position

Total assets increased by $232 million to reach $4,240 million. The overall value of the reserve of external assets increased by $230 million due mainly to funding received from international institutions and a reduction of the unrealised losses on revaluation of securities.

IMF assets decreased by $57 million due to currency revaluations and interest charges.

Notes and coins in circulation increased by $43 million and commercial banks' deposits decreased by $54 million, reflecting the various demands in the banking system.

The Bank's liabilities related to the allocation of SDRs increased from $415 million to $419 million due to the currency revaluations. Government deposits with the Bank also increased by $161 million.

The net capital and deficit improved from an overall deficit of $1,742 million to $1,645 million. This is primarily due to unrealised gains on securities of $69 million and net income of $32 million for the year.

Statement of Income and Comprehensive Loss

The Bank continued its risk-averse approach to securities management and, accordingly, investments are not held to maximise earnings but to maintain economic stability and support Government policy.

Income before foreign exchange gains and losses increased from $83 million to $133 million. At the end of 2023, there was a loss on foreign exchange of $6 million compared to a gain of $29 million in 2022. Realised losses on sale of foreign securities remain at $9 million in 2023.

Operating Expenses

Total expenses increased by $7 million, moving from $88 million in 2022 to $95 million in 2023. Operating expenses before credit losses increased to $95 million compared to $88 million in 2022. There was a $17 million increase in interest expense recognised in 2023, due mainly to interest on the Extended Fund Facility. This was offset by a $17 million decrease in the medical benefit expense.

Administrative expenses increased by $2 million because of additional property maintenance during 2023.

Other Comprehensive Loss

The Bank recorded unrealised gains of $69 million arising on the market revaluation of the foreign assets portfolio. A negative retirement benefit adjustment of $5 million was also recognised.

Net Results for the Year

The Bank recorded a net income of $32 million for the year and a total comprehensive income of $96 million.

Approved Financial Statements

Annexed to this report are the Independent Auditor's Report, Consolidated Statement of Financial Position as at December 31, 2023, the Consolidated Statement of Income and Consolidated Statement of Comprehensive Loss, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows and explanatory notes to the financial statements.

On March 13, 2024, the Board of Directors, on recommendation from the Audit Committee, approved the Consolidated Financial Statements for the year ended December 31, 2023 and the explanatory notes to the Consolidated Financial Statements.

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Independent auditor's report

To the Board of Directors of Central Bank of Barbados

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Central Bank of Barbados (the Bank) and its subsidiaries (together 'the Group') as at December 31, 2023, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards*.*

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at December 31, 2023;
- the consolidated statement of income and comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

Management is responsible for the other information. The other information comprises the annual report (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other matter

This report is made solely to the Bank's board of directors, as a body, in accordance with Section 67 of the Central Bank of Barbados Act, 2020. Our audit work has been undertaken so that we might state to the Bank's board of directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law and subject to any enactment or rule of law to the contrary, we do not accept or assume responsibility to anyone other than the Bank and the Bank's board of directors as a body, for our audit work, for this report, or for the opinion we have formed.

PricewaterhouseCoopers SRL

Bridgetown, Barbados
March 21, 2024

Consolidated Statement of Financial Position

As at December 31, 2023

(Expressed in BDS $000)

ASSETS

	NOTES	2023	2022
RESERVE OF EXTERNAL ASSETS:*			
Balances Held Abroad	3	625,965	543,499
Foreign Notes and Coins		13,774	26,993
Foreign Securities	4	2,181,732	1,964,333
Derivative Financial Instruments	5	762	27
		2,822,233	2,534,852
International Monetary Fund:			
Reserve Tranche	6	34,181	33,895
Holdings of Special Drawing Rights	6	168,510	225,743
		202,691	259,638
Total Reserve of External Assets		3,024,924	2,794,490
LOCAL ASSETS:			
Securities:			
Barbados Government Treasury Bills	7	207,220	207,220
Barbados Government Treasury Notes	7	210,138	210,099
Barbados Government Debentures	7	418,940	418,392
		836,298	835,711
Fixed Deposits	8	-	9,350
		836,298	845,061
Advances:			
Government	9	216,440	214,385
Investment in Associate	10	12,343	12,646
Other Investments	10	1,306	1,306
Property, Plant, and Equipment	11 (a)	108,337	101,361
Right of Use Asset	11 (b)	279	518
Other Assets	12	37,109	37,389
Net Employee Defined Benefit Asset	20	2,646	301
		1,214,758	1,212,967
Total Assets		4,239,682	4,007,457

*Includes cash and cash equivalents of $285,522 (2022 - $520,423)

See accompanying notes to financial statements.

Consolidated Statement of Financial Position

As at December 31, 2023

(Expressed in BDS $000)

LIABILITIES, CAPITAL AND DEFICIT

	NOTES	2023	2022
LIABILITIES:			
Notes and Coins in Circulation	13	1,087,226	1,043,652
Deposits:			
Government		435,368	273,885
Banks		3,250,679	3,304,371
Financial Institutions		1,345	1,134
Other		239,148	240,127
	14	3,926,540	3,819,517
Other Liabilities:			
Allocation of Special Drawing Rights	15	418,770	415,265
Loan - International Monetary Fund	15	354,277	374,732
Lease Liability	11(b)	341	564
Other	16	80,955	79,012
Medical Benefit Obligation	20	16,941	16,335
		871,284	885,908
Total Liabilities		5,885,050	5,749,077
CAPITAL AND DEFICIT:			
Authorised Capital: BDS$25,000			
Paid Up Capital: Government of Barbados	17	25,000	25,000
Contributed Surplus	17	1,555	1,555
Fair Value Reserve	17	(115,406)	(183,987)
Retirement Benefit Reserve	20	(30,924)	(26,157)
Accumulated Deficit		(1,582,973)	(1,584,045)
General Reserve	17	57,380	26,014
Net Capital and Deficit		(1,645,368)	(1,741,620)
		4,239,682	4,007,457

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors on March 13, 2024.

Governor

Financial Controller

Consolidated Statement of Income and Comprehensive Income

For the year ended December 31, 2023

(Expressed in BDS $000)

	NOTES	2023	2022
INCOME:			
Interest:			
Treasury Bills		8,785	7,551
Advances		6,488	6,513
Deposits		22,266	7,621
Securities		84,470	55,506
		122,009	77,191
Commissions and Fees		16,309	11,900
Other Income	19	2,330	2,232
Share of Profit of Associate		310	303
Net (Loss) Gain on FX Currency Revaluation		(5,901)	29,002
Gain (Loss) on Disposal of Fixed Assets		4	(8)
Premiums		-	9
Net Gain on Foreign Investment Securities at FVTPL		762	27
Net Loss on Sale of Foreign Securities		(8,764)	(8,617)
Earnings before interest costs, operating costs and impairment charges		127,059	112,039
EXPENSES:			
Administrative		23,804	21,459
Claims		-	104
Depreciation	11	4,811	5,228
Interest		29,675	13,127
Minting of Coins		1,458	650
Printing of Notes		2,451	1,963
Retirement Benefits	20	2,101	2,138
Medical Benefit	20	1,692	18,025
Salaries and Allowances		29,202	25,636
Credit Loss Recovery	22	(573)	(388)
Total Expenses		94,621	87,942
Net Income for the year		32,438	24,097
Other Comprehensive Loss:			
Unrealised Gains (Losses) on Securities at FVOCI		68,581	(170,190)
Retirement Benefit Adjustment	20	(5,043)	(6,224)
Medical Benefit Adjustment	20	276	924
Total Other Comprehensive Income (Loss)		63,814	(175,490)
Total Comprehensive Income (Loss) for the Year		96,252	(151,393)

See accompanying notes to financial statements.

Consolidated Statement of Changes in Equity

For the year ended December 31, 2023
(Expressed in BDS $000)

	Paid up Capital	Contributed Surplus	Fair Value Reserve	Retirement Benefit Reserve	Accumulated Deficit	General Reserve	Total
Balance brought forward – January 1, 2022	25,000	1,555	(13,797)	(20,857)	(1,613,280)	31,152	(1,590,227)
Net Income for the Year	-	-	-	-	24,097	-	24,097
Fair Value Adjustment	-	-	(170,190)	-	-	-	(170,190)
Retirement Benefit	-	-	-	(6,224)	-	-	(6,224)
Medical Benefit Adjustment	-	-	-	924	-	-	924
Transfer to General Reserve (Note 17)	-	-	-	-	5,138	(5,138)	-
Balance carried forward – December 31, 2022	25,000	1,555	(183,987)	(26,157)	(1,584,045)	26,014	(1,741,620)
Net Income for the Year	-	-	-	-	32,438	-	32,438
Fair Value Adjustment	-	-	68,581	-	-	-	68,581
Retirement Benefit	-	-	-	(5,043)	-	-	(5,043)
Medical Benefit Adjustment	-	-	-	276	-	-	276
Transfer from General Reserve (Note 17)	-	-	-	-	(31,366)	31,366	-
Balance carried forward – December 31, 2023	25,000	1,555	(115,406)	(30,924)	(1,582,973)	57,380	(1,645,368)

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

For the year ended December 31, 2023
(Expressed in BDS $000)

	NOTES	2023	2022
Cash flows from operating activities			
Net Income for the Year		32,438	24,097
Adjustments for:			
Depreciation		4,811	5,228
(Gain) Loss on sale of property, plant and equipment		(4)	8
Share of profit of associate		(310)	(303)
Retirement benefit adjustment		(7,388)	(5,446)
Increase in medical benefit obligation		881	17,259
Net unrealised (losses) gains on FX currency revaluation		5,901	(29,221)
Net losses on foreign investment securities at FVTPL	5	(762)	(27)
Credit loss recovery		(573)	(388)
Operating profit before working capital changes		34,994	11,207
(Decrease) Increase in Short-Term Deposits	3	(304,147)	170,145
Decrease (Increase) in Other Assets		280	(12,558)
Net (Increase) Decrease in Foreign Securities	4	(148,818)	4,110
Decrease in Holdings of Special Drawing Rights		58,736	23,347
Decrease in Fixed Deposits		9,350	-
Net Increase in Local Securities		(587)	(208,056)
Net Increase in Government Advances		(2,055)	(24,580)
Increase in Deposits		107,023	47,142
Increase in Other Liabilities		1,943	26,614
Decrease in Lease Liability		(223)	(223)
Net cash (used in) from operating activities		(243,504)	37,148
Cash flows from investing activities			
Purchase of Property, Plant and Equipment	11a	(11,548)	(6,347)
Proceeds from Sale of Property, Plant and Equipment		4	8
Net cash used in investing activities		(11,544)	(6,339)
Cash flows from financing activities			
Increase in Notes and Coins in Circulation		43,574	83,943
(Decrease) Increase in Allocation of Special Drawing Rights		-	(89)
Repayment of Loan – International Monetary Fund		(23,426)	-
Net cash from financing activities		20,148	83,854
Net (Decrease) Increase in Cash and Cash Equivalents		(234,900)	114,663
Cash and Cash Equivalents at Beginning of Year		520,423	405,760
Cash and Cash Equivalents at End of Year		285,523	520,423
Cash and cash equivalents comprise:			
Current Account and Short-Term Deposits	3	271,749	493,430
Foreign Notes and Coins		13,774	26,993
		285,523	520,423

See accompanying notes to financial statements.

