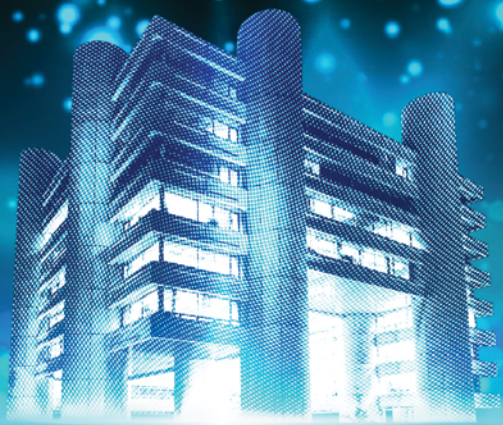




2024

CENTRAL BANK OF BARBADOS
ANNUAL REPORT

INTERNALIZING EXCELLENCE



DIGITIZATION, MODERNIZATION,
AND EDUCATION AT THE FOREFRONT

ABOUT THE COVER

In 2024, the Central Bank of Barbados made significant strides in modernizing and digitizing its operations. This ambitious initiative enhanced efficiency and fostered innovation, allowing it to ably meet its mandate of safeguarding the economy and promoting a stable and inclusive financial system. By harnessing cutting-edge technologies and embracing automation, the Bank was able to develop creative and engaging initiatives to educate all Barbadians on developments in the economy and financial system, ensuring they understood both their rights and their responsibility as citizens to contribute to the nation achieving its full potential.

The cover of this year's Annual Report reflects this forward-thinking approach. The Tom Adams Financial Centre sits atop a network of information, representing the data-driven insights that are at the core of the Bank's operations. The digital fingerprint, shaped like Barbados, that emanates from the iconic Tom Adams Financial Centre symbolizes how the Bank has leveraged and used these insights for the benefit of the nation and its people.

INTERNALIZING EXCELLENCE

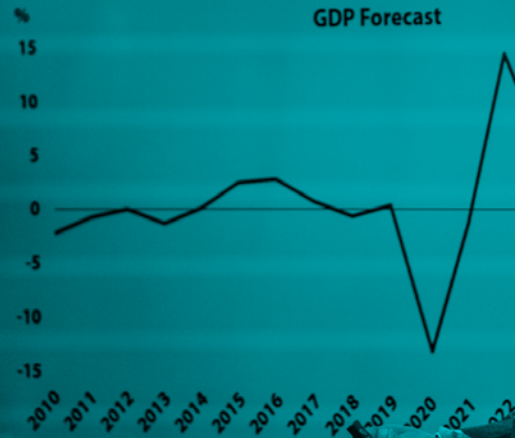






Growth should remain robust

Real GDP should continue to expand by about 3.8 percent in 2024 and into the medium-term



kensington mall

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CENTRAL BANK OF BARBADOS

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kevin.greenidge@centralbank.org.bb

March 31, 2025

The Hon. Mia Amor Mottley, S.C., M.P.
Prime Minister, Minister of Finance,
Economic Affairs and Investment
Prime Minister's Office
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 Central Bank of Barbados' Annual Accounts for the year ended December 31, 2024 as certified by the External Auditors. I submit these together with the Report on the Bank's operations during 2024.

Sincerely,

Governor

Encs.

centralbank.org.bb



CORPORATE PROFILE

The Central Bank of Barbados 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 organization. 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 organization'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 organization. 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 recognize 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 2024, the Central Bank of Barbados diligently pursued our foundational mission: to ensure the health and stability of our financial system and to nurture an environment that fosters sustainable economic growth. Guided by our vision of internalizing excellence, we meticulously aligned each decision and action with our strategic goal of attaining world-class standards across all operations.

We delivered high-quality services to our key stakeholders, including the Government of Barbados, our dedicated staff, the financial sector, and the public. We focused on institutional excellence, operational efficiency, and ground-breaking innovation, ensuring that each project and initiative directly advanced our strategic objectives.

As economic advisors, we provided the Government with insightful, data-driven analysis, facilitated critical negotiations with international institutions, and engaged deeply with stakeholders in pivotal sectors such as tourism, construction, and financial services. Barbados celebrated its third consecutive year of economic growth, a testament to our resilient and robust economic policies. This sustained growth led to a significant upgrade in our sovereign credit ratings, underscoring the international community's renewed confidence in our economic policies and management.



As financial regulator, we ensured comprehensive access to financial services, guaranteeing fair and equitable treatment for all Barbadians. We launched the Market Conduct Guideline to bolster transparency and fairness in the financial sector. This guideline has reshaped operational standards, focusing on consumer rights and inclusivity, thereby broadening access to financial services and enhancing customer satisfaction, particularly benefitting small and medium enterprises through reduced transaction costs and times.

As regulators of the payment system, we made significant strides in modernizing how Barbadian consumers and Barbadian businesses pay and get paid. We introduced a digital system for clearing cheques in July, which dramatically reduced processing times from up to five business days to just one. This initiative has significantly improved cash flow management for small businesses. Furthermore, in collaboration with the World Bank, we began a comprehensive project to enhance the overall payments landscape, encompassing legal and regulatory support, oversight, and the promotion of digital financial literacy.

We maintained open channels of communication with the public, ensuring that every Barbadian understood our actions, their purposes, and their impacts. Our traditional press conferences, combined with our innovative economic explainer series, “What It Means; Why It Matters,” have demystified economic policies and decisions. Simultaneously, our MoneySmart financial literacy programme has empowered citizens with essential skills for effective financial management. The cornerstone of our achievements is the unwavering dedication and expertise of our staff.

In 2024, we reinvigorated our commitment to staff welfare and professional growth, highlighted by the re-launch of our annual awards ceremony, which honoured both long-standing service and exceptional performance. Regular engagement and appreciation activities further underscored our investment in our team's professional and personal development.

Looking to 2025, we are preparing for major renovations to our headquarters as part of our strategy to further digitize and modernize our processes, including a shift towards becoming a paperless organization and ramping up our efforts to introduce a state-of-the-art payments system. We are also steadfast in our commitment to sustainability, incorporating green technologies and reducing our carbon footprint to ensure our operations align with global environmental standards. This initiative not only supports environmental stewardship but also promotes sustainable economic practices.

As we embark on an ambitious agenda supported by our talented team, our commitment to continuous improvement and transparency will strengthen our role as a steadfast partner in driving economic resilience and growth in Barbados.

Through persistent innovation, accountability, and inclusivity, we will continue to propel our mission forward, meeting the evolving needs of our stakeholders and positively impacting the national economy.

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
Senior Director, Human Resources
M.Sc.



Cheryl Greenidge
Senior Director, Bank Supervision
and Payments Oversight
M.B.A.



Philmore Thorne
Chief Financial Officer
M.B.A, F.C.C.A, FCA



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



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



Novaline Brewster
Director, Communications,
Information, and Outreach
M.Sc., J.P.



Sadie Dixon
Bank Secretary
LL.B., LL.M. L.E.C.



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



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



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

Sherri Bishop

Deputy Director
Communications and Outreach
M.Sc.

Debbie Briggs

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

Runako Brathwaite

Deputy Director
Bank Supervision
M.Sc.

Rudolph Browne

Chief Statistical and Information Analyst
M.Sc.

Terry Burke

Chief Information Security Officer
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, B.Sc., 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.

Tamara Hurley

Deputy Director
Bank Supervision
M.B.A.

Jillian Husbands

Deputy Director
Library and Information Services
M.Sc.

Alexis Lescott

Deputy Director
Research and Economic Analysis
M.Sc.

Shari Lorde Richards

Deputy Director
Bank Supervision
M.Sc.

Alvon Moore

Deputy Director
Currency
M.Sc.

Sheryl A. Peter-Kirton

Chief, Digital Programming
Digital Transformation Unit
M.Sc.

Tiffani Straker

Deputy Director
Projects
M.B.A, PMP

Dr. Saida Teleu

Chief Research Economist
Research and Economic Analysis
Ph.D

Carlton Walkes

Deputy Director
Research and Economic Analysis
M.Sc.

Nichelle Yearwood

Chief Policy Analyst
M.Sc.



1. CORPORATE GOVERNANCE

The Board of Directors

The Board of Directors of the Bank (“the Board”) has been entrusted, under section 12 of the *Central Bank of Barbados Act, 2020-30*, 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 organization 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 recognized 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 recognized experience in the areas of law, economics, finance, and business. At least one of the

non-executive directors must have not less than six years of recognized 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 Mr. Ian Carrington, the Director of Finance and Economic Affairs, who is an *ex officio* member.

The Bank Secretary, Sadie Dixon, is the officer chiefly responsible for Board administration.

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.

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 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 the 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.

In 2024, the Board met in 11 regular sessions, one of which was conducted via round robin, and three special meetings. The meetings were held at the Bank’s offices in the Courtney Blackman Grande Salle. 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 before said statements are approved by the Board.

The Audit Committee also oversees the risk function of the Bank and, in 2024, approved the Enterprise Risk Management Framework of the Bank.

The Audit Committee comprises Mr. Michael Edghill, Chairman, Professor Justin Robinson, and Professor Winston Moore.

During the year under review, the Audit Committee met three 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 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, 2020-30*
- 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 in section 15 of the *Central Bank of Barbados Act, 2020-30* to meet as often as the business of the Bank requires. During the year under review, the Executive Committee met in eight regular sessions and three special meetings.