1. BUSINESS OF THE CENTRAL BANK

The Central Bank of Barbados (the "Bank") was incorporated under the Central Bank of Barbados Act CAP 323C (the former Act) and is responsible for the administration of the Financial Institutions Act, CAP 324A.

On December 14, 2020, Parliament of Barbados repealed and replaced the former Act with the Central Bank of Barbados Act 2020-30 ("the new Act). The purpose of the new Act is to strengthen the Bank's governance and independence while maintaining accountability. Another purpose of the new Act is to ensure the compliance of the Bank with internationally recognised accounting standards and other related matters.

On August 3, 2023 Parliament of Barbados accepted amendments to some sections of the Central Bank of Barbados Act 2020-30. The amendments detailed the policies and procedures adopted as well as regulations to strengthen the Bank's performance and governance.

The Bank is domiciled in Barbados and its registered office is the Tom Adams Financial Centre, Spry Street, Bridgetown, Barbados. The sole shareholder of the Bank is the Government of Barbados ("Government").

These statements represent the consolidated financial statements of the Bank and its subsidiaries (collectively, the "Bank") for the year ended December 31, 2023.

The primary objective of the Bank as set out in the new Act is to maintain the value of the currency. The secondary objective is to promote financial stability which is conducive to the orderly and sustained economic development of Barbados.

The Bank has recorded net capital and deficit of $1,645,368 (2022: $1,741,620) as at December 31, 2023. This deficit was caused primarily by significant non-recurring costs in 2018 of $1,693,255, which included the first time implementation of IFRS9 and restructuring costs reflecting statutory initiatives of Government, namely the write off of Advances to Government under the Financial Management and Audit (Amendment) Act and the institution of a debt exchange which resulted in the derecognition of Government treasury bills and debentures under the Debt Holder (Approval of Debt Restructuring) Act.

The deficit does not affect the Bank's ability to carry out its statutory purpose and management has reasonable expectations that the Bank will generate cash flows to meet its operating requirements over the twelve months from the reporting date.

Management has concluded that the consolidated financial statements fairly present the Bank's consolidated financial position, financial performance and cash flow, and that it has complied with IFRS Accounting Standards (IFRS). There are no pending legal or regulatory proceedings against the Bank that may, if successful, result in claims that are unlikely to be satisfied; and no changes in legislation or government policy is expected to adversely affect the Bank. The Bank may only be wound-up by an Act of Parliament and the sole shareholder in conjunction with the Bank, has developed a recapitalisation plan under the conditionality of an International Monetary Fund – Extended Fund Facility (IMF-EFF).

The Government has also met and surpassed all quantitative targets associated with the IMF-EFF which include certain fixed deficit thresholds, reserve levels and debt limits.

In October 2023, S&P raised its long and short-term foreign currency holdings ratings for Barbados to 'B- and 'B' with a positive outlook. During October 2023, Fitch Ratings assigned Barbados a long-term foreign currency issuer default rating or IDR of 'B positive' with a stable rating outlook. The international credit rating agency also assigned a short-term IDR of 'B', a country ceiling of 'B' and senior unsecured debt level of 'B'.

1. BUSINESS OF THE CENTRAL BANK, continued

In November 2020 the Bank consulted with an IMF mission team to discuss recapitalisation. The purpose of the mission was to analyse the Bank's revenue generating capacity and capital needs to achieve policy solvency in the near to medium term through a government recapitalisation plan. Subsequently the Cabinet at its meeting on June 24, 2021 approved a gradual approach to the recapitalisation of the Bank with Government including:

a) Maintaining the status quo to organically grow capital through profits with no capital being injected into the Bank in the near to medium term and

b) In approximately seven years, there is a gradual recapitalisation of authorised capital based on a predetermined payment plan.

On September 15, 2020, the Governor General announced in the 'Throne Speech' at the State opening of Parliament that the Government will modify existing Credit Funds held on the books of the Bank with the aim to create an Industrial Transformation Fund. This proposal aligns with discussions that the Bank has had with the International Monetary Fund to divest itself of what are perceived as "quasi-fiscal" activities that might result in financial losses to the Bank. Additionally, the new Act mandates that the divestment happens within two years of its issuance.

The Board at its meeting on March 14, 2023 determined that the two subsidiaries should be wound up effective March 31, 2023. As a result, on April 1, 2023 the net assets of the two subsidiaries were transferred Ito the Bank. Additionally, the Bank is mandated negotiate the sale of its investment in associates to the Government.

2. MATERIAL ACCOUNTING POLICIES

a) Basis of Preparation

The consolidated financial statements of the Bank have been prepared in accordance with IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements comprise the Consolidated Statements of Financial Position, Income and Comprehensive Income, Changes in Equity, cash flows and related notes.

The consolidated financial statements have been prepared on the historical cost basis of accounting, modified to include financial assets that are carried at fair value. The measurement of certain foreign securities is at "fair value through other comprehensive income (FVOCI)" under IFRS 9 with the resulting unrealised gains or losses carried forward in the consolidated Statement of Financial Position. The measurement of financial assets and liabilities measured at fair value through profit and loss are recorded at fair value.

b) Basis of Consolidation

These consolidated financial statements comprise the financial statements of the Bank and its wholly owned subsidiaries which are the Credit Guarantee Scheme for Small Business and the Export Credit Insurance & Guarantee Scheme. The financial statements of the Bank's subsidiaries are prepared for the same reporting year as the Bank. During the year, the two subsidiaries of the Bank were wound up, all intra-group balances, transactions, income and expenses are eliminated in full for further details refer to Note 1.

2. MATERIAL ACCOUNTING POLICIES, continued

b) Basis of Consolidation, continued

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Bank has the power to govern the financial and operating policies, generally accompanying a shareholding of more than 50% of net assets. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Bank controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Bank. Control is achieved where the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Non-controlling interests represent the portion of profit or loss and net assets of subsidiaries not owned, directly or indirectly, by the Bank. Currently, there are no non-controlling interests as the subsidiaries being consolidated are owned 100% by the Bank.

Prior to December 14, 2020, the former Act empowered the Bank, with the approval of the Minister of Finance, to acquire, hold and sell shares or other securities of any statutory body or company registered under the Companies Act for the purpose of promoting the development of a money or securities market or for financing the economic development of Barbados. The Bank has interests in a number of institutions – the Industrial Credit Fund, the Barbados Stock Exchange, the Barbados Deposit Insurance Scheme and the Barbados Automated Clearing House Services Incorporated.

Except for The Barbados Deposit Insurance Corporation (BDIC), the Bank has a minority financial interest in the entities noted above. The BDIC was established for the protection of depositors in the domestic financial system. While the share capital was paid up by the Bank, the BDIC was always conceived to be a separate and independent institution with its own mandate and operates as such. The financial statements of the BDIC have not been consolidated, as the Bank is deemed not to have control over this institution as the majority of Board members are appointed by the Ministry of Finance. The Bank's exposure is limited to the extent of its investment.

c) Investment in Associate

An associate is an entity over which the Bank has significant influence but not control, generally accompanied by a shareholding of between 20% and 50% of the voting rights. Investment in associate is accounted for by the equity method of accounting and is initially recognised at cost.

The Bank's share of its associate's post-acquisition profits or losses is recognised in the consolidated statement of income and comprehensive income, and its share of post-acquisition movements in other comprehensive income or loss is recognised in other comprehensive income or loss with a corresponding adjustment to the carrying amount of the investment.

The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Bank's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Bank does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Bank determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Bank calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the Consolidated Statement of Income and Comprehensive Income.

2. MATERIAL ACCOUNTING POLICIES, continued

c) Investment in Associate, continued

Unrealised gains on transactions between the Bank and its associates are eliminated to the extent of the Bank's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. For the preparation of the consolidated financial statements, common accounting policies for similar transactions and other events in similar circumstances are used.

The Bank’s investment in the Industrial Credit Fund is 13.3% and it has been classified as an associate because the Bank exhibits significant influence over its operations. Specifically, the Bank executes the day to day management of the Fund including determination of policy. The Bank’s exposure is limited to the extent of its investment.

d) Leases

Bank as a Lessee

The Bank assesses whether a contract is or contains a lease, at inception of the contract. The Bank recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Bank recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease.

Lease payments included in the measurement of the lease liability comprise fixed lease payments. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Bank remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

The lease term, payments or lease contract is modified.

The Bank did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Bank incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

2. MATERIAL ACCOUNTING POLICIES, continued

d) Leases, continued

Bank as a Lessee, continued

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Bank expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Bank applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Bank as a Lessor:

Leases in which the Bank does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the Consolidated Statement of Income and Comprehensive Income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased assets and recognised over the lease term on the same basis as rental income.

e) Financial Instruments: Initial Recognition

Date of Recognition

Financial assets and liabilities, with the exception of advances and deposits, are initially recognised on the settlement date, which is the date that an asset is delivered to or by the Bank. This includes regular trades, purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Advances and deposits are recognised when funds are transferred to the customers' accounts.

Initial Measurement of Financial Instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value except in the case of financial assets and financial liabilities recorded at Fair Value through the Profit and Loss (FVPL). Transaction costs are added to, or subtracted from this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Bank accounts for the Day 1 profit or loss.

Day 1 Profit or Loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Bank recognises the difference between the transaction price and fair value in income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

2. MATERIAL ACCOUNTING POLICIES, continued

e) Financial Instruments: Initial Recognition, continued

Measurement Categories of Financial Assets and Liabilities

The Bank classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost
- Fair Value through Other Comprehensive Income (FVOCI)
- Fair Value through Profit or Loss (FVPL)

The Bank may designate financial instruments at FVPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies between assets and related liabilities.

f) Financial Assets and Liabilities

Balances Held Abroad, Advances and Financial Investments at Amortised Cost

The Bank only measures balances held abroad, advances and other financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below:

Business Model Assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Bank's business model is assessed both on an instrument-by-instrument basis and at a higher level of portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- The expected frequency, value and timing of sales are also important aspects of the Bank's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

2. MATERIAL ACCOUNTING POLICIES, continued

f) Financial Assets and Liabilities, continued

SPPI Test

As a second step of its classification process the Bank assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To perform the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

g) Debt Instruments at FVOCI

The Bank measures debt instruments at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in Other Comprehensive Income ("OCI"). Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. Where the Bank holds more than one investment in the same security, they are deemed to be disposed of on a first–in first–out basis. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

h) Equity Instruments at FVOCI

Upon initial recognition, the Bank elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Bank benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

2. MATERIAL ACCOUNTING POLICIES, continued

i) Borrowed Funds

After initial measurement, borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on borrowed funds, and costs that are an integral part of the effective interest rate.

j) Financial Assets and Financial Liabilities at FVPL

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management only designates an instrument at FVPL upon initial recognition when one of the following criteria are met.

Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis, or;
- The assets or liabilities are part of a group, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, or;
- The assets or liabilities contain one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

Financial assets and financial liabilities at FVPL are recorded in the consolidated statement of financial position at fair value.

Changes in fair value are recorded in profit or loss. Interest earned or incurred on instruments designated at FVPL is accrued in interest income or interest expense, respectively, using the Effective Interest Rate (EIR), taking into account any discount/premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVPL is recorded using contractual interest rate. Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other operating income when the right to the payment has been established.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which the derivative contract is entered into and subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets including recent market transactions. All derivatives are carried as assets when the fair value is positive and liabilities when the fair value is negative. Changes in the fair value of the Bank's derivatives instruments are immediately in the statement of profit or loss.

The best evidence of the fair value of a derivative at initial recognition is the transaction price that is, the fair value of the consideration given or received unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (that is, without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

2. MATERIAL ACCOUNTING POLICIES, continued

j) Financial Assets and Financial Liabilities at FVPL, continued

Derivative financial instruments, continued

The Bank's derivative financial instruments are foreign currency future contracts. Derivative financial instruments are measured at fair value and disclosed in Note 5. None of the Bank's derivative instruments have been designated as hedging instruments.

k) Reclassification of Financial Assets and Liabilities

The Bank does not reclassify its financial assets subsequent to their initial recognition. However, should the Bank change its business model for managing financial assets, it will reclassify its financial assets from the date of the change. Financial liabilities are never reclassified.

l) Derecognition of Financial Assets and Liabilities

Derecognition due to Substantial Modification of Terms and Conditions

The Bank derecognises a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new instrument, with the difference realised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised instruments are classified as Stage 1 for ECL measurement purposes, unless the new instrument is deemed to be purchased or originated credit impaired (POCI).

When assessing whether or not to derecognise the Bank considers the following factors:

- Change in counterparty.
- If the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Bank also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Bank has transferred the financial asset if, and only if, either:

- The Bank has transferred its contractual rights to receive cash flows from the financial asset,

  Or

- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement.

The Bank does not have pass-through arrangements.

2. MATERIAL ACCOUNTING POLICIES, continued

l) Derecognition of Financial Assets and Liabilities, continued

Financial Assets, continued

A transfer only qualifies for derecognition if either:

- The Bank has transferred substantially all the risks and rewards of the asset,

  Or

- The Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Bank considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Bank has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Bank's continuing involvement, in which case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

The difference between the carrying value of the original financial liability and the consideration paid is recognised in the consolidated statement of income and comprehensive income.

m) Impairment of Financial Assets

Overview of the ECL principles

The Bank records an allowance for ECL on all loans and other debt financial assets not held at FVPL. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12mECL is the portion of LTECLs that represents the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

2. MATERIAL ACCOUNTING POLICIES, continued

m) Impairment of Financial Assets, continued

Overview of the ECL principles, continued

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Bank considers at the end of each reporting period, whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Bank allocates its assets into Stage 1, Stage 2, Stage 3 and Purchased or originated credit impaired (POCI), as described below:

- Stage 1: When assets are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 assets also include facilities where the credit risk has improved and the asset has been reclassified from Stage 2.

- Stage 2: When an asset has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 assets also include facilities where the credit risk has improved and the asset has been reclassified from Stage 3.

- Stage 3: Assets considered credit-impaired. The Bank records an allowance for the LTECLs.

POCI: POCI assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a partial derecognition of the financial asset.

The Bank calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The Calculation of ECLs

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

- PD - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the financial instrument has not been previously derecognised and is still in the portfolio.

- EAD - The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

2. MATERIAL ACCOUNTING POLICIES, continued

m) Impairment of Financial Assets, continued

The Calculation of ECLs, continued

- LGD - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier. The mechanics of the ECL method are summarised below:

- Stage 1: The 12mECL is calculated as the portion of LTECLs that represents the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

- Stage 2: When an asset has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

- Stage 3: For assets considered credit-impaired, the Bank recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

- POCI: assets are financial assets that are credit impaired on initial recognition. The Bank only recognises the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting scenario, discounted by the credit adjusted EIR.

- Financial Guarantee: The Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision. For this purpose, the Bank estimates ECL based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure.

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Bank compares the risk of a default occurring on the financial asset as at the reporting date with the risk as at the date of initial recognition. The Bank considers many factors when assessing a financial asset for a significant increase in credit risk, including but not limited to 1) an actual or expected significant deterioration in the financial asset's credit rating; 2) significant deterioration in external market indicators of credit risk for a financial asset; or 3) existing or forecast adverse changes in the business, financial, regulatory, technological or economic environment of the counterparty that results in a significant decrease in the counterparty's ability to meet its debt obligations.

2. MATERIAL ACCOUNTING POLICIES, continued

m) Impairment of Financial Assets, continued

Significant increase in credit risk, continued

In certain cases, the Bank may consider that events identified in the definition of default are a significant increase in credit risk as opposed to a true default. In making this assessment, the Bank considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Definition of default

The Bank considers a financial asset to be in default as a result of one or more loss events that occurred after the date of initial recognition of the instrument and the loss event has a negative impact on the estimated future cash flows of the instrument that can be reliably estimated. This includes events that indicate:

- significant financial difficulty of the borrower or issuer;
- default, in the case of debt instruments or 90 days past due delinquency on loans, in contractual, interest or principal payments;
- high probability of the borrower entering a phase of bankruptcy or a financial reorganisation;
- measurable decrease in the estimated future cash flows from the loan or the underlying assets that secure the loan;
- The restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise

Debt Instruments Measured at Fair Value through Other Comprehensive Income

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

Purchased or Originated Credit Impaired Financial Assets (POCI)

For POCI financial assets, the Bank only recognises the cumulative changes in LTECL since initial recognition in the loss allowance.

Forward Looking Information

In its ECL models, the Bank relies on a broad range of forward-looking information as economic inputs, which may include:

- GDP growth
- Consumer price index and inflation
- Interest rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

2. MATERIAL ACCOUNTING POLICIES, continued

m) Impairment of Financial Assets, continued

Collateral Valuation

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as letters of credit/guarantees, real estate and other non-financial assets. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on an annual basis.

n) Impairment of Non-Financial Assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less costs to sell or the value in use can be determined reliably. Non-financial assets that suffer impairment are reviewed for possible reversal of the impairment at each reporting date.

o) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Interest Income

For financial instruments measured at amortised cost and other interest-bearing financial assets interest income is recorded using the EIR. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income on purchased or originated credit impaired financial assets is measured using credit – adjusted EIR.

Commission, Fees and Other Income

Commission, fees and other income are accounted for on an accrual basis. Commissions represent charges on foreign currency transactions processed on behalf of customers and is based on a percentage of the transaction value.

Dividends

Dividend income is recognised when the Bank's right to receive the payment is established.

2. MATERIAL ACCOUNTING POLICIES, continued

p) Foreign Currencies

The Bank's consolidated financial statements are presented in Barbados dollars, which is also the functional currency.

Transactions and Balances

Transactions in foreign currencies are initially recorded by the Bank's entities at their respective functional currency spot rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

q) Property, Plant and Equipment

All property and equipment are stated at historical cost less accumulated depreciation, with the exception of land which is not depreciated. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Consolidated Statement of Income and Comprehensive Income during the financial period in which they are incurred.

Depreciation on all property, plant and equipment is computed on the straight-line method at rates considered adequate to write-off the cost of depreciable assets, less salvage, over their useful lives.

The annual rates used are:

Freehold buildings	1% -5%
Furniture and equipment	10%- 25%
Vehicles	20%

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The asset's recoverable amount is the higher of the asset's fair value less costs to sell and the value in use.

Gains and losses on disposal of property, plant and equipment are determined by reference to its carrying amount and are taken into account in determining net loss or gain on disposal.

2. MATERIAL ACCOUNTING POLICIES, continued

r) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

s) Balances Held Abroad and Cash Equivalents

Balances held abroad in the statement of financial position comprise cash at banks and short-term deposits which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, with an original contractual maturity of three months or less, as defined above.

t) Provisions

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Bank expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Consolidated Statement of Income and Comprehensive Income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

u) Pensions Benefits and Post-employment Benefits

The Bank operates a defined benefit pension scheme for its eligible employees. The assets of the plan are held in a separately administered fund, established by the Bank. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The pension benefit is based on the final salary of the employee. The pension asset or liability is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. An approximate value of the defined benefit obligation is calculated every year by independent actuaries using the projected unit credit method based on detailed calculations carried out for the most recent triennial funding valuation. Under this method, the cost of providing pensions is charged to the consolidated statement of income and comprehensive income so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who carry out a full valuation of the plan every three years.

The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of long-term government bonds that are denominated in the currency in which the benefits will be paid, and which have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in OCI. Past-service costs are recognised immediately in the consolidated statement of income and comprehensive income. The pension plan is funded by payments from the Bank, taking into account the recommendations of independent qualified actuaries. Employees were allowed to make additional voluntary contributions up to June 2019.

2. MATERIAL ACCOUNTING POLICIES, continued

u) Pensions Benefits and Post-employment Benefits, continued

The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

IFRIC 14 states that the limit on the measurement of a defined benefit asset may cause a minimum funding requirement to be onerous. Normally, a requirement to make contributions to a plan would not affect the measurement of the defined benefit asset or liability. This is because the contributions, once paid, will become plan assets and so the additional net liability is nil. However, a minimum funding requirement may give rise to a liability if the required contributions will not be available to the entity once they have been paid. As a result, the minimum funding requirements need to be considered in the determination of the net balance sheet position and an onerous liability may be applicable. Based on the most recent funding valuation report as at December 31, 2021, the Scheme is not fully funded on both going concern and solvency bases. As such, a statutory minimum funding requirement exists at the measurement date.

Post - employment Benefits

The Bank operates a post-employment medical benefits for its retirees. The cost of the post-employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date. Further details are given in Note 20.

These benefits are unfunded. The entitlement to these benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for the defined benefit plans.

v) Significant Accounting Judgements and Estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make certain significant estimates and judgements that affect amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and judgements that have an increased risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

2. MATERIAL ACCOUNTING POLICIES, continued

v) Significant Accounting Judgements and Estimates, continued

Impairment Losses on Financial Assets

The measurement of impairment losses both under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Bank's ECL calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Bank's credit grading model, which assigns a PD to the individual grades.
- The Bank's criteria for assessing if there has been a significant increase in credit risk, and therefore allowances for financial assets should be measured on a LTECL basis and the qualitative assessment.
- Development of ECL models, including the various formulas and the choice of inputs.
- Determination of associations between macroeconomic scenarios, economic inputs such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs.
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It has been the Bank's policy to regularly review its models in the context of actual loss experience and adjust when necessary. Also see Note 22.

w) International Monetary Fund (IMF) Related Balances

The Bank transacts with the IMF in its own right rather than as the depository of the Government. All transactions between the Bank and the IMF have been included in these consolidated financial statements on that basis.

The Bank records the quota with the IMF as an asset and the amount payable to the IMF for quota is recorded as a liability of the Bank. The cumulative allocation of Special Drawing Rights (SDRs) by the IMF is treated as a liability. All the IMF related assets and liabilities are recognised at amortised cost using the effective interest rate method. Exchange gains and losses arising on revaluation of IMF assets and liabilities at the exchange rate applying at reporting date as published by the IMF are recognised in the Consolidated Statement of Income and Comprehensive Income. The Bank also Guarantees repayment of certain loans received by the Government from the IMF.

x) Notes and Coins in Circulation

Currency issued by the Bank represents a claim on the Bank in favour of the holder. The liability for Currency in Circulation is recorded at face value in the Consolidated Statement of Financial Position.