The meetings were held at the Bank's offices, sixth floor, Tom Adams Financial Centre. The deliberations of the Executive Committee focused on ensuring that the country maintains adequate levels of foreign reserves to safeguard the stability of the fixed exchange rate regime and that appropriate policies were implemented to support the stability of the financial sector.

During the year under review, the Executive Committee also considered the policies of the Bank related to administrative matters, banking licence applications, revamping of the payment system, and the financing of Government.

Reports to the Board

The Executive Committee submitted quarterly reports to the Board.

Legislative Reform

Legislative Priorities

In 2024, the Bank piloted several enactments. They were as follows:

- Guidelines for Fees and Charges Imposed by Financial Institutions Licensed Under Part II of the *Financial Institutions Act*, Cap. 324a and Part XIII of the National Payment Systems Act, 2021-1 issued on January 4, 2024
- *The Financial Institutions (Amendment) Act*, Cap.324A passed on February 21, 2024
- Directive for the Implementation of the Barbados Cheque Image Clearing System Project Pursuant to Part X of the *National Payment System Act*, 2021, Directive No. 1 of 2024 given on April 24, 2024
- Directive for the Implementation of the Barbados Cheque Image Clearing System Project Pursuant

- to Part X of the *National Payment System Act*, 2021, Directive No. 2 of 2024 given on May 3, 2024
- Directive for the Implementation of the Barbados Cheque Image Clearing System Project Pursuant to Part X of the *National Payment System Act*, 2021, Directive No. 3 of 2024 given on July 18, 2024
- *The Blue Green Bank Act*, 2024-20, passed on July 11, 2024
- *The Fair Credit Reporting (Fees) Regulations*, 2024 published on August 29, 2024
- *The National Payment System (Electronic Payment Service Providers) Regulations*, 2024, published on September 19, 2024
- *The National Payment System (Fees) Regulations*, 2025 are being finalised
- The draft *Foreign Currency Permits Bill* is expected to be passed in 2025
- The draft *Unit Trust Corporation Bill* and the *Financial Services Tribunal Bill* are being finalized
- Continuing engagement with the Financial Stability Board (FSB) to enhance cross-border payments
- Participating in the development of a Caribbean climate risk model and framework
- Partnering with state agencies to promote acceptance of electronically signed and sealed legal documents
- Upgrading the Forex Online foreign currency applications portal
- Implementing an enterprise content management system (ECMS)
- Expanding its engagement with the general public

The Bank maintained its focus on internalizing excellence as a top priority during the year. To maximize the effectiveness of its strategic planning, the Bank has reviewed and realigned its processes, ensuring both the relevance and impact of its plans.

As part of this commitment, the Bank is advancing its strategic priorities while retaining the objectives from the previous triennium that remain critical to its mission. Reflecting this forward momentum, the theme of the 2025–2027 Strategic Plan is “Internalizing Excellence: The Journey Continues.”

Strategic Planning

The Bank’s 2024-2026 Strategic Plan emphasised the theme of internalizing excellence, thereby reflecting a commitment to continuous improvement. The committee members leading these efforts are Elson Gaskin (Chairman), Heather Moore-Bernard (Deputy Chairman), Pamela Arthur, Novaline Brewster, Darrin Downes, Michelle Doyle, Arlene Estwick, Alexis Lescott, Shari Lorde Richards, Alvon Moore, and Ian Wood.

The year 2024 marked a period of significant transformation for the Bank, highlighted by an adjustment to its strategic priorities. These refinements reflect the vision of the Governor and the leadership team, ensuring a seamless transition and continued alignment with the Bank’s goals.

Under the leadership of the Governor, and with the support of the Management team, the Bank noted several key achievements in 2024 including:

- Developing a framework for managing financial crises
- Collaborating on the modernization of the domestic payments system

Risk Management

During 2024, the Bank’s internal auditors performed various assurance audits and tasks, which were done in conformance with the multi-year internal audit plan. These included the follow-up of outstanding audit recommendations from completed audits, preparation of related status reports, preparation of an annual risk assessment, and updates to the multi-year audit plan. The team also facilitated external information technology (IT) audit services.

This work was performed in compliance with the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing, the IIA Code of Ethics, and the *Central Bank of Barbados Act*, 2020, and the team provided periodic reports on completed audits to senior management and the Audit Committee.



2. MACROECONOMIC DEVELOPMENTS

Barbados achieved robust economic growth in 2024, marking three consecutive years of expansion and surpassing the estimated global growth rate. Real GDP increased by 4 percent, driven by strong performances in business services, tourism, construction, and retail trade sectors. Inflation continued its downward trajectory due to stabilizing price pressures, while a declining unemployment rate and fewer jobless claims highlighted improvements in labour market conditions. These results underscore the positive effect of targeted economic reforms and provide a solid platform for future sustainable growth.

Barbados registered a record level of gross international reserves – \$3.2 billion, equivalent to 31.2 weeks of import cover. This reflects strong net foreign exchange inflows from higher tourism receipts and tax revenue generated by the global business sector.

The fiscal position improved significantly during the first three quarters of FY2024/25. Government's operations resulted in an overall surplus of \$224.8 million (1.5 percent of GDP), compared to a deficit of \$7.7 million (0.1 percent of GDP) in the previous period. Similarly, the primary surplus expanded by \$278.8 million to reach \$774.1 million (5.3 percent of GDP), driven by broad-based revenue growth and prudent expenditure management. These fiscal gains, along with the strong economic growth, contributed to a reduction in the debt-to-GDP ratio, which fell to 103.0 percent, down from 109.8 percent at the end of 2023.

The financial sector remained stable, further bolstering economic resilience. Declining non-performing loans (NPLs), robust capital buffers, and ample liquidity supported stability across deposit-taking institutions (DTIs). These positive outcomes reinforced the sector's capacity to withstand shocks and laid a strong foundation for sustainable economic growth heading into 2025.

Barbados' economy is poised for sustained growth, despite external uncertainties. Real GDP is expected to increase by 3 percent in 2025, driven by continued expansions in tourism, construction and business services, along with investments in renewable energy and digital infrastructure. Inflation is projected to remain low, stabilizing around 2 percent as global commodity prices ease. The Government's fiscal strategy aims to further reduce the debt-to-GDP ratio, targeting below 100 percent by 2026. However, risks remain from potential global economic slowdowns, climate-related events, and geopolitical tensions, which could impact trade, tourism, and commodity prices. Nevertheless, Barbados' strong reserve position and ongoing reforms provide a buffer, supporting resilience and sustainable development.

Table 1: Leading Economic Indicators

	2019	2020	2021	2022	2023 ^(e)	2024 ^(e)
Nominal GDP (\$ Million) ¹	11,576.6	10,336.7	10,550.5	12,514.6	13,441.5	14,334.5
Real GDP Growth (%)	0.4	(13.7)	0.2	16.3	4.2	4.0
Inflation (M.A., %) ²	1.7	0.7	1.5	4.3	3.2	1.4
Unemployment (Annual, %) ³	10.1	0.0	14.1	8.4	8.3	7.1
Gross International Reserves (\$ Million)	1,481.0	2,660.7	3,058.8	2,770.3	2,999.5	3,184.3
Gross International Reserves Cover, Weeks	18.6	40.7	40.6	29.2	31.0	31.2
BoP Current Account (% of GDP)	(1.6)	(4.9)	(10.3)	(9.9)	(8.6)	(4.5)
Total Imports of Goods (% of GDP)	25.9	27.5	30.1	32.6	29.8	28.5
Travel Credits (% of GDP)	22.4	11.6	11.8	14.9	17.2	19.1
Financial Account (\$ Millions)	776.4	1621.6	1207.6	984.4	1266.8	833.3
Gross Public Sector Debt (% of GDP) ⁴	108.0	124.0	126.6	112.3	109.8	103.0
Central Government External Debt (% of GDP)	26.7	38.5	42.5	38.0	40.5	38.9
External Debt Service to Curr. Acct. Cred.	3.5	8.9	7.0	7.8	9.4	9.6
Treasury-Bill Rate ⁵	0.5	0.5	0.5	0.5	0.8	1.8
Weighted-Average Deposit Rate	0.1	0.1	0.1	0.1	0.1	0.1
Weighted-Average Loan Rate	6.4	5.9	5.7	5.5	5.4	5.2
Excess Domestic Cash Ratio	18.5	22.4	26.8	27.0	26.6	21.9
Private Sector Credit Growth (%) ⁶	0.9	(1.2)	(0.7)	3.1	2.6	4.4
Private Sector Credit (% of GDP) ⁶	71.3	78.9	76.7	66.7	63.7	62.4
Domestic Currency Deposits (% of GDP) ⁶	89.3	118.8	121.4	106.9	100.8	101.4
Fiscal Year	2020/21	2021/22	2022/23	2023/24	Apr-Dec 2023	Apr-Dec 2024
Fiscal Balance (% of GDP)	(4.5)	(4.3)	(1.9)	(1.7)	(0.1)	1.5
Primary Balance (% of GDP)	(0.9)	(0.8)	2.4	3.5	3.6	5.3
Interest (% of GDP)	3.6	3.5	4.3	5.2	3.7	3.8
Fiscal Current Account (% of GDP)	(1.6)	(0.6)	1.8	1.0	0.8	3.5
Revenue (% of GDP)	26.7	25.0	25.8	24.7	17.3	20.0
Expenditure (% of GDP)	31.2	29.3	27.7	26.4	17.3	18.5
Non-interest Expenditure (% of GDP)	27.6	25.8	23.4	21.2	13.6	14.7
Capital Expenditure (% of GDP)	2.9	3.8	3.7	2.7	0.9	1.9
Gov't Interest Payments (% of Revenue)	13.4	14.1	16.5	20.9	21.3	18.9

(e) – Estimate

1 - Central Bank of Barbados and Barbados Statistical Service

2 - Central Bank of Barbados estimated 12-month moving average as at December 2024

3 - Unemployment rates for 2023 and 2024 are at end-September

4 - Gross Public Sector Debt = Gross Central Government Debt + Other Public Sector Debt (Guaranteed Contingent Liabilities)

5 - 0.5 rate represents the T-bills rolled over at a fixed rate during the 2018 debt restructuring

6 - Based on consolidated data for deposit-taking Institutions (Commercial Banks, Finance & Trust Companies and Credit Unions)

n.a - Not Available

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 prioritization of protecting Barbados’ fixed exchange rate demonstrates its indispensability to ensuring macroeconomic stability. Maintaining the peg and safeguarding macroeconomic stability are inextricably linked, and, therefore, were at the forefront of the Bank’s strategic activities in 2024.