2. MATERIAL ACCOUNTING POLICIES, continued

y) Trust and Custodial Activities

Amounts administered by the Bank under custodial and administration arrangements totaled $82,640 in 2023 ($47,361 in 2022).

$82,640 (2022: $47,361) of these amounts have been redeposited with the Bank. Also see Note 14.

z) New and Amended Standards and Interpretations

The Bank applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2023. The Bank has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. These amendments had no impact on the consolidated financial statements of the Bank.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had no significant impact on the Bank's disclosures of accounting policies.

aa) Standards Issued but not yet Effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank's consolidated financial statements are disclosed below. The Bank intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

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

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Bank's consolidated financial statements.

2. MATERIAL ACCOUNTING POLICIES, continued

aa) Standards Issued but not yet Effective, continued

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The Bank is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after January 1, 2024. Early adoption is permitted, but will need to be disclosed.

The amendments are not expected to have a material impact on the Bank's consolidated financial statements.

(Expressed in BDS $000)

3. BALANCES HELD ABROAD

Balances held abroad comprise:

	2023	2022
Current Accounts	162,269	125,689
Short-Term Deposits due 3 Months or less	88,000	360,103
Accrued Income	21,480	7,638
	271,749	493,430
Short-term Deposits due Between 3 and 6 Months	354,216	50,069
	625,965	543,499

Current accounts and short-term deposits with foreign banks earn interest at rates varying between 5.21% and 5.76% (2022: 1.10% and 5.39%).

4. FOREIGN SECURITIES

Foreign Securities at fair value comprise:

	2023		2022	
	Amortized Cost/ Original Cost	Fair Value	Amortized Cost/Original Cost	Fair Value
Debt Securities at FVOCI:				
Bonds/Debentures - Regional	12,905	12,685	12,969	12,347
Bonds/Debentures - Other	2,284,481	2,168,734	2,136,010	1,951,673
	2,297,386	2,181,419	2,148,979	1,964,020
Equities Securities at FVOCI:				
Equities	286	313	286	313
	2,297,672	2,181,732	2,149,265	1,964,333

A cumulative net unrealised loss of $115,406 (2022: $183,987) arose on the revaluation of Securities and is included in OCI. Included in Bonds/Debentures is a 12- month ECL provision of $534(2022: $939) on regional securities. This represents a decrease in ECL by $405 (2022: decrease $489).

Bonds/Debentures earn interest at rates varying between 0.25% and 8.00% (2022: 0.25% and 8.23%) and mature between 3 months and 30 years (2022: 3 months and 48 years).

(Expressed in BDS $000)

5. DERIVATIVE FINANCIAL INSTRUMENTS

Fixed income future contracts

Currency futures represents commitments to purchase foreign currency at a fixed exchange rate at a specified date in the future. The contracts are initially recognised at fair value on the date that a derivative contract is established and are subsequently remeasured at fair value.

The following is an analysis of the currency futures held with positive fair values as at December 31, 2023:

Currency purchased/ sold	Cost of contracts	Cost of contracts BDS$ equivalent	Value date of contracts	Fair Value
USD	31,044	62,088	Mar-24	1,242

The following is an analysis of the currency futures held with negative fair value as at December 31, 2023:

Currency purchased/ sold	Cost of contracts	Cost of contracts BDS$ equivalent	Value date of contracts	Fair Value
USD	5,539	11,078	Mar-24	(480)

The following is an analysis of the currency futures held with negative fair value as at December 31, 2022:

Currency purchased/ sold	Cost of contracts	Cost of contracts BDS$ equivalent	Value date of contracts	Fair Value
USD	5,535	11,070	Mar-23	86

The following is an analysis of the currency futures held with negative fair value as at December 31, 2022:

Currency purchased/ sold	Cost of contracts	Cost of contracts BDS$ equivalent	Value date of contracts	Fair Value
USD	23,310	46,620	Mar-23	(59)

(Expressed in BDS $000)

6. IMF ASSETS

	2023	2022
Reserve Tranche	34,181	33,895
Holdings of Special Drawing Rights	168,510	225,743
Total IMF assets	202,691	259,638

The Reserve Tranche and Holdings of Special Drawing Rights pertain to the value of SDRs at December 31, 2023.

The balances held at December 31, 2023 amounted to SDR 12,663 (2022: SDR 12,663) and SDR 62,428 (2022: SDR 84,338), respectively. The rate of translation of SDRs to Barbados dollars at December 31, 2023 is $1 = SDR 0.370473 (2022: $1 = SDR 0.373600).

Holding of Special Drawing Rights

The holding of SDRs is potentially a claim on the freely usable currencies of IMF members, in that holders of SDRs can exchange their SDRs for these currencies. The SDRs value as a reserve asset derives from the commitments of members to hold and accept SDRs, and to honor various obligations connected with the operation of the SDR system. The IMF ensures that the SDRs claim on free usable currencies is being honored in two ways: by designating IMF members with a strong external position to purchase SDRs from members with weak external positions, and through the arrangement of voluntary exchanges between participating members in a managed market.

On August 2, 2021 the IMF Board of Governors approved a general Allocation of SDRs for its members in order to boost liquidity at a time of unprecedented crisis. The SDR allocation increase will benefit all members, address the long-term global need for reserves, build confidence, and foster the resilience and stability of the global economy. It will particularly help the most vulnerable countries struggling to cope with the impact of the COVID-19 crisis.

As a result, on August 23, 2021 Barbados' Allocations increased by 90,574,000 SDRs, thereby increasing the Holdings of Special Drawing Rights and Allocations of Special Drawing Rights by a similar amount. See allocations at Note 15.

IMF assets have no fixed terms of repayment and earned interest at rates varying between 2.92% and 4.20% (2022 rates varying between 0.05% and 2.48%).

(Expressed in BDS $000)

7. LOCAL SECURITIES

Amounts comprise debt securities at amortised cost:

	2023		2022	
	Nominal Value	**Amortised Cost**	**Nominal Value**	**Amortised Cost**
Barbados Government Treasury Bills	208,995	207,220	208,995	207,220
Barbados Government Treasury Notes	212,370	210,138	212,370	210,099
	421,365	417,358	421,365	417,319
Barbados Government Debentures – Series H	414,440	414,841	414,440	414,046
Barbados Government Debentures - Series B	4,969	4,099	4,969	4,346
	419,409	418,940	419,409	418,392
	840,774	836,298	840,774	835,711

On June 1, 2018, the Government announced its intention to restructure its public debt. Debt payments to foreign creditors would be suspended and payments to domestic creditors would be made on a best-effort basis while the Government finalised a comprehensive economic reform plan. Pursuant to a comprehensive debt restructuring agreement between the domestic creditors and the Government, under the Debt Holder (Approval of Debt Restructuring) Act on October 31, 2018 the Bank derecognised (i) Treasury Bills measured at amortised cost with a value of $1,529,543 and (ii) debentures measured at amortised cost with a value of $415,773 and recognised (i) Treasury Bills with a nominal value of $208,995 measured at originated credit impaired costs /fair value of $207,220 and (ii) debentures with a nominal value of $419,409 measured at original credit impaired cost/fair value of $418,940.

On March 28, 2020, the Government declared that a public emergency had arisen in Barbados, this emergency was extended into 2022. As a result, the Bank purchased Treasury Notes with a nominal value of $212,370 during 2022. This purchase was in accordance with section 62. (1)(5) of the Central Bank Act.

On September 30, 2023, Series H Bonds with a carrying value of $82,888 matured. These Bonds were renewed in accordance with the Debt Holders (Approval of Debt Restructuring) (Amendment) Act, 2019 with 6% series H Bonds with a maturity of 5 years from issuance. The market value on issue was $87,066.

(Expressed in BDS $000)

7. LOCAL SECURITIES, continued

The average yield on Treasury Bills during the year was 3.50% (2022: 3.50%). The average yield on Debentures was 6.52% (2022: 6.90%). The average yield on Treasury Notes was 4.25% (2022: 4.25%)

The carrying values in the previous table represents the costs less ECL, no discount is included.

The POCI Credit Impaired Lifetime ECL on local securities is $20,325 (2022: $20,069). This represents an increase in ECL of $256 (2022: decrease of $1,391). Also see Note 22.

8. FIXED DEPOSITS

All fixed deposits were disposed of during the 2023 financial year. In 2022 interest rates on fixed deposits varied between 0.01% and 0.60% and had an original maturity date of more than ninety days to a year.

9. ADVANCES TO GOVERNMENT

	2023	2022
Advances to Government	216,440	214,385

The balance outstanding represents such advances made by the Bank and are within the authorised statutory limit. The advances earned interest at rate of 3.50% (2022: 3.50%). See further description at Note 22.

The limit in force was $220,600 from January to March 2023 and $220,600 from April to December 2023.

The limit in force was $220,600 from January to March 2022 and $220,600 from April to December 2022. There were no instances where the limit was breached in the years ended December 31, 2023 and 2022.

10. INVESTMENTS

Investment in Associate

The Bank has a 13.3% interest in the Industrial Credit Fund Loan Number 2260 BAR. The purpose of the credit fund is to assist borrowers in financing productive facilities and resources in Barbados as well as contribute to the economic development of the country. The Industrial Credit Fund Loan Number 2260 BAR is accounted for using the equity method in the consolidated financial statements.

The following table illustrates the summarised financial information of the investment in the Industrial Credit Fund Loan Number 2260 BAR:

(Expressed in BDS $000)

10. INVESTMENTS, continued

Investment in Associate, continued

	2023	2022
Assets	92,933	95,349
Liabilities	128	267
Equity	92,805	95,082
Revenue	3,602	3,567
Profit	2,330	2,278
Bank carrying amount of the investment	12,343	12,646

The Bank's interest has been determined on the basis of unaudited financial statements of the Fund as the timing of receipt of the audited financial statements are after the finalisation of the Bank's accounts.

The entity had no contingent liabilities or capital commitments as at December 31, 2023 and 2022.

Other investments

The Bank has other investments in The Barbados Deposit Insurance Corporation, the Barbados Stock Exchange and the Barbados Automated Clearing House Services as follows:

			2023	2022
	Type of Shares	Number of Shares	**Carrying Value**	**Carrying Value**
Barbados Deposit Insurance Corporation (100%)	Common	1,000,000	1,000	1,000
Barbados Stock Exchange (1.1%)	Common	55,382	55	55
Barbados Automated Clearing House Services Incorporated (16.67%)	Common	250,560	251	251
Total			1,306	1,306

Investment in BDIC:

The Bank has a 100% interest in the BDIC which was established for the protection of depositors in the domestic financial system. See further description at Note 2(b).

The following table illustrates the summarised financial information of the investment in the BDIC:

(Expressed in BDS $000)

10. INVESTMENTS, continued

Other investments, continued

	2023	2022
Assets	95,715	88,917
Liabilities	36	31
Equity	95,679	88,886
Revenue	7,481	9,481
Profit	6,796	9,080
Bank Carrying Amount of the Investment	1,000	1,000

The entity had no contingent liabilities or capital commitments as at December 31, 2023 and 2022.

11.a PROPERTY, PLANT AND EQUIPMENT

	Freehold Buildings	Furniture and Equipment	Vehicles	Total
Cost:				
January 1, 2022	126,648	80,311	815	207,774
Additions	1,466	4,881	-	6,347
Disposal/write-offs	-	(183)	-	(183)
December 31, 2022	128,114	85,009	815	213,938
Additions	3,832	7,469	247	11,548
Disposals/write-offs	-	(115)	-	(115)
December 31, 2023	131,946	92,363	1,062	225,371
Accumulated Depreciation:				
January 1, 2022	40,641	66,447	667	107,755
Charge for the year	2,271	2,660	58	4,989
Eliminated on disposals	-	(167)	-	(167)
December 31, 2022	42,912	68,940	725	112,577
Charge for the year	2,116	2,384	72	4,572
Eliminated on disposals	-	(115)	-	(115)
December 31, 2023	45,028	71,209	797	117,034
Net Book Value:				
December 31, 2023	86,918	21,154	265	108,337
December 31, 2022	85,202	16,069	90	101,361
December 31, 2021	86,007	13,864	148	100,019

(Expressed in BDS $000)

11.b LEASES

The Bank leases property to house its Hot-Site operations as part of its Business Continuity Framework. The lease is for 5 years with the option to renew.

(i) Amounts recognised in the Consolidated Statement of Financial Position:

	2023	2022
Right-of-use asset (Building)		
Balance brought forward	518	757
Depreciation	(239)	(239)
Balance carried forward	279	518

	2023	2022
Lease Liability		
Balance brought forward	564	787
Lease payments	(223)	(223)
Balance carried forward	341	564

	2023	2022
(ii) Amounts recognised in Profit and loss		
Depreciation charge on right-of-use assets	239	239
Interest expense on lease liabilities	42	42

12.OTHER ASSETS

Other assets include:

	2023	2022
Accrued Income	2,506	1,629
Cheques in Process of Collection	6,133	4,543
Prepayments	11,555	14,866
Staff Advances	14,466	13,873
Sundry Balances	2,449	2,478
	37,109	37,389

Staff advances represent mortgages and other loans provided to employees of the Bank. Staff advances earn interest at rates of 1%, 2%, or 4% (2022: 2%, 4% or 6%.) The amounts are net of ECL provision of $119 (2022: $119).

(Expressed in BDS $000)

12. OTHER ASSETS, continued

At December 31 the following categories of advances exist:

	2023	2022
Mortgages	9,183	9,824
Motor Vehicles	2,815	1,333
Education	383	188
Other	2,204	2,647
Less: Expected Credit Loss	(119)	(119)
	14,466	13,873

13. NOTES AND COINS IN CIRCULATION

	2023	2022
Notes	1,012,775	971,606
Coins	74,451	72,046
	1,087,226	1,043,652

In accordance with Section 35 of the new Act, the Bank is the sole authority to issue currency notes and coins for circulation in Barbados. Bank notes and coins in circulation are non-interest bearing and are redeemable on demand.

At December 31, 2023, the nominal value of numismatic coins sold, totaled approximately $11,584 (2022: $11,582) and is excluded from 'Notes and Coins in Circulation'. The liability for face value redemptions usually represents the expected net cash outflows to be incurred by the Bank if all face value coins are redeemed. This includes the estimated costs of redemptions offset by the market value of the precious metal content of the redeemed coins.

14. DEPOSITS OF GOVERNMENT, BANKS, FINANCIAL INSTITUTIONS AND OTHER

	2023	2022
Government	439,995	273,885
Banks	3,250,679	3,304,371
Financial Institutions	1,345	1,134
Other	234,521	240,127
	3,926,540	3,819,517

Included in deposits are the following:

a) Government deposits include amounts totalling $82,640 (2022: $47,361) which represents uninvested funds held on behalf of Government which the Bank manages in a custodial capacity. Also see Note 2(y).

(Expressed in BDS $000)

14. DEPOSITS OF GOVERNMENT, BANKS, FINANCIAL INSTITUTIONS AND OTHER, continued

b) Banks deposits include amounts totalling $617,963 (2022: $565,272) maintained by applicable local financial institutions for the purpose of meeting the Statutory Reserve Requirements. The Bank does not pay interest on statutory or excess deposits. Also included are foreign deposits totalling $102,236 (2022: $56,228) the Bank pays interest on foreign deposits at the rate of 0.10% (2022: 0.10%).

c) Other deposits include:
- amounts due to related parties and managed entities totalling $147,002 (2022: $176,660) which are unsecured, interest free with no fixed terms of repayment. Also see Note 19.
- amounts totalling $20,674 (2022: $19,522) on deposit from the Financial Services Commission which represent statutory deposits from insurance companies and abandoned property in the form of unclaimed matured insurance policies.
- amounts due to non-bank financial institutions totalling $63,008 (2022: $40,927).

15. ALLOCATION OF SPECIAL DRAWING RIGHTS AND LOAN – INTERNATIONAL MONETARY FUND

	2023	2022
Allocation of Special Drawing Rights	418,770	415,265

This amount of SDR 154,948 (2022: SDR 154,948) represents the liability to the IMF in respect of Special Drawing Rights (SDRs) allocated by the Fund. This allocation does not change unless there are cancellations or further allocations. Additionally, further changes arise from revaluations done by the Fund. Also see description at Note 6.

	2023	2022
IMF Loan (Extended Fund Facility)	354,277	374,732

The Extended Fund Facility (EFF) is a four-year facility provided by the IMF to support Balance of Payments and Government's economic reform and transformation agenda. The IMF approved the EFF of $580,000 equivalent to SDR 208 million in October 2018. This amount is equivalent to 220% of the country's quota with the IMF. The first tranche amounting to SDR 35 million (equivalent to BDS$101,000) was disbursed on October 1, 2018.

During 2019 two tranches of SDR 35 million (totalling $195,097) each were received. In June 2020 SDR 35 million (equivalent to $96,186) was received. In June 2020, the Bank and the IMF modified the terms of the EFF to allow the Fund to provide direct budget financing to the Government. As a result, the Fund advanced $181,300 (SDR 66M) and $137,954 (SDR 48 million) to the Government in June and December 2020, respectively. See Note 18.

Also, in December 2020, June 2021 and December 2021, the Bank was supposed to receive SDR 17 million (equivalent to $48,846 and $49,098 and $47,482 respectively) however these were provided as direct budget financing to the Government. The final direct budget financing tranche occurred in June 2022, when the Fund advanced $46,148 (SDR 17 million).

(Expressed in BDS $000)

15. ALLOCATION OF SPECIAL DRAWING RIGHTS AND LOAN – INTERNATIONAL MONETARY FUND, continued

The interest rate applicable on the EFF comprises of the basic rate charge, which is equivalent to the SDR interest rate plus 100 basis points. The effective rate is 4.807% (2022: 2.188%). Credit outstanding over 187.5% of quota is subject to a surcharge of 200 basis points.

The loan is expected to be repaid in tranches totalling $55,110 (2022: $23,421) within one year, $251,930 (2022: $242,014) between 1 and 5 years and $47,237 (2022: $109,297) after 5 years. Interest on the loan is expected to be paid in amounts totalling $17,327 (2022: $16,659) within one year, $38,659 (2022: $29,826) between 1 and 5 years and $2,636 (2022: $1,896) after 5 years. Repayments commenced April 2023, repayments of $23,426 were made during 2023.

All amounts provided as direct budget financing to the government are a liability of the government and not the Bank.

16. OTHER

This amount comprises:

	2023	**2022**
Accounts Payable	11,862	13,313
Contribution Payable – UWI Fund re Chair in Banking	1,161	1,161
Audit Fees and related fees (iii)	185	465
Domestic Clearing	7,469	9,731
Dormant Accounts (i)	51,561	42,019
Frank Collymore Literary Endowment Fund	1,000	1,000
Repayment Guarantee to IMF (ii)	1,390	1,775
Sundry Balances	6,327	9,548
	80,955	79,012

(i) Dormant accounts comprise deposits made by Banks relating to abandoned property for which no activity was evidenced for a period of 10 years and said property is deposited with the Central Bank of Barbados in accordance with Section 88 (3) of the Financial Institutions Act, 1997-16. Under Section 90 the Bank shall pay these funds into the Consolidated Fund.

The Bank retains dormant amounts indefinitely unless requested by the Government.

(ii) Balance represents the ECL provision on the Bank's Guarantee to the IMF with respect to certain government debt. See further description at 18 (b).

(iii) The audit fees expense during the year amounted to $185 (2022: $185). Fee expenses for other services provided by the auditor during the year amounted to $0 (2022: $280).

17. CAPITAL AND RESERVES (DEFICIT)

The Bank manages its Capital in compliance with the new Act.

The Bank's objectives when managing capital are:

- To safeguard the value of the Barbados Dollar
- To promote financial stability in Barbados
- To safeguard the Bank's ability to continue as a going concern.

(Expressed in BDS $000)

17. CAPITAL AND RESERVES (DEFICIT), continued

The authorised capital of the Bank was 5,000 shares with no par value up to December 13, 2020. Shares of a value of $2,000 are fully paid and have been issued to the Minister of Finance, who holds them on behalf of the Government. On implementation of the new Act, the authorised capital was increased to $25,000.

Profits, Losses and Distributable earnings

Section 9 (2) of the new Act states that the earnings available for distribution shall be determined by deducting from the distributable profits the total amount of all unrealised gains, if any.

Based on the above adjustment, the distributable profit for the year is as follows:

	2023	2022
Distributable Profit:		
Net Income for the year	32,438	24,097
(Less): Net gain on FX currency revaluation	-	(29,002)
(Less): Unrealised Gain on Derivatives	(762)	-
Share of profit of Associate	(310)	(303)
Net loss from subsidiaries	-	70
Balance as at December 31;	31,366	(5,138)

The new Act further notes in Section 10 that where the Board approves financial statements that have been validated by an external auditor, the Bank shall allocate the distributable earnings in the following order:

- where the paid-up capital of the Bank does not equal its authorised capital, the paid-up capital shall be increased by the net profits of the Bank for every financial year until the paid-up capital of the Bank is equal to its authorised capital;
- where the sum of capital and general reserves does not equal 7.5 per cent of the total monetary liabilities of the Bank, 100 per cent of distributable earnings shall be credited to the general reserve account after provision is made for the matters set out in above;
- payment of any amounts necessary to liquidate notes issued by the Government;
- credit to special reserve accounts established pursuant to section 8(3) of Act;
- credit to or satisfaction of any claims of the Bank on the Government where such claims remain unpaid;
- transfer to the Consolidated Fund after the matters above have been satisfied.

The Bank shall not pay or distribute interim dividends.

No distribution shall be made out of the net profits of the Bank or its reserves except in accordance with certain subsections noted below.

No distribution of profits shall be made where, in the determination of the Board, the assets of the Bank would be less than the sum of the liabilities and capital after such distribution is made.

Where in a financial year the Bank incurs a net loss, the loss shall first be charged to the general reserve account and subsequently applied against the capital account.

The Bank transferred a gain of $31,366 (2022: a loss of $5,138) from Distributable Profit to General reserves.