Reserves Management for a Strong Barbadian Dollar

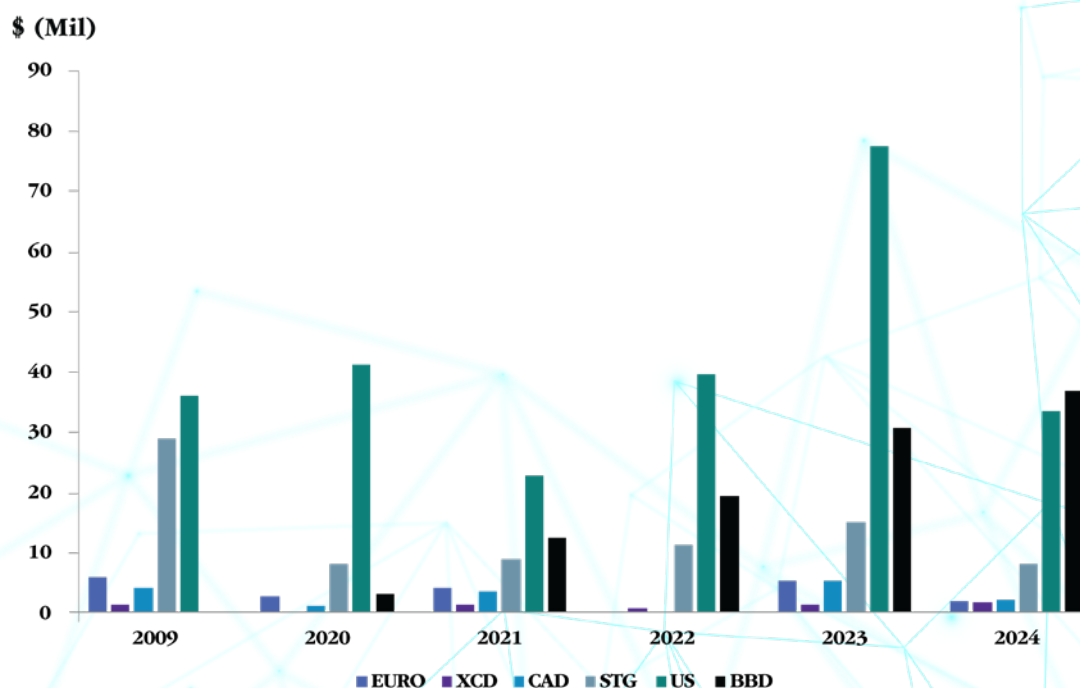
Maintaining a high level of international reserves is crucial for upholding the peg of two Barbados dollars to one United States dollar. This peg is not only sacrosanct to all Barbadians but also essential for sustaining Barbados’ economy and Barbadians’ way of life.

The Bank’s strategy in this area has continued to succeed, as evidenced by the gross international reserves reaching a record high of \$3.2 billion at the end of 2024, well above the generally recognized 12-week benchmark. Maintaining reserves significantly above this benchmark is crucial, as it provides a substantial buffer against external shocks, such as

fluctuations in international markets or economic downturns. This excess in reserves enhances investor confidence, underpins the stability of the Barbadian dollar, and ensures that the Central Bank can meet its foreign obligations and support the import-dependent nature of the economy without strain. In an environment where external uncertainties persist, such robust reserve levels are essential for safeguarding the financial system and supporting sustained economic activity.

During the year, the Bank completed 17 repatriations of foreign currency and sales of local currency valued at \$84 million. While this figure represents a decline of \$51 million relative to 2023, the proceeds from these sales continued to provide a boost to Barbados’ international reserves. Sales of United States dollars abroad totalled \$33 million in 2024, less than half the amount traded a year earlier, while sales of Great British pounds sterling fell to \$8 million in 2024, a decrease of \$7 million compared to 2023. Trading of Canadian dollars, Eastern Caribbean dollars, and Euros each yielded \$2 million by the end of 2024, while local currency sold abroad increased by \$4 million to reach \$37 million.

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



Streamlining Exchange Controls Through Forex Online

Since its introduction in 2021, Forex Online, the Bank's foreign currency application portal, has significantly streamlined the process of managing foreign transactions. In 2024 alone, the portal welcomed 10,059 new registered users, facilitating a substantial increase of 31,444 transactions compared to the previous year. On average, the system processed 320 applications daily, demonstrating its efficiency and growing popularity among users.

The Bank further enhanced the functionality of the Forex Online portal by integrating the Credit/Debit Replenishment/Increase (CD) Form. This addition has streamlined the application process, notably

reducing the approval times for Barbadians wishing to either restore or temporarily increase the annual foreign currency limit on their debit or credit cards. This improvement has made it easier for residents to manage their international spending needs more effectively.

In 2025, the Bank plans to further advance the Forex Online platform by incorporating cutting-edge application processing technology. Additionally, the Bank will launch a mobile app to provide even greater accessibility and convenience to users. This mobile expansion is aimed at meeting the evolving needs of customers, ensuring they can manage their foreign currency transactions seamlessly from anywhere at any time.

Internalizing Excellence Through Digitization

The migration of the CD Form to Forex Online marks the successful integration of all exchange control application forms to a digital format, effectively ending the use of the traditional paper-based system.

Leveraging Research to Make Data-Driven Decisions

During the year, the Bank conducted two companion surveys to gather critical data that feeds into its economic analysis. Collecting and analyzing this data ensures the robustness of its economic analysis and, by extension, the usefulness of its advice to Government.

participation from over 500 entities. This high level of engagement has significantly enhanced the capture of external sector statistics, involving key players across various sectors. Consequently, this robust participation ensures that the Bank's published survey results are as comprehensive and accurate as possible, providing a solid foundation for economic analysis and policy formulation.

Administering the Balance of Payments (BOP) Survey

The Central Bank of Barbados conducts the Balance of Payments (BOP) survey annually, a critical endeavour that gathers essential data on Barbados' external sector transactions and international investment positions. This survey plays a crucial role in compiling the country's external sector statistics for each calendar year, quantifying the economic transactions and positions between residents of Barbados and the rest of the world. The data collected are pivotal for assessing Barbados' external vulnerabilities and informing policy decisions aimed at correcting potential economic imbalances. Furthermore, this information is instrumental in estimating the country's gross domestic product (GDP).

This year, the BOP survey achieved an unprecedented response rate of 91 percent, an increase of 18 percentage points from the previous year, with

Coordinated Portfolio Investment Survey (CPIS)

The Coordinated Portfolio Investment Survey (CPIS) is an essential annual initiative conducted alongside the Balance of Payments (BOP) survey. It specifically focuses on gathering data about cross-border holdings of equity and debt securities by residents of Barbados. The CPIS provides detailed insights into the geographical locations of securities issuers, whose securities are held by residents of Barbados. This survey is crucial for policymakers as it helps monitor and identify potential national external vulnerabilities by providing a nuanced view of the portfolio investment segment of the financial account.

While the BOP survey offers a broader overview of external sector transactions, the CPIS enhances the accuracy and granularity of the Bank's BOP statistics by delving into the specifics of portfolio investments. The detailed data captured by the CPIS

are instrumental in refining the understanding of financial flows and investment trends, which is vital for effective economic policy formulation and risk assessment.

In 2024, the CPIS achieved a remarkable response rate of 95 percent, with participation from over 100 entities across various sectors. This high level of engagement ensures that the survey results are comprehensive and reflective of the diverse investment activities in Barbados, thereby providing the Bank and policymakers with robust data to support economic decision-making.

Engaging with Key Sectors to Understand the Story Behind the Numbers

Throughout the year, the Governor, along with other Bank officials, actively engaged with representatives from four pivotal sectors: construction, tourism, agriculture, and the commercial sector. These meetings were crucial in gathering first-hand accounts from the players on the ground about their experiences, challenges, and any potential opportunities they observed.

By directly interacting with stakeholders from these sectors, the Bank was able to gain a deeper understanding of the real-world implications of economic data, going beyond mere statistics to grasp the narratives driving these figures. These engagements provided invaluable insights, offering a clearer and more comprehensive picture of the economic landscape. The feedback collected has been instrumental in refining the Bank's economic forecasts, ensuring they are grounded in the actual experiences and conditions of the key sectors that drive the national economy.

This proactive approach not only enhances the accuracy of the Bank's economic assessments but also strengthens the relationships between the Bank and the diverse industries that form the backbone of Barbados' economy, fostering a collaborative environment for addressing economic challenges and seizing growth opportunities.