(Expressed in BDS $000)

17. CAPITAL AND RESERVES (DEFICIT), continued

	2023	2022
Paid Up Capital		
Balance as at December 31,2022 and 2023	25,000	25,000

General Reserve

The general reserve was accumulated out of net income and is consistent with the Section 8 of the new Act.

	2023	2022
Balance as at January 1:	26,014	31,152
Transfer from Distributable Profit	31,366	(5,138)
Balance as at December 31:	57,380	26,014

Contributed Surplus

	Share of Contributed loss from Associate	Forgiveness of Loan due to Associate	Total
Balance, as at December 31, 2022 and 2023	(733)	2,288	1,555

Forgiveness of loan due to Associate

During 2018, a subsidiary received a forgiveness of debt totalling $2,288 due to an Associate company as part of the directive from the Ministry of Finance that all state-owned entities and public sector bodies write off debts due to each other. The amount has been recorded in other comprehensive income as it relates to a transaction between common controlled entities.

Share of contributed loss from Associate

During 2019 an amount totalling $733 was recognised relating to the Bank's share of contributed loss from the Associate.

Fair Value Reserve

This amount relates to the cumulative unrealised gains or losses on securities at FVOCI.

Retirement Benefit Reserve

This amount relates to the net cumulative actuarial gains/losses and plan asset experience gains/losses of the pension plan and medical scheme.

(Expressed in BDS $000)

18. COMMITMENTS, CONTINGENCIES AND GUARANTEES

(a) At December 31, 2023, the Bank had contracts for capital expenditure in the amount of $1,004 (2022: $1,592).

(b) On June 12, 2020, the Bank and the Ministry of Finance, Economic Affairs and Investment (MOF) executed a Memorandum of Understanding (MOU) regarding the respective responsibilities in connection with the direct budget financing received under the Extended Fund Facility with the IMF. The MOU provides that in the event the MOF does not hold sufficient funds with the Bank to repay the IMF, the Bank will proceed with the due payment which would become a liability of the MOF to the Bank. At December 31, 2023 the amount outstanding by Government to the IMF was $606,049 (2022: $487,512). The Bank recognised an ECL provision of $1,390 (2022: $1,778) and a release of $385 (2022: $198) on this guarantee. See Note 22.

(c) During the normal course of business, the Bank is subject to litigation in respect of certain claims made against it. There are no claims which are significant and require additional disclosure.

19. RELATED PARTIES

In the normal course of its operations, the Bank enters into transactions with related parties, and material transactions and balances are presented in these financial statements. Not all transactions between the Bank and government-related entities have been disclosed, as permitted by the partial exemption available to wholly-owned government entities in International Accounting Standard 24 Related Party Disclosures.

Other income includes management fees received as follows:

	2023	2022
Industrial Credit Fund	343	382
Housing Credit Fund	423	433
	766	815

The Bank also manages the Housing Credit Fund. The net assets and net income (loss) disclosed in the Fund's unaudited financial statements are as follows:

	2023		2022	
	Net Assets	Net Income	Net Assets	Net Loss
Managed Entity:				
Housing Credit Fund	120,763	947	119,124	(5,372)

The Bank provides funds-management, fiscal-agent and banking services to the Government of Barbados as set out in Part IX of the Act.

(Expressed in BDS $000)

19. RELATED PARTIES, continued

The Bank also provides management, investment and administrative support to the Bank's Pension Plan.

Key Management Personnel and Compensation

The key management personnel responsible for planning, directing and controlling the activities of the Bank are the members of the Board, Executive and other Senior Management.

The compensation of key management personnel is presented in the following table:

	2023	2022
Short-term employee benefits	8,614	5,928
Post-employment benefits	1,674	159
Directors' fees	72	60
Total compensation	10,360	6,147

	2023	2022
Staff advances to key management personnel total:	4,265	3,412

20. PENSION AND POST-RETIREMENT MEDICAL SCHEME

Pension Plan

The Central Bank of Barbados has established a non-contributory retirement plan for the benefit of its employees. During 2023 the Board allowed employees to restart voluntary contributions. The plan is a defined benefit plan. The assets of the plan are held in separate trust administered funds. A full actuarial valuation is obtained from an independent valuer at least every three years and a review is done annually. The most recent valuation was performed at December 31, 2021. The scheme is registered with the Financial Services Commission under the Occupational Pension Benefits Act, 2012.

a) The amounts recognised in the consolidated statement of financial position are as follows:

	2023	2022
Present value of defined benefit asset	(158,045)	(144,618)
Fair value of plan assets	160,691	144,919
Net asset recognised in the consolidated statement of financial position	2,646	301

(Expressed in BDS $000)

20. PENSION AND POST-RETIREMENT MEDICAL SCHEME, continued

b) Reconciliation of amounts reported in the consolidated statement of financial position:

	2023	2022
Pension plan asset, beginning of year	301	1,079
Net pension costs during the year	(2,101)	(2,138)
Re-measurements recognised in other comprehensive income	(5,043)	(6,224)
Contributions to pension scheme	9,489	7,584
Pension plan asset, end of year	2,646	301

c) The movement in the defined benefit obligation are as follows:

	2023	2022
Opening defined benefit obligation	144,618	145,874
Current service cost	2,321	2,342
Interest cost	11,669	11,812
Employee's contributions	517	-
Actuarial gains	10,457	(5,347)
Benefits paid	(11,537)	(10,063)
Closing defined benefit obligation	158,045	144,618

d) The defined benefit obligation is allocated between the Plan's members as follows:

	2023	2022
	%	%
Active members	48.56	42.14
Deferred members	2.62	7.38
Pensioners	48.82	50.48

The weighted average duration of the defined benefit obligation as at December 31, 2023 was 12.86 (2022: 12.41) years. 99.58% of the value of benefits for active members were vested while 48.25% of the defined benefit obligation for active members was conditional on future salary increases.

(Expressed in BDS $000)

20. PENSION AND POST-RETIREMENT MEDICAL SCHEME, continued

e) Movement in fair value of plan assets:

Movement in the fair value of plan assets over the year is as follows:

	2023	2022
Fair value of plan assets at the start of the year	144,919	146,953
Interest Income	17,307	449
Employer contribution	9,489	7,584
Employee's contributions	517	-
Benefits paid	(11,537)	(10,063)
Expense allowance	(4)	(4)
Fair value of plan assets at the end of the year	160,691	144,919

f) The amount recognised in the consolidated statement of income:

	2023	2022
Current service cost	2,321	2,342
Net Interest on the net defined benefit asset	(224)	(208)
Administration expenses	4	4
Total included in staff cost	2,101	2,138

g) The amounts recognised in other comprehensive loss:

	2023	2022
Experience gains	10,457	(5,347)
Expected return on plan assets	11,893	12,020
Actual return on plan assets	(17,307)	(449)
	5,043	6,224

h) The principal actuarial assumptions used:

	2023	2022
	%	%
Discount rate	8.25	8.25
Expected rate of future salary increases	6.25	6.25
Expected rate of future NIS ceiling increases	5.25	5.25
Expected rate of future pension increases	4.25	4.25
Expected rate of return on plan assets	8.25	8.25

(Expressed in BDS $000)

20.PENSION AND POST-RETIREMENT MEDICAL SCHEME, continued

h) The principal actuarial assumptions used, continued

Assumptions regarding future mortality are based on published mortality rates. The life expectancies underlying the present value of the defined benefit obligation outlined are as follows:

	2023 Years	2022 Years
Life expectancy at age 60 for current pensions:		
Male	25.19	25.11
Female	27.11	27.07
Life expectancy at age 60 for current members age 40 in years		
Male	26.75	26.67
Female	27.94	27.90

i) Plan assets are comprised as follows

	2023	2022
Employers:		
Fixed income securities	90,618	84,004
Equity securities	61,742	53,445
Cash	2,577	1,441
Other assets	703	755
Total	155,640	139,645

	2023	2022
Employees:		
Fixed income securities	4,875	5,156
Equity securities	129	118
Cash	47	-
	5,051	5,274
Total	160,691	144,919

As at December 31, 2023 approximately 59.43% (2022: 61.52%) of the Plan was directly invested in Barbados Government Debentures and Treasury Bills. The Plan has amounts totalling $407 (2022: $487) at the Bank which are included in Other Deposits as per Note 14.

(Expressed in BDS $000)

20. PENSION AND POST-RETIREMENT MEDICAL SCHEME, continued

i) Plan assets are comprised as follows, continued

Expected maturity analysis of undiscounted pension benefits:

	Less than 1 year	Between 1-2 years	Between 2-5 years	Years 5-10	Total
As at December 31, 2023					
Pension benefits	9,164	8,562	29,326	58,411	105,463
As at December 31, 2022					
Pension benefits	8,825	8,955	27,796	52,865	98,441

The sensitivity of the defined benefit obligation to changes in the significant actuarial assumptions is:

		Defined benefit Obligation	
Net Assets	**Change in assumption**	**Increase in assumption**	**Decrease in assumption**
Discount rate	1%	140,491	179,833
Salary growth rate	1%	167,364	149,976
Life expectancy	1 year	162,306	-

j) Post - retirement medical scheme

The Bank operates a non-contributory post-retirement medical scheme through a group medical contract for its active employees, pensioners and their dependents. A valuation of the post-retirement medical obligation was carried out by an independent actuary at December 31, 2023 and 2022.

For periods prior to December 31, 2022 a valuation was not completed and as a result the liability was not recognised. In preparing the December 31, 2022 financial statements a valuation was prepared. Management did not consider the impact on prior financial statements to be material, therefore, the prior periods were not been amended and restated. The Bank recognised $16,323 relating to prior periods in the Statement of Comprehensive Income for the year ended 31 December 2022.

i) Net benefit cost (recognised in consolidated profit or loss):

	2023	2022
Amounts recognised in respect of prior periods	-	16,323
Current service cost	349	357
Interest cost on benefit obligation	1,343	1,345
	1,692	18,025

(Expressed in BDS $000)

20.PENSION AND POST-RETIREMENT MEDICAL SCHEME, continued

j) Post - retirement medical scheme, continued

ii) Reconciliation of amounts reported in the Consolidated Statement of Financial Position:

	2023	2022
Amounts recognised in respect of prior periods	-	(16,323)
Beginning of year	(16,335)	-
Net benefit cost relating to current period	(1,692)	(1,702)
Employer contributions	810	766
Effect of Statement of Other Comprehensive Income	276	924
Obligation, end of year	(16,941)	(16,335)

iii) Changes in the present value of the benefit obligations:

	2023	2022
Amounts recognised in respect of prior periods	-	(16,323)
Benefit obligation, beginning of period	(16,335)	-
Current service cost	(349)	(357)
Interest cost	(1,343)	(1,345)
Benefits paid	810	766
Actuarial gains	276	924
Closing benefit obligation	(16,941)	(16,335)

vi) The amounts recognised in Other Comprehensive Income:

	2023	2022
(Gain) loss from experience	(276)	(924)

vi) Changes in the fair value of the plan assets:

	2023	2022
Fair value of plan asset, beginning of year	-	-
Employer contributions	810	766
Employee contributions	-	-
Benefits paid	(810)	(766)
Fair value of plan asset, end of year	-	-

(Expressed in BDS $000)

20.PENSION AND POST-RETIREMENT MEDICAL SCHEME, continued

j) Post-retirement medical scheme, continued

vii) The Principal actuarial assumptions used:

	2023	2022
	%	%
Discount rate	8.25	8.25
Medical claims inflation	4.50	4.50
Future expenses	NIL	NIL

21.TAXATION

The Bank is exempt from corporation tax in accordance with Section 72 (a) of the new Act.

22.FINANCIAL RISK MANAGEMENT

Introduction and Overview

By its nature, the Bank's activities are principally related to the use of financial instruments. The strategy for using these financial instruments is embedded in the mission of the Bank to foster an economic and financial environment conducive to sustainable economic growth and development.

The Bank has exposure to the following risks from its use of financial instruments:

- Credit risk
- Currency risk
- Liquidity risk
- Interest rate risk
- Operational risk

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. It has established three committees for this purpose:

(i) Investment Committee, which is responsible for providing oversight on the conversion of investment strategy into performance, risk exposure for the Bank's Foreign Reserves, financial structure, and performance of the portfolio and investments.

(ii) Staff Advances Committee, which is responsible for evaluating and approving applications for staff loans.

(iii) Audit Committee, which is responsible for monitoring compliance with the Bank's risk management policies and procedures and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank. The Audit Committee is assisted in these functions by the Internal Audit Department. This department undertakes both regular and ad hoc reviews of management controls and procedures, the results of which are reported to the Audit Committee.

(Expressed in BDS $000)

22.FINANCIAL RISK MANAGEMENT, continued

The nature of the risks and manner in which they are measured and managed are as set out below:

Credit Risk

Credit risk is the risk of loss arising from a counter-party to a financial contract failing to discharge its obligations. This risk arises primarily from the Bank's foreign and local currency investment securities, balances held abroad, interest in funds managed by agents, Advances to Government and State-Owned Enterprises and other assets.

The Bank's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practices. In addition, the Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their role and obligations.

Foreign Securities and Balances Held Abroad

The Bank manages credit risk by placing limits on its holdings of securities issued or guaranteed by governments and international institutions. The investment guidelines, which are approved by the Board of Directors, and administered by the Investment Committee stipulates the limits on the level of credit risk by various factors. They also stipulate the minimum required ratings issued by rating agencies for its international investments. The Bank further manages this risk by ensuring that business is only conducted with its approved banks and by monitoring those banks' deposit ratings.

The Bank uses the credit ratings ascribed by Moody's Investor Services and Standard & Poor's Financial Services LLC and Fitch as its main criteria for assessing the creditworthiness of financial institutions and sovereigns. The Bank's foreign investments are restricted to market placements with financial institutions with minimum credit ratings of A. Regional securities are unrated.

The table below presents an analysis of the Bank's foreign securities by rating agency designation at December 31, 2023 and December 31, 2022, based on Moody's or equivalent:

Foreign Securities:

	2022	**2021**
R Rated (Moody's)		
AAA	1,298,427	1,074,317
AA+	658,116	690,601
AA	28,993	-
A+	89,372	96,191
AA-	84,505	81,609
Aa2	9,321	8,955
	2,168,734	1,951,673
Unrated		
Regional Securities	12,685	12,347
Equities Securities	313	313
Total Foreign Securities	2,181,732	1,964,333

(Expressed in BDS $000)

22.FINANCIAL RISK MANAGEMENT, continued

The Bank considers foreign securities with a S&P rating of 'A' or equivalent as High Grade and unrated regional securities not in default as standard grade. When a security, subsequent to purchase, ceases to be eligible under the S&P rating system the Investment manager shall divest the relevant investment on a best efforts basis as soon as possible.

Foreign securities are held in the following asset categories:

	2023	2022
Asset Backed Securities	89,470	71,158
Mortgage Backed Securities	13,744	23,238
Treasuries	39,359	9,322
Government Bonds	615,476	620,644
Supranational Bonds	662,551	454,205
Corporates	190,587	226,547
Agencies	564,389	539,735
Other	6,156	19,484
Total	2,181,732	1,964,333

Local Securities

These include Government Bonds/Debentures which are classified as POCI and were obtained in 2018. This category also includes Treasury Notes acquired during 2022 which are further described at Note 7 and are classified as Stage 1.

On September 30, 2023, Series H Bonds with a carrying value of $82,888 matured. These Bonds were renewed in accordance with the amended Debt Holders Act, with 6% series H Bonds with a maturity of 5 years from issuance. These are classified as POCI, refer to Note 7 for further details.

Prior to 2018, the Bank purchased Treasury Bills on the primary market through auctions managed by the Accountant General and the secondary market in order to provide liquidity to commercial banks. There were no such purchases in 2023 or 2022.

Under the Central Bank of Barbados (Amendment) Act 2018, there was a limit on indebtedness to the Government on the holding of primary issue of securities. This amendment states that:

"The Bank may in any financial year purchase or otherwise acquire, on a primary issue, notes, bills, securities and other evidences of indebtedness issued or guaranteed by the Government, its institutions, agencies and statutory boards up to a nominal value of ten per cent of the estimated expenditure of the Government in that financial year, or such other percentage as the House of Assembly may from time to time by resolution approve".

With the enactment of the new Act the Bank is prohibited by section 62 (1) and (3), with some exceptions, from providing direct or indirect financing to Government or State-Owned entities. The Bank is also prohibited from purchasing securities from the Government or any Government Owned entities.

22.FINANCIAL RISK MANAGEMENT, continued

Local Securities, continued

According to section 62 (8) of the said Act, where by on enactment it is declared that a public emergency has arisen in Barbados, the Bank may purchase marketable securities issued by the Government or State-owned entities on the primary market.

The total amount of debt acquired as a result of public emergency shall be:

- limited to 3 per cent of Gross Domestic Product
- have a maximum maturity of 5 years
- be issued at prevailing market rates
- issued in cash only and;
- shall not be rolled over or renewed.

The Debt Holders Act was amended in 2019 and provision was made for securities issued to State Owned Entities to be rolled over. During the year $82,888 of local securities matured and rolled over. These are classified as POCI.

During 2020, a public emergency was declared. This emergency was extended into 2022 and ended December 22, 2022. Also see Note 7. The limit on indebtedness was not breached during the year.

Advances to Government

Advances are based on approved statutory allocation limits. Requests for advances are reviewed to ensure that the amounts are within the approved allocated limits which are reviewed annually.

Advances are subject to the following conditions based on Section 62 of the new Act:

- the total aggregate amount cannot exceed at any time 7.5 per cent of the annual average of the ordinary revenue of the Government for the 3 financial years immediately preceding for which accounts are available;
- repayment in cash only within 3 months after the end of the financial year of the Government;
- bear interest at a prevailing market rate;

Advances to Staff

Advances to staff are authorised under section 70 of the new Act and the Bank established a Staff Advances Committee, which is responsible for evaluating and approving applications for staff loans under the CBB (Terms and Conditions of Advances to Employees) Regulations, 2010.

Advances are based on Board approved allocation limits. Requests for advances are reviewed to ensure that the amounts are within the approved limits. The approved limits are reviewed annually. The Bank obtains the appropriate collateral as a risk mitigating tool when advances are issued.

(Expressed in BDS $000)

22.FINANCIAL RISK MANAGEMENT, continued

Local Securities, continued

Concentrations

The Bank is significantly exposed to credit risk arising from its transactions with the Government which mainly comprise of local securities and advances. These items represent approximately 25% (2022: 26%) of total assets.

The Consolidated Statement of Financial Position amounts represent the maximum exposure to credit risk before collateral or other credit enhancement items are considered.

Expected Credit Loss

The table below shows the ECL charges on financial instruments for the year recorded in the consolidated statement of income. For the purposes of the below table, the expected credit loss allocated to each stage includes the remeasurement of assets transferred from one stage to another, and movements between stages have been netted off. Derecognition and write-offs have been treated as movements in the ECL loss allowance and reconciliations and explanations in respect of the movement are provided in each asset class note.

2023	**Note**	**Stage1**	**Stage2**	**Stage 3**	**POCI***	**Total**
January 1:		**4,168**	**939**	**-**	**20,069**	**25,176**
Regional securities:						
Changes in Assumptions	4	-	(322)	-	-	(322)
Reversal	4	-	(83)	-	-	(83)
Repayment Guarantee to IMF:						
Remeasurement	18(b)	(385)	-	-	-	(385)
Local Securities:						
Unwinding of ECL/Discount	7	-	-	-	(5,991)	(5,991)
Remeasurement - Bonds	7	-	-	-	4,142	4,142
Recognition/Measurement – 5-year roll over $82.8M		-	-	-	2,105	2,105
Recognition - Treasury Notes	7	(39)	-	-	-	(39)
		(424)	(405)	-	256	(573)
December 31:		**3,744**	**534**	**-**	**20,325**	**24,603**

(Expressed in BDS $000)

22.FINANCIAL RISK MANAGEMENT, continued

Expected Credit Loss, continued

2022	Note	Stage1	Stage2	Stage 3	POCI*	Total
January 1:		**2,095**	**1,428**	**-**	**22,041**	**25,564**
Regional securities:						
Changes in Assumptions	4	-	(489)	-	-	(489)
Repayment Guarantee to IMF:						
Remeasurement	18(b)	(198)	-	-	-	(198)
Local Securities:						
Reversal	7	-	-	-	(4,739)	(4,739)
Unwinding of ECL/discount	7	-	-	-	2,767	2,767
Remeasurement	7	2,271	-	-	-	2,271
		2,073	(489)	-	(1,972)	(388)
December 31:		**4,168**	**939**	**-**	**20,069**	**25,176**

** The ECL amounts disclosed for POCI instruments represents the embedded ECL recognised within the carrying value*

Expected Credit Loss

Foreign securities are predominantly A rated as disclosed earlier in Note 22. Management has assessed that ECL as insignificant. There were no changes in between classification stages.

A one rate improvement in credit ratings will cause profit to increase by $7,118 (2022: $19,654). A one rate deterioration in credit ratings will cause profit to decrease by $8,171 (2022: $33,646).

Currency Risk

Currency risk is the risk that the market value of, or cash flow from, financial instruments will vary because of exchange rate fluctuations.

The Bank is exposed to fluctuations in the prevailing foreign currency exchange rates on transactions and balances denominated in currencies other than USD. Management seeks to manage this risk by monitoring the levels of exposure by currency. The main risk relates to balances held with the IMF in SDRs. See notes 6 and 15. The SDR serves as the unit of account for the IMF and its value is based on a basket of five major currencies: the Euro, the US dollar, the British pound, the Japanese yen and the Chinese renminbi. SDRs are translated into Barbados dollar equivalents at rates provided by the Fund.