Working with Government to Achieve Sustainable Growth

The Bank continued to play a pivotal role as one of the key collaborators in the implementation of the Barbados Economic Recovery and Transformation (BERT) 2022 programme. Throughout the year, in

close cooperation with government agencies such as the Ministry of Finance and Economic Affairs and the Barbados Statistical Service, the Bank provided the Government with regular updates on the Barbados economy. This collaboration is critical in ensuring that policymakers are well-informed with the latest economic data and analyses.

Furthermore, the Bank engaged with various partner agencies to explore a diverse range of issues affecting the local economic landscape. This collaborative effort supports informed discussions within the Government's Joint Economic Group (JEG). The JEG serves as a centralized forum where data collection, analysis, and policy recommendations are made to address key economic challenges facing the nation. This forum is instrumental in bringing together Barbados' most senior policymakers to deliberate on strategic economic directives.

Additionally, the Bank actively participated in the Fiscal Technical Working Group and the Debt Technical Working Group, contributing significantly to their deliberations. The Bank also provided insightful presentations to the BERT Monitoring Committee, explaining key developments in the economy and outlining potential policy adjustments. These engagements underscore the Bank's commitment to fostering a transparent and proactive approach in supporting the Government's efforts towards achieving sustainable economic growth.

International Engagement

Throughout the year, the Bank actively engaged with international agencies to provide updates on the island's progress under the BERT 2022 programme. These interactions included detailed presentations and participation in discussions with the International Monetary Fund (IMF) and several prominent rating agencies, ensuring these organizations were well-informed of Barbados' economic policies and achievements.

It also hosted the president and other senior officials from the Inter-American Development Bank as it continued its efforts to promote entrepreneurship as a means of driving economic enfranchisement.

International Monetary Fund (IMF)

As part of the Government's cohesive strategy for engagement with external agencies, the Bank played a crucial role in facilitating the IMF's third and

fourth reviews of the Enhanced Fund Facility (EFF) and the Resilience and Sustainability Facility (RSF). These discussions were centred around Barbados' macroeconomic management, evaluating the country's short- and medium-term economic performance targets, forecasts, and debt dynamics. The thorough reviews helped to solidify the IMF's support for Barbados' ongoing economic reforms.

Rating Agencies

The Bank's economic team participated in meetings with three rating agencies: Fitch Ratings, Standard & Poor's Global Ratings (S&P), and Caribbean Information and Credit Rating Services Limited (CariCris). The team shared detailed updates on the island's economy and provided forecasts for Barbados' economic performance in the short and medium term. These interactions culminated in all three agencies upgrading their ratings for Barbados. Specifically, in October, Fitch upgraded Barbados' long-term foreign currency issuer default rating (IDR) from "B" to "B+," with a stable outlook. In November, S&P elevated Barbados' long-term local and foreign currency sovereign credit ratings from "B-" to "B." At the year's end, CariCris revised Barbados' sovereign issuer credit rating upwards to CariBBB from CariBBB-.

Inter-American Development Bank (IDB)



The Bank and the Inter-American Development Bank co-hosted a roundtable discussion for beneficiaries of the Enhanced Guarantee Fund.

In December, the Bank co-hosted a roundtable discussion with the Inter-American Development Bank (IDB), focusing on the successes of the Enhanced Credit Guarantee Fund. This event brought together beneficiaries and participating financial institutions, highlighting the scheme's impact on micro, small, and medium enterprises (MSMEs). These stakeholders confirmed the fund's utility and the ease of access

to finance, underscoring its importance in supporting local businesses. Additionally, Governor Greenidge and IDB President Ilan Goldfajn announced plans for a third round of funding valued at USD \$50 million. This new funding will target enhancing export readiness and diversification, innovative investment, food security, and climate adaptation. It will also increase financial inclusion for women-led/owned businesses and persons with disabilities while leveraging technical assistance to support capacity building and training of MSMEs.

Regional Collaboration: The 62nd and 63rd Bi-Annual CARICOM Central Bank Governors' Meetings

With Governor Greenidge assuming the Chairmanship of the CARICOM Committee of Central Bank Governors at the beginning of 2024, the Central Bank of Barbados proudly hosted the 62nd and 63rd CARICOM Central Bank Governors' Meetings. These meetings underscored the region's commitment to collaborative financial oversight and economic development.

The 62nd bi-annual meeting took place virtually on May 30 and 31, gathering Governors and delegations from 10 central banks across the Caribbean. This session focused on macroeconomic developments within the region and tackled significant financial system issues. Key topics of discussion included the findings of a regional survey on commercial bank fees and the potential development of a centralised e-KYC (Know Your Customer) database to streamline and secure customer verification processes across the Caribbean.



Regional Central Bank heads gathered in Barbados for the 63rd Bi-Annual Meeting of the CARICOM Committee of Central Bank Governors.

In November, the Committee convened in person for the 63rd bi-annual meeting, which provided a platform for more direct and dynamic exchanges on crucial issues. Over two days, discussions spanned financial stability, cybersecurity, and the overall economic performance of the region. These conversations highlighted ongoing challenges and explored forward-looking strategies to enhance financial governance and economic resilience.

The meetings also coincided with the 55th Annual Monetary Studies Conference, adding an extra layer of depth to the discussions. On the final day, a high-profile panel discussion entitled “The Role of Central Banks in Facilitating the Mobilization of Regional Investment to Support Development” featured four Governors: John Rolle of the Central Bank of The Bahamas, Kareem Michael of the Central Bank of Belize, Dr. Gobind Ganga of the Bank of Guyana, and Governor Greenidge. This panel addressed the critical role of central banks in fostering regional investments that support sustainable development, marking a significant contribution to the discourse on economic collaboration in the Caribbean.

Building Capacity Through Technical Assistance and Training

Recognizing the importance of continual skill enhancement and competency development, the Bank’s staff actively participated in various technical assistance sessions to expand their expertise throughout the year. Moreover, the Bank also facilitated sessions for other organizations and entities, reciprocating the learning and development opportunities.

Financial Stability Report Best Practice

In 2024, officers from the Bank’s Research and Economic Analysis and Bank Supervision departments received critical technical assistance from the IMF/CARTAC (Caribbean Regional Technical Assistance Centre) focusing on climate stress testing. Given the identification of climate change as a key financial stability risk in the 2023 Financial Stability Report, this training proved timely. It equipped staff with the skills needed to robustly integrate climate risk analysis into the banking solvency stress testing framework, enhancing the Bank’s capacity to use and interpret relevant data within its macroeconomic framework.

Later in the year, leveraging the expertise gained, the Bank, in conjunction with CARTAC, organized peer-to-peer training sessions. These sessions were

aimed at counterparts from the Centrale Bank van Aruba, the Central Bank van Curaçao en Sint Marteen, and the Turks and Caicos Islands Financial Services Commission, focusing on climate stress testing and financial stability report writing.

Emergency Liquidity Assistance Workshop

In February, the Bank engaged in an IMF-led training focused on developing an emergency liquidity assistance (ELA) framework for financial institutions. This training covered best practices for establishing and executing an ELA, including protocols for information sharing before and after the Bank provides liquidity support.

Regulatory Supervision Training

To ensure robust regulatory supervision and promote financial stability, the Bank’s officers received extensive training from the Caribbean Financial Action Task Force (CFATF), the IMF, and other regional and international agencies. Training topics included macroprudential and consolidated supervision, innovations in payment systems, supervisory technology (suptech), fintech, digital banking, data privacy, operational and cyber resilience, cyber risk, financial inclusion, bank failure and resolution techniques, legal risk, compliance, AML/CFT risk, and liquidity risk management.

Financial Regulation

In October, the IMF provided targeted technical assistance aimed at strengthening the structure and operations of the Bank’s supervisory function. Insights from this evaluation will be pivotal in optimizing the supervisory arm in 2025.

Digital Authentication for Legal Documents

In November, the Bank hosted a seminar on the digital authentication of legal documents for key government departments, including the Registrar of Titles (Ag.), Registrar of the Supreme Court (Ag.), and Deputy Registrar of the Corporate Affairs and Intellectual Property Office. The seminar focused on best practices in digital authentication, filing of legal documents, and the use of electronic signatures, drawing on the Bank’s own digitization experiences.

Strengthening the Local Capital Market

In 2024, the Bank witnessed renewed confidence in Government securities, catalyzing significant progress in the development of a robust domestic capital

market. This advancement serves to broaden local funding sources for capital and other projects, thereby reducing reliance on external financing. Additionally, it creates valuable investment opportunities that can generate wealth for both individual Barbadians and local businesses.

The year saw the maturity of the original BOSS bonds, further uptake of BOSS+ bonds, the return of debentures, and the launch of reverse auctions.

BOSS Bonds

The original BOSS bonds, first issued in 2020, reached maturity in 2024. Starting in July, the Bank disbursed a total of \$27.3 million to holders, fulfilling the returns on these early investments.

BOSS+ Bonds

The subsequent issuance of BOSS+ bonds in July 2023, which carry a 4.5 percent annual interest rate with a five-year maturity, continued to attract significant interest. In 2024 alone, investments in this series increased by \$71.6 million, bringing the total subscription to \$158.5 million. The investment split between individual and institutional investors stood at \$77.4 million and \$81.1 million, respectively, demonstrating a strong market appetite.

Debentures

For the first time in six years, the Bank offered debentures with a 20-year, \$250 million issue that offers 7.75 percent interest per annum opening in December. By year-end, the series, which matures in 2044, had \$214.5 million fully paid, of which the National Insurance and Social Security Service's (NISSS) National Insurance Fund purchased \$210.5 million.

Reverse Auction/Calls

In February, the Bank launched a reverse auction on behalf of the Government to repurchase select securities issued during the 2018 debt restructuring. This initiative saw significant participation, with two rounds of buybacks totalling \$20.1 million for Series B bonds and \$31.9 million for Series D bonds. Additionally, the Bank executed unscheduled partial principal payments totalling \$135,000 at the request of the Ministry of Finance.

New Issuances

Throughout the year, the Bank launched Series B5, I, and J bonds, totalling new issuances of \$19.2 million. These bonds were well-received, underscoring the continued interest in government-backed securities.

Savings Bonds

The Bank did not offer new savings bonds in 2024. Certificates presented for redemption during the year totalled \$2.6 million, while certificates of previously matured issues not yet presented for redemption totalled \$2.6 million as at December 31, 2024.

Support for Small and Medium Enterprises

The Bank issues partial credit guarantees on loans from financial institutions to small and medium-sized enterprises (SMEs). These schemes are critical to improving access to financing, helping eligible SMEs to maintain stability, and facilitating growth opportunities.

Enhanced Credit Guarantee Fund – Access to Credit for Productivity Project

The Bank fully disbursed the funds earmarked for the Enhanced Access to Credit for Productivity Project in 2021. By the end of 2024, 41 guarantees remained outstanding, with a maximum liability of \$22.4 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 47 small- and medium-sized businesses. By year-end, the programme had approved and fully disbursed 54 guarantees totalling \$27.6 million.

Divestment of Schemes

The Bank successfully completed its divestment of the Export Credit Insurance and Guarantee Scheme and the Credit Guarantee Scheme for Small Business at March 31, 2023. Therefore, no guarantees and liabilities for the insurance business remained outstanding under these schemes.

Housing Credit Fund (HCF)

During 2024, the Housing Credit Fund approved disbursements of \$6.0 million, resulting in total loans

outstanding of \$61.0 million. The period recorded no repayments.

Table 2: Indicators of HCF Operations

Indicator (\$M)	2020	2021	2022	2023	2024
Principal Payments	3.4	40.2	0.0	0.0	0.0
Loans Outstanding	40.2	11.0	29.8	55.0	61.0

Industrial Credit Fund (ICF)

The loan portfolio balance of the Industrial Credit Fund fell to \$0 million as at December 31, 2024, owing to regular loan repayments. Principal repayments for the

year totalled \$0.1 million. Consistent with its mandate under the *Central Bank of Barbados Act, 2020*, the divestment of the operations of the Industrial Credit Fund is ongoing.

Table 3: Indicators of ICF Operations

Indicator (\$M)	2020	2021	2022	2023	2024
Principal Payments	0.8	0.7	0.8	0.2	0.1
Loans Outstanding	1.8	1.1	0.3	0.1	0.0

4. PROMOTING FINANCIAL STABILITY

Financial 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

31. This reduction reflects the successful completion of the voluntary wind-up process for one Part III company, 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	2020	2021	2022	2023	2024
Domestic					
Commercial Banks	5	6	6	6	6
Financial Holding Companies	1	4	4	4	4
Part III Companies	8	7	6	4	4
Money or Value Transmission Service Providers	3	3	4	4	4
Total Domestic	17	20	20	18	18
Foreign Currency Earning Banks	21	15	14	14	13
Total Licensed Institutions	38	35	34	32	31

Supervisory Framework

During 2024, the Bank enhanced its hybrid onsite/offsite approach to supervision, successfully conducting onsite inspections focused on credit risk and on anti-money laundering and combatting the financing of terrorism (AML/CFT). Simultaneously, it maintained ongoing desktop examinations.

In August 2024, the Fair Credit Reporting (Fees) Regulations 2024 came into effect, formalizing the approach to fee implementation under the Fair Credit

Reporting Act. As a result, the Bank will commence the process of reviewing applications for credit bureau licenses in 2025.

With climate risk emerging as a significant financial stability concern, the Bank plans to develop a supervisory framework to address this issue in the medium term. In 2024, it provided training for officers on the latest updates to the Basel Core Principles and on methodologies used by other regulatory bodies in this area.

Internalizing Excellence Through Modernization

To streamline the supervisory regime, the Bank initiated the process to procure a new integrated supervisory and analytics system (ISAS). This cloud-based supervisory hub will bring several efficiencies relating to how the Bank processes licensing and non-licensing requests, collects and analyzes reporting data, and conducts inspections. The Bank will begin the transition to this platform in 2025 and will continue to engage all necessary stakeholders during the modernization of its supervisory framework.

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

The Bank continued its risk-based supervision of licensees as part of its ongoing supervision of licensees and their measures to counter money laundering (ML), financing of terrorism (FT), and proliferation financing (PF). This included the continuous assessment of qualitative and quantitative data from licensed financial institutions to assist in updating the inherent and residual ML/FT risk profiles of these institutions.

The Bank played a pivotal role in the national coordination efforts, participating in various committees. In February, these multi-year efforts culminated in Barbados successfully being removed from the Financial Action Task Force (FATF) list of jurisdictions under increased monitoring, previously known as the "grey list." This removal marked a significant milestone in the country's ongoing commitment to strengthening its defences against money laundering, terrorism financing, and proliferation financing.

At the June Caribbean Financial Action Task Force (CFATF) plenary, the jurisdiction requested technical upgrades, which led to several re-rating improvements at the end of the fourth-round mutual evaluation. Barbados concluded this round with 38 of the 40 FATF Recommendations rated as Compliant or Largely Compliant – a highly commendable achievement.

The next round of the evaluation of the national AML/CFT framework is scheduled for 2027 and will include several updates to the FATF Standards. The Bank has already begun preparations for this evaluation as part of its contribution to the national effort.

Emerging Regulatory Developments

Cyber risk remains a key focus of the Bank's supervisory activities. To enhance its oversight capabilities, the Bank plans to develop a supervisory manual and a quarterly incident reporting template to capture cyber incidents that do not qualify as major. This initiative, supplementing the Major Cyber Incident Reporting template issued in 2023, will provide the Bank with a more comprehensive understanding of the cyber threat landscape. Additionally, the Bank will address recommendations from the technical assistance provided by the IMF on the Emergency Liquidity Assistance (ELA) Framework.

Innovative Approaches to Banking

During the year, the Bank supported the Ministry of Finance as part of the project team that developed the Blue Green Bank (BGB) Act, which was enacted into law in June 2024. This new legislation establishes a bank dedicated to financing sustainable projects in the green and blue sectors of the economy. The bank aims to assist creditors and investors, stimulate innovation within the financial sector to mobilise the securities and loans markets, mobilise private sector investments, and direct international finance towards projects aligned with national priorities.

Financial Inclusion

The Bank remains unwavering in its commitment to enhancing financial inclusion. Throughout 2024, it actively engaged with commercial banks to address customer complaints related to various banking service fees.

Given significant public discourse regarding perceived excessive fees, the Bank issued a directive in January requiring commercial banks not to impose fees on electronic transactions made through the automated clearing house (ACH), including the real-time payments (RTP) system.

These collaborative efforts culminated in July with the issuance of the Market Conduct Guideline for commercial banks and deposit-taking finance companies. The guideline, *inter alia*, established minimum standards for how licensees interact with their current and potential clients, focusing on areas such as fees and charges, accessibility, account openings and closings, and complaint handling. This initiative is a key component of the Bank's broader strategy to promote financial inclusion, uphold financial stability, and maintain consumer trust in the financial system.



The Bank issued its Market Conduct Guideline in July.

Regional Collaborative Efforts

The Bank solidified its commitment to regional financial stability by actively participating in the Caribbean Group of Banking Supervisors (CGBS). In 2024, cyber risk emerged as a prominent focus within the CGBS. The Bank played a pivotal role in the working group addressing this risk, providing valuable insights into the development phase of its cyber risk supervisory framework. Additionally, as a member of the CGBS working group on climate risk, the Bank significantly contributed to the committee's efforts, applying the findings to enhance its own frameworks.

In June, the Bank engaged in supervisory colleges with regional and international regulators, aiding in the effective cross-border supervision of Canadian banking groups. This collaboration facilitated better oversight and understanding of transnational banking operations, strengthening financial stability across borders.

The Bank also played a key role in the CARICOM Technical Working Group on intra-regional payments. This group, comprising the Technical Committee and Regulatory and Governance Committee, is tasked with establishing the technical specifications and outlining the necessary regulatory, policy, and governance structures for the successful operation and expansion of the CARICOM Payment and Settlement System (CAPSS). Inspired by the Pan-African Payment and Settlement System, CAPSS aims to enable efficient payment and settlement of both retail and wholesale transactions across CARICOM. The Bank, along with the Central Bank of The Bahamas, is participating in a pilot project to test the effectiveness of this intra-regional payment solution. Currently in the design phase, this pilot is expected to span three months.

2023 Financial Stability Report: Adopting a Forward-Looking Approach



The 2023 Financial Stability Report, a joint publication of the Bank and the Financial Services Commission, identified three key risks to financial stability.

The 2023 Financial Stability Report, published in early 2024, adopted a more forward-looking approach by focusing on identifying and analyzing key risks including a global economic slowdown, climate change, and cyber risk. The Bank, together with its sister regulator, the Financial Services Commission (FSC), implemented innovative methodologies to assess cyber and climate risks. For the climate risk assessment, they collaborated with the Coastal Zone Management Unit. The report detailed the results of these analyses and highlighted the progress both organizations have made in mitigating these risks, affirming that the domestic financial sector remained resilient against these non-traditional threats.

Additionally, the report examined the soundness of the sector using conventional financial metrics such as credit, liquidity, and interest rate risk. Overall, it confirmed the robustness of the domestic financial sector, which aligned with the domestic economic expansion observed in 2023.

Internalizing Excellence Through Education

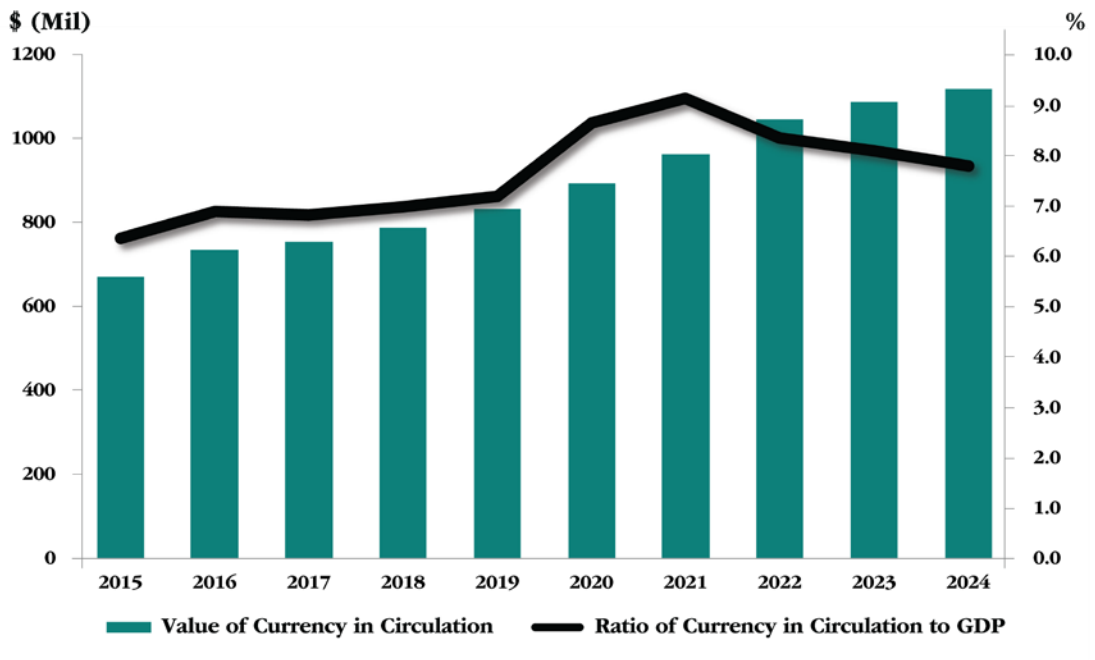
To launch the 2023 Financial Stability Report, the Bank organised a [roundtable discussion](#) featuring representatives from the Bank and the FSC alongside officials from the commercial banking, credit union, and general insurance sectors. The discussion focused on the major findings of the report, including the results of stress tests that reveal how the financial sector would be able to withstand both moderate and severe shocks and the three key risks that could impact financial stability in Barbados. To further breakdown the findings of the report, the Bank produced articles about the key risks and posted infographics on social media, making the report more accessible to non-technical people.

Maintaining a Steady Supply of Currency in Circulation

During 2024, currency in circulation reached \$1.12 billion, with banknotes in circulation growing by \$27.7 million to \$1.04 billion and coins in circulation growing by \$2.6 million to \$77 million. This \$30.4

million year-on-year increase is \$12.8 million less than the increase recorded between 2022 and 2023, an indication that Barbadians are increasingly adopting alternative methods of payment. The decline in currency in circulation, as a percentage of GDP, from 8.1 percent to 7.8 percent is further evidence of this transition.

Figure 2: Currency in Circulation and Ratio of Currency in Circulation to GDP (2015-2024)



The 2022 Polymer Banknote Series

By the end of 2024, polymer banknotes constituted 71 percent of all banknotes in circulation. Introduced two years prior, these notes have proven to be both more durable and more resistant to counterfeiting than their predecessors. Of the \$55.8 million worth of

mutilated notes the Bank destroyed over the year, only \$1.02 million—approximately 62,000 notes—were polymer. Additionally, the Bank has not recorded any incidents of polymer banknotes being counterfeited, underscoring their effectiveness in enhancing the security and longevity of the currency.

Internalizing Excellence Through Modernization

In 2024, the Bank acquired a new banknote processing machine capable of authenticating, fitness sorting, and destroying both cotton and polymer banknotes. In addition, the new system has reduced and, in some cases, eliminated several previously manual processes, allowing staff to focus on more strategic activities.

¹ Currency in circulation as at December 31, 2024 equals currency in circulation as at December 31, 2023 plus issues to the public during 2024 less deposits to the Bank during 2024.

Modernizing Barbados’ Payment System

The Real-Time Processing (RTP) system introduced in February 2023 has revolutionized fund transfers across commercial banks. A collaborative initiative between the Bank and the Barbados Automated Clearing House Services Incorporated (BACHSI), the RTP system offers instant and secure transactions, enhancing the efficiency of the Automated Clearing House (ACH) and increasing the volume and value of electronic fund transfers favoured by both private and public sector entities.

Electronic fund transfers significantly increased in 2024, while the usage of cheques continued to decline. Total electronic fund transfers through the ACH system soared by 31.1 percent to \$18.8 billion, with RTP transactions contributing \$5.2 billion. Concurrently, the number and total value of cheque transactions fell by 11.9 percent and 14.2 percent, respectively.

Transaction values via the Real-Time Gross Settlement (RTGS) system also saw a substantial increase in 2024. The value rose to \$23.7 billion, a year-on-year increase of 31 percent, driven by heightened economic activity and increased activity in the securities market, reaffirming the RTGS system's critical role in managing large-value transactions between institutions.

Credit card usage surged in 2024, reflecting the strong performance of Barbados' economy. The value of domestic credit card transactions grew by 13.3 percent, totalling an additional \$156.6 million. The personal sector was particularly active, contributing approximately 76.3 percent to overall credit card expenditure, with personal credit card transactions increasing by 12.2 percent and business sector transactions by 17.1 percent.

Figure 3: Electronic Transfers

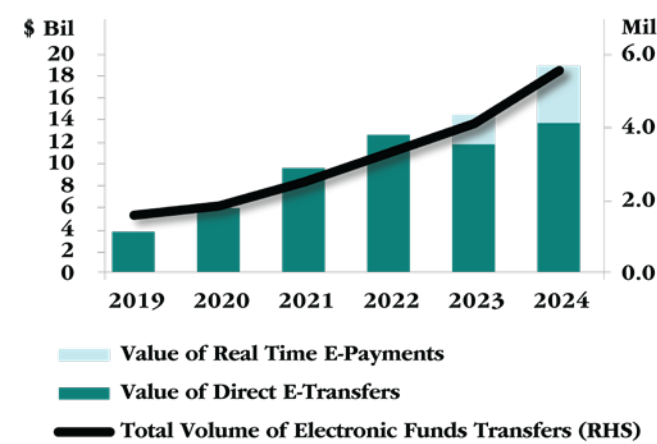


Figure 4: Cheque Transactions

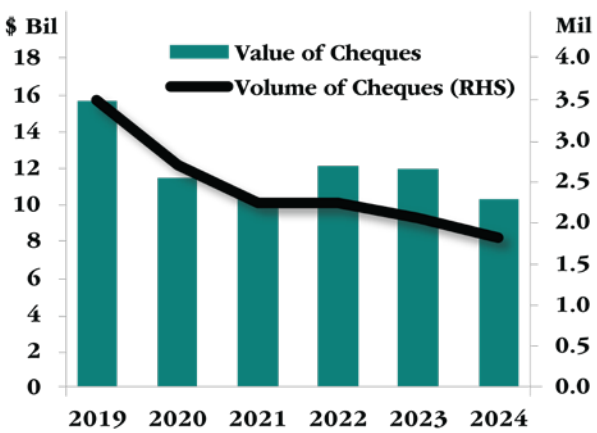


Figure 5: RTGS Transactions

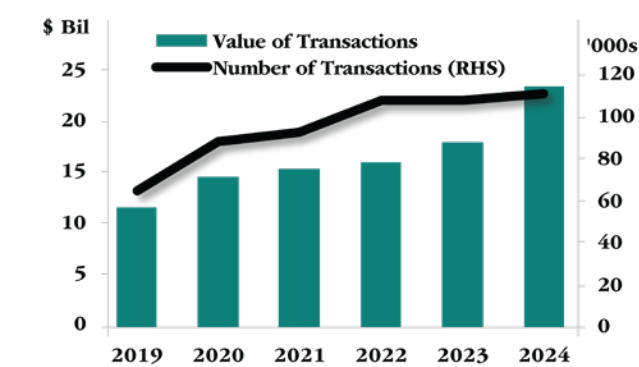
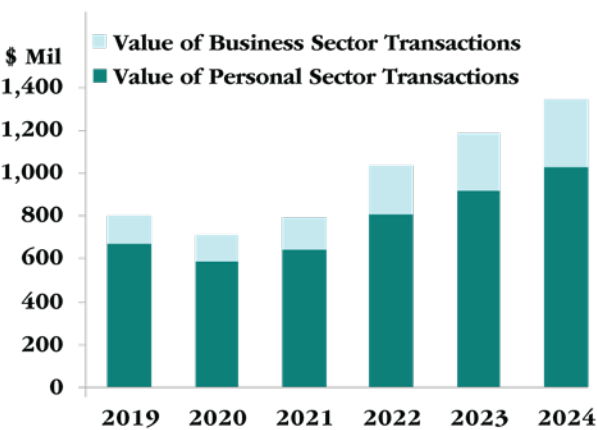


Figure 6: Credit Card Transactions



Developments in the Payment System

The National Payment System (Electronic Payment Service Providers) Regulations, 2024, came into effect in September, enhancing the regulatory framework for payment systems. This regulation supports the creation of a register of service providers, establishes aggregate monthly load limits, and implements liquidity and operational requirements for e-wallet and stored value card issuers. It also clarifies the responsibilities of custodian institutions, thereby reinforcing oversight and stability in the national payment system.

Throughout the year, the Bank made significant strides in preparing for the rollout of the regulatory framework for payment systems. Efforts included drafting the licensing and supervisory framework documents and the reporting forms with related instructions for payment service providers. These preparations are crucial for the effective management and oversight of new and existing payment services. By the end of the year, the Bank continued to work on drafting subsidiary legislation under the National Payment System Act, 2021-1. This ongoing work focuses on areas prescribed by the legislation, ensuring that all regulatory aspects are thoroughly covered. The Bank's active participation through the Payment

Systems Committee has been vital in contributing to the overall achievement of its strategic objectives in modernizing and securing the national payment infrastructure.

Digital Clearing of Cheques

Governor Greenidge announced a major initiative to digitize cheque processing during the July press conference. This new system aims to significantly reduce the time it takes for funds to be lodged into payees' accounts from three to five days to just one business day. Although initial testing identified quality issues with some cheques, commercial banks are actively working with their clients to resolve these challenges.

The Bank expects to fully implement this digital clearing system by the first quarter of 2025. As it advances the development of the country's digital payments infrastructure, the Bank remains committed to maintaining a harmonious balance between traditional and modern payment systems. This strategy ensures the inclusivity and accessibility of financial services while supporting and enhancing the economic growth and stability of the nation.

5. PEOPLE & PROGRAMMES

The Bank recognized that its success hinges on its people and placed strong emphasis throughout 2024 on fostering a workplace where employees remained engaged, motivated, and committed to the organization's mission of achieving world-class excellence.

Comprehensive Job Evaluation Exercise

In February, the Bank initiated a comprehensive job evaluation exercise by engaging an external agency. This exercise included meeting with managers, conducting focus groups with staff at all levels, and distributing a survey to fully understand the varied roles and responsibilities within the staff complement. The agency also reviewed the compensation and benefits packages offered in both the public and private sectors for comparable roles. The final phases of this evaluation are expected to conclude by the end of March 2025, after which the consultants will present their findings and recommendations to the Executive Committee.

Supporting Health and Wellness

Throughout the year, the Bank prioritized health and wellness for its staff, organizing events such as a stress management workshop, a cancer awareness seminar, and a Health and Wellness Bingo session. In November, the Bank hosted a "Zen Day," providing staff with an opportunity to recharge, relax, and refresh.

Keeping Staff Informed

To keep staff informed and engaged, the Bank conducted quarterly staff meetings to provide updates on various initiatives, including the strategic plan, physical upgrades to the headquarters, and progress in digital transformation efforts. Beyond formal meetings, the Bank regularly communicated about events, activities, policies, and pertinent national issues through daily public service announcements (PSAs) and articles on the intranet.

Celebrating Organizational Milestones

In November, the Bank's Library and Information Services Unit celebrated its 50th anniversary with a lecture titled "Genealogy: A Step Back in Time,"

which showcased how archival documents chronicle significant epochs in history. The event facilitated engaging dialogues that attendees greatly appreciated.

Building Social Cohesion

Throughout the year, the Bank sought to build social cohesion via meet and greet sessions for new employees during which they had the opportunity to interact with Governor Greenidge as well as post-staff-meeting mix and mingles. It also used occasions such as Valentine's Day and Administrative Professionals' Day to celebrate staff.

Inclusive Community Engagement

The Bank also included members of its extended family in numerous activities. Former Governors, Deputy Governors, and Advisors participated in quarterly Forerunners Forum events. The Bank organized outings for its retirees and invited both retirees and former staff to join current employees at the annual staff awards ceremony in May and the Christmas party at the year's end.

Developing Regional Ties

The Central Bank of Barbados participated in the 13th Intra-Regional Central Bank Games held in Nassau, Bahamas, from March 28 to April 2, proudly securing a third-place trophy. Notably, the Bank's table tennis team maintained their championship title for the fifth consecutive time, and the ladies' netball team staged an impressive comeback to clinch second place. The Bank is set to host the next biennial competition in 2026.

Later in the year, the Bank hosted the inaugural Intra-Regional Central Bank Tactical Shoot, featuring teams from the Central Bank of Belize, the Central Bank of Trinidad and Tobago, and the Eastern Caribbean Central Bank. The Bank's teams excelled, securing both the first and second places in the competition.

Recognizing and Rewarding Staff



Hyacinth Moore, who celebrated 45 years at the Bank, was celebrated during the awards ceremony.

The Bank strengthened its awards and recognition programme to celebrate staff achievements. Throughout the year, it presented 151 "On-the-Spot Awards" to staff members who excelled in special projects or completed *ad hoc* assignments. These awards provided immediate recognition for exceptional contributions to the organization.

The annual awards ceremony in May honoured long-serving staff members. The Bank recognized 40 employees with long service awards, celebrating tenures ranging from five to 45 years. This event reinforced the institution’s appreciation for dedication and career longevity.

Special awards highlighted outstanding contributions across the Bank. The ceremony featured the presentation of several special awards, acknowledging exceptional performance in various areas of the Bank’s operations. These awards underscored the diverse skills and commitment of staff, reinforcing a culture of excellence and achievement.

Special Award	Recipient(s)
Service Excellence Award	Catrina Forde, Janelle Ward (<i>tie</i>)
Exemplary Work Award	<i>The duo</i> of Simone Forrester and Janelle Pollard-Jones
Going Above and Beyond	Autumn Ashby and Daniel Philgence (<i>tie</i>)
Governor’s Award	<i>The team of</i> Estherline O’Neal, Jason Lynch, Kim Reid, Ashley Ellis, and Hope Husbands
Best Shot Award	Andrew Forte
Team Spirit Award	<i>The team of</i> Sylvester Nurse, Aminah Evelyn, Ross Simmons, Gayle Alleyne, Deveda Deane, and Reshaud Ally
Giving Back Award	Rico Bradshaw
Innovation Award	Katrina Blackman

Staff Movements

The Bank experienced balanced staffing changes throughout the year. Thirteen new members joined the organization, including five temporary and two contract officers, adding fresh talents and skills to the team. Simultaneously, 13 individuals left the Bank, comprising seven retirements, five resignations, and one termination, reflecting the natural cycle of workforce dynamics. Additionally, two temporary staff members transitioned to other institutions. By year-end, the staff complement stood firm at 302, with 230 permanent employees, ensuring the Bank remains well-equipped to fulfil its mission.

Retirees	Years of Service
Charmaine Haywood	41
Hensley Clarke	39
Angela Skeete	29
Joy Ann Hooper-Beckles	25
Samuel Howell	25
Eurcil Williams	25
Noland Prescod	4

The Bank recognized the achievements of its staff with 27 promotions during the year. Among these, Pamela Arthur and Cheryl Greenidge ascended to the position of Senior Director and Philmore Thorne advanced to Chief Financial Officer. Additionally, Novaline Brewster and Darrin Downes earned promotions to the role of

Director. Sherri Bishop, Runako Brathwaite, and Alvon Moore stepped up to the position of Deputy Director, marking significant career milestones.

All other promotions are noted below.

Name	New Position	Department
Keisha Blades	Economist	Research and Economic Analysis
Donna Boyce-Jackman	Senior Exchange Control Officer I	Foreign Exchange and Fund Management
Alvin Bretney	Senior Security Officer	Governor's Office
Desmore Corbin	Senior Technician	Facilities Management
Troy Duguid	Systems Administrator	Management Information Systems
Raj Edwards	Senior Security Officer	Governor's Office
Angela Fields	Administrative Assistant	Internal Audit
Bradley Harris	Assistant Advisor to the Deputy Governor	Governor's Office
Jevon Herbert	Banking Officer	Banking, Currency and Investments
Janelle Holder	Senior Payments Oversight Officer	Bank Supervision
Akeila John	Currency Officer	Banking, Currency and Investments
Jacqueline Johnson	Statistical Officer	Research and Economic Analysis
Robert Kellman	Senior Systems Administrator	Management Information Systems
Sharon Layne	Senior Operations Officer	Banking, Currency and Investments
Lisa McDonald	Bank Examiner	Bank Supervision
Kay Reid	Deputy Chief Security Officer	Governor's Office
Carol-Ann White-Marshall	Administrative Assistant	Accounts
Shakera Williams	Senior Administrative Officer	Communications, Information and Outreach
Nicholas Worrell	Senior Examiner	Bank Supervision

Education and Certification

Bank staff members actively pursued professional development and further education throughout the year. Jamal Gonsalves completed a B.A. in Business Management with Finance, while Janice Outram achieved a B.Sc. in Management Studies (Special). Stephanie Bowen advanced her expertise with an M.Sc. in Risk Management, and Karise Wilson earned an M.Sc. in Business Analytics (Finance). Additionally, various other staff members completed diverse certificate programmes, contributing to a broad enhancement of skills within the Bank.

Summer Internships



The Bank welcomed 27 students for its summer internship programme.

During the summer months from June to August, the Bank hosted 27 interns across various departments, aligning their placements with their academic studies. Over the course of three months, these interns not only honed their skills and gained valuable experience in a corporate setting but also took advantage of networking opportunities. This year marked a notable enhancement in the programme: for the first time, interns could opt to receive academic credit through the Ministry of Education, Technological and Vocational Training's Give Back programme.

The internship programme included various developmental activities. Interns participated in

skills-building workshops, benefitted from increased mentorship opportunities, and attended executive talks. These sessions included meet and greets with senior management, providing interns with valuable insights into professional development paths.

The Bank chronicled the experiences of four of the interns in its 2024 [Learning on the Job](#) video series. This series highlighted the real-world applications of their academic studies and the impact of their summer experiences, offering a window into the practical benefits of the internship programme.

Internalizing Excellence Through Modernization and Digitization

In 2024, the Bank introduced a new Human Resources Information Management System (HRIMS). The system is being rolled out in two phases and, when completed, will streamline the application, recruitment, and onboarding processes, as well as leave management and employee performance reviews. Through HRIMS' employee self-serve function, staff will be able to access information related to their employment history, qualifications, promotions, etc. and to request job letters through a personalised dashboard.

6. CENTRAL BANK OPERATIONS

Digital Transformation

In March 2024, the Bank launched its Enterprise Content Management System (ECMS), furthering the Governor's vision of transitioning to a paperless office. The launch enabled staff and management to efficiently manage and access digital content. Following the establishment of a digitization centre in September, the team successfully uploaded 100,000 pages of historical documents from one department in a pilot exercise. They plan to complete the digitization of the rest of this department's files by April 2025. Subsequently, the Bank will start onboarding other departments' documents to the ECMS.

In line with the Governor's vision of reducing paper usage, the Bank implemented a managed print services solution. This system allows the Bank to monitor and effectively manage printing levels, aligning with the broader strategy to minimize paper use across the organization.

To enhance its data analytics capabilities, the Bank initiated the process for developing an integrated

supervisory and analytics system (ISAS). After issuing a request for proposal (RFP), the dedicated team received submissions, selected a vendor, and reviewed the proposed statement of work, setting the stage for the system's development and implementation.

Information Technology

The Bank has undertaken several key initiatives to strengthen its cybersecurity posture. Among these, a Purple Team engagement and an update to its Information Security Management Systems (ISMS) Framework were pivotal. These efforts helped to assess the Bank's cyber risk exposure and enabled the identification and closure of security gaps through enhanced risk and threat mitigation controls. In pursuit of comprehensive cybersecurity awareness, the Bank has mandated cybersecurity training for both management and staff. Additionally, the Board received specialized cybersecurity awareness training to deepen their understanding of cybersecurity risks and governance responsibilities, ensuring a well-informed leadership equipped to oversee cybersecurity initiatives.

Internalizing Excellence Through Education

The Bank continued to support and prepare its staff through an organizational change management session and a hands-on ECMS adoption workshop at which participants could experiment in a sandbox environment, fail forward, and, in time, innovate to help with the significant cultural shift required. In addition, it developed a beta version of an interactive quiz game, "CBB Edition Interlude," to enhance the understanding of the ECMS among staff by offering a modern, engaging learning experience. It also identified ECMS champions from across various departments who will be empowered to expound on its benefits.

Plant Maintenance

The Bank significantly advanced its facilities management operations, emphasizing operational efficiency and sustainability. This commitment to modernization is critical given the ageing infrastructure. The Bank adopted a preventative maintenance strategy, achieving 95 percent uptime in critical systems such as air-conditioning, elevators, and security controls. It also introduced occupational safety initiatives, including job hazard analysis and contractor safety training to ensure workplace safety.

Challenges arose during the building envelope and glazing replacement project due to unforeseen issues with the building's cladding. Despite reaching the enabling works stage, additional problems delayed commencement. In 2025, the Bank will focus on resolving these structural issues and proceed with the comprehensive renovation of the Tom Adams Financial Centre.

Improvements in building management systems played a key role in enhancing energy efficiency and overall system performance. Upgrades included

installing shatter-resistant skylights and enhancing roof waterproofing. Additionally, the Bank improved the building's external lighting, boosting visibility and marking special occasions, thereby elevating the structure's prominence in the cityscape.

The Bank continued its commitment to environmental sustainability by updating its vehicle fleet. It introduced hybrid and electric vehicles to modernize the fleet

and reduce its carbon footprint, aligning with broader environmental goals.

These initiatives laid a solid foundation for the Central Bank's properties to remain resilient and sustainable. The efforts made in 2024 are steps towards ensuring long-term operational stability and environmental responsibility.

Internalizing Excellence Through Modernization

The Bank's new building management system (BMS) improves the monitoring and control of various building functions including lighting, HVAC (Heating, Ventilation, and Air Conditioning), and energy consumption. This upgrade ensures greater energy efficiency, cost savings, and overall better control over the facility's environment, with a major benefit being a reduced environmental footprint and optimized system performance.

7. CORPORATE OUTREACH

In 2024, the Central Bank of Barbados significantly intensified its outreach by utilizing both traditional and modern communication platforms. This approach supported its mandate to promote macroeconomic and financial stability and reinforced its role as a leader in education, arts, and culture. The strategic merger of Corporate Communications, the Frank Collymore Hall, and the Library and Information Services Unit into the Communications, Information, and Outreach Department (CIOD) enabled the Bank to leverage synergies and amplify its educational and cultural impact.

The Bank's modernization drive included strategically enhancing its social media presence to better connect with the public. It increased the frequency of targeted posts and interactive content, fostering more robust engagement across platforms. A notable initiative involved launching a dynamic digital financial literacy campaign and an economic explainer series. These efforts aim to educate Barbadians in accessible and engaging formats about the workings of the economy and personal finance management.

The adoption of new media strategies has significantly improved the Bank's digital platform performance. This success has solidified its position as a forward-thinking institution that prioritizes innovation and relevance in its communication efforts, receiving overwhelmingly positive feedback from the public.

Quarterly Economic Reviews



Students from Barbados Community College participated in the Bank's press conferences.

The Bank held four press conferences to coincide with the publication of its quarterly economic reviews. As is customary, Governor Greenidge presented a summary of each report during these briefings, which the Bank livestreamed on its social media channels. After the presentation, he took questions from both media representatives and the online audience.

Starting in April, the Bank invited students from the Barbados Community College's mass communications programme to participate in the press conferences. These students also attended the pre-event media lock-up, where journalists review advance copies of the press release. During this session, Deputy Governor Alwyn Jordan and Anton Belgrave, the Bank's Director of Research and Economic Analysis, provided background information and clarification before the journalists posed their questions to the Governor.

Following the press conferences, the Bank shared highlights from the reviews across its social media channels. It also posted graphics and infographics summarizing key information, further engaging the public and disseminating important economic insights.

Distinguished Visiting Fellow



Former Governor Winston Cox returned as the Bank's 2024 Distinguished Visiting Fellow.

In March, the Bank restarted its Distinguished Visiting Fellow programme, which had been on hiatus since the beginning of the pandemic. For its return, the Bank welcomed former Governor Winston Cox as the seventh fellow. Cox, who served as the Bank's fourth

Governor from 1997 to 1999, engaged in various activities during his visit. He conducted sessions with officers from the Bank's Research and Economic Analysis Department and met with secondary and tertiary-level students. Additionally, Cox had meetings with the Bank's Management team, retirees, and the Forerunners' Forum, which includes current and former Governors, Deputy Governors, and Advisors to the Governor.

To conclude his visit, Cox participated as one of the panellists in this year's only [Caribbean Economic Forum](#). The forum focused on "How Can Barbados Achieve Inclusive and Sustainable Economic Growth in the Medium to Long Term?" Alongside Cox, the other panellists included Governor Greenidge and Dr. Trisha Tannis, the Chairman of the Barbados Private Sector Association. The 60-minute discussion offered insights and strategies for driving sustainable economic growth in Barbados.

Domestic Financial Institutions Conference

In April, the Bank hosted a virtual Domestic Financial Institutions Conference session focused on managing cyber risk in Barbados' financial sector. The discussion, titled ["Not If, But When: Managing Cyber Risk in Barbados' Financial Sector,"](#) featured a panel of experts, including Tamara Hurley, Deputy Director of Bank Supervision at the Central Bank of Barbados; Shonté Chandler, Analyst for Credit Unions at the Financial Services Commission; and Anthony Harris, President of the Information Systems Security Association Barbados Chapter.

The panel explored the growing prevalence of cyberattacks and the strategies financial regulators use to mitigate risks. Over the 90-minute session, panellists examined the nature of cyber threats in Barbados and outlined regulatory responses to limit their impact. Ryan Greaves, Chief Technology Officer at COB Credit Union, shared insights from his organization's experience recovering from a cyber breach. Greg Vanier, Senior Vice President of Crisis and Risk at Edelman Canada, provided expert advice on effective communication in the aftermath of an incident.

Annual Review Seminar

In July, the Bank hosted the 44th Annual Review Seminar, titled "Applying an Innovative Lens to Shape Caribbean