22. FINANCIAL RISK MANAGEMENT, continued

Currency Risk, continued

As at December 31, 2023, the Bank's exposure to major currencies in $000's was as follows:

	US	GBP	CAD	EURO	BDS	SDR	OTHER	TOTAL
Assets								
Balances Held Abroad	612,402	659	12,538	280	-	-	86	625,965
Foreign Notes and Coins	1,039	9,065	966	1,851	-	-	853	13,774
Foreign Securities	2,181,732	-	-	-	-	-	-	2,181,732
Derivative Financial Instruments	762	-	-	-	-	-	-	762
IMF Related Assets	-	-	-	-	-	202,691	-	202,691
Barbados Government T-Bills	-	-	-	-	207,220	-	-	207,220
Barbados Government Treasury Notes	-	-	-	-	210,138	-	-	210,138
Barbados Government Debentures	-	-	-	-	418,940	-	-	418,940
Fixed Deposits	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	216,440	-	-	216,440
Other Assets	-	-	-	-	37,109	-	-	37,109
Total Assets	2,795,935	9,724	13,504	2,131	1,089,847	202,691	939	4,114,771
Liabilities								
Notes and Coins in Circulation	-	-	-	-	1,087,226	-	-	1,087,226
Government Deposits	-	-	-	-	435,368	-	-	435,368
Deposits of Banks	96,646	33	2,299	-	3,151,701	-	-	3,250,679
Deposits of Financial Institutions	-	-	-	-	1,345	-	-	1,345
Other Deposits	-	-	-	-	239,148	-	-	239,148
Allocation of Special Drawing Rights	-	-	-	-	-	418,770	-	418,770
IMF Loan	-	-	-	-	-	354,277	-	354,277
Lease Liability	-	-	-	-	341	-	-	341
Other Liabilities	-	-	-	-	80,955	-	-	80,955
Total Liabilities	96,646	33	2,299	-	4,996,084	773,047	-	5,868,109
Net Position	2,699,289	9,691	11,205	2,131	(3,906,237)	(570,356)	939	(1,753,338)

22. FINANCIAL RISK MANAGEMENT, continued

Currency Risk, continued

As at December 31, 2022, the Bank's exposure to major currencies in $000's was as follows:

	US	GBP	CAD	EURO	BDS	SDR	OTHER	TOTAL
Assets								
Balances Held Abroad	533,447	750	8,818	465	-	-	19	543,499
Foreign Notes and Coins	12,088	8,079	2,552	3,606	-	-	668	26,993
Foreign Securities	1,951,986	-	-	-	-	-	12,347	1,964,333
Derivative financial instruments	27	-	-	-	-	-	-	27
IMF Related Assets	-	-	-	-	-	259,638	-	259,638
Barbados Government T-Bills	-	-	-	-	207,220	-	-	207,220
Barbados Government Treasury Notes	-	-	-	-	210,099	-	-	210,099
Barbados Government Debentures	-	-	-	-	418,392	-	-	418,392
Fixed Deposits	-	-	-	-	9,350	-	-	9,350
Government Advances	-	-	-	-	214,385	-	-	214,385
Other Assets	-	-	-	-	34,732	-	-	34,732
Total Assets	2,497,548	8,829	11,370	4,071	1,094,178	259,638	13,034	3,888,668
Liabilities								
Notes and Coins in Circulation	-	-	-	-	1,043,652	-	-	1,043,652
Government Deposits	-	-	-	-	273,885	-	-	273,885
Deposits of Banks	51,680	31	2,240	-	3,250,420	-	-	3,304,371
Deposits of Financial Institutions	-	-	-	-	1,134	-	-	1,134
Other Deposits	-	-	-	-	240,127	-	-	240,127
Allocation of Special Drawing Rights	-	-	-	-	-	415,265	-	415,265
IMF Loan	-	-	-	-	-	374,732	-	374,732
Lease Liability	-	-	-	-	564	-	-	564
Other Liabilities	-	-	-	-	78,614	-	-	78,614
Total Liabilities	51,680	31	2,240	-	4,888,396	789,997	-	5,732,344
Net Position	2,445,868	8,798	9,130	4,071	(3,794,218)	(530,359)	13,034	(1,843,676)

22. FINANCIAL RISK MANAGEMENT, continued

Currency Risk, continued

The following tables demonstrate the sensitivity of profit to a reasonably possible change in foreign exchange rates, with all other variables held constant.

Sensitivity of Profit in BDS '000s at December 31, 2023

	Effect on profit of 5% Increase	Effect on Profit of 5% Decrease
Assets		
EURO	107	(107)
GBP	486	(486)
CAD	675	(675)
SDR	10,135	(10,135)
Liabilities		
GBP	(2)	2
CAD	(115)	115
SDR	(38,720)	38,720

Sensitivity of Profit in BDS '000s at December 31, 2022

	Effect on profit of 5% Increase	Effect on Profit of 5% Decrease
Assets		
EURO	204	(204)
GBP	441	(441)
CAD	568	(568)
SDR	12,982	(12,982)
Liabilities		
GBP	(2)	2
CAD	(112)	112
SDR	(39,556)	39,556

Liquidity Risk

Liquidity risk is the risk that the Bank will not be able to meet its financial liabilities as they fall due. Prudent liquidity management requires maintaining sufficient cash and marketable securities, and ensuring the availability of funding.

(Expressed in BDS $000)

22.FINANCIAL RISK MANAGEMENT, continued

Liquidity Risk, continued

The Bank's exposure to liquidity risk to meet foreign liabilities, as an institution, is limited due to the amount owed to overseas creditors/lenders. Management of liquidity risk relates primarily to the availability of liquid foreign resources to sell to the Government and its State-Owned Enterprises to repay their suppliers and lenders.

The table below analyses assets and liabilities of the Bank into relevant maturity profiles based on the remaining period at the reporting date to the contractual maturity date.

2023

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
Foreign Currency Assets						
Balances Held Abroad	162,268	109,480	354,217	-	-	625,965
Foreign Notes and Coins	13,774	-	-	-	-	13,774
Foreign Securities	12,999	134,426	148,448	1,552,912	332,947	2,181,732
IMF Related Assets	202,691	-	-	-	-	202,691
Total Foreign Currency Assets	391,732	243,906	502,665	1,552,912	332,947	3,024,162
Local Currency Assets						
Barbados Government T-Bills	-	207,220	-	-	-	207,220
Barbados Government Treasury Notes	-	-	-	210,138	-	210,138
Barbados Government Debentures	-	-	-	166,547	252,393	418,940
Government Advances	216,440	-	-	-	-	216,440
Other Assets	11,252	2	218	15,101	10,536	37,109
Total Local Currency Assets	227,692	207,222	218	391,786	262,929	1,089,847
Total Assets	619,424	451,128	502,883	1,944,698	595,876	4,114,009
Liabilities						
Notes and Coins in Circulation	1,087,226	-	-	-	-	1,087,226
Government Deposits	435,368	-	-	-	-	435,368
Deposits of Banks	3,250,679	-	-	-	-	3,250,679
Deposits of Financial Institutions	1,345	-	-	-	-	1,345
Other Deposits	239,148	-	-	-	-	239,148
Allocation of Special Drawing Rights	418,770	-	-	-	-	418,770
IMF Loan	-	-	55,110	251,930	47,237	354,277
Lease Liability	-	-	-	341	-	341
Other Liabilities	80,955	-	-	-	-	80,955
Total Liabilities	5,513,491	-	55,110	252,271	47,237	5,868,109

(Expressed in BDS $000)

22.FINANCIAL RISK MANAGEMENT, continued

Liquidity Risk, continued

2022

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
Foreign Currency Assets						
Balances Held Abroad	125,689	367,741	50,069	-	-	543,499
Foreign Notes and Coins	26,993	-	-	-	-	26,993
Foreign Securities	12,660	43,213	150,736	1,421,826	335,898	1,964,333
Derivative financial instruments	27	-	-	-	-	27
IMF Related Assets	259,638	-	-	-	-	259,638
Total Foreign Currency Assets	425,007	410,954	200,805	1,421,826	335,898	2,794,490
Local Currency Assets						
Barbados Government T-Bills	-	-	207,220	-	-	207,220
Barbados Government Treasury Notes	-	-	-	210,099	-	210,099
Barbados Government Debentures	-	-	-	84,032	334,360	418,392
Fixed Deposits	-	-	9,350	-	-	9,350
Government Advances	214,385	-	-	-	-	214,385
Other Assets	9,081	7	203	15,865	9,576	34,732
Total Local Currency Assets	223,466	7	216,773	309,996	343,936	1,094,178
Total Assets	648,473	410,961	417,578	1,731,822	679,834	3,888,668
Liabilities						
Notes and Coins in Circulation	1,043,652	-	-	-	-	1,043,652
Government Deposits	273,885	-	-	-	-	273,885
Deposits of Banks	3,304,371	-	-	-	-	3,304,371
Deposits of Financial Institutions	1,134	-	-	-	-	1,134
Derivative financial instruments						
Other Deposits	240,127	-	-	-	-	240,127
Allocation of Special Drawing Rights	415,265	-	-	-	-	415,265
IMF Loan	-	4,393	35,687	271,840	111,193	423,113
Lease Liability	-	-	-	564	-	564
Other Liabilities	77,063	-	-	-	-	77,063
Total Liabilities	5,355,497	4,393	35,687	272,404	111,193	5,779,174

22.FINANCIAL RISK MANAGEMENT, continued

Interest Rate Risk

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

The Bank's exposure to interest rate risk in the form of fluctuating cash flows is attributable to; Balances Held abroad, Foreign Securities, IMF related assets, Government Advances, other assets and also on its financial liabilities attributable to deposits, IMF related liabilities and the loan facility.

Operational Risk

Operational risk is the risk of direct or indirect loss in both financial and non-financial terms arising from a wide variety of causes associated with the Bank's processes, personnel, technology and infrastructure. It may also arise from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

Managing operational risk in the Bank is seen as an integral part of day-to-day operations and management, which includes explicit consideration of both the opportunities and the risks of all business activities. The Bank's objective is to manage operational risk so as to balance an avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to the management team of each department. This responsibility is supported by bank-wide corporate policies which describe the standard of conduct required of staff and specific internal control systems designed around the particular characteristics of the Bank.

23.FAIR VALUE MEASUREMENT

Determination of fair value and fair value hierarchy

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

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

Level 2: observable prices in inactive markets for identical assets or liabilities and techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

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

(Expressed in BDS $000)

23. FAIR VALUE MEASUREMENT, continued

The following table provides the fair value measurement hierarchy of the Bank's assets and liabilities.

Fair value measurement hierarchy for assets and liabilities as at December 31, 2023:

	(Level 1)	(Level 2)	(Level 3)
Debt Securities at FVOCI	296,030	1,885,390	-
Equity Securities at FVOCI	-	-	313
Derivatives at FVTPL	762	-	-
	296,792	1,885,390	313

Fair value measurement hierarchy for assets and liabilities as at December 31, 2022:

	(Level 1)	(Level 2)	(Level 3)
Debt Securities at FVOCI	340,259	1,623,758	-
Equity Securities at FVOCI	-	-	313
Derivatives at FVTPL	27	-	-
	340,286	1,623,758	313

Fair value of financial instruments not carried at fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements:

For financial assets and liabilities that are liquid or have a short-term maturity, it is assumed that the carrying amounts approximate to their fair value.

For all other financial instruments, it is assumed that the carrying amounts also approximate to their fair value, except as noted below:

Local Securities

	2023		2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Barbados Government Debentures	418,940	417,795	418,392	407,995
Barbados Government Treasury Notes	210,138	213,560	210,099	207,579
	629,078	631,355	628,491	615,574

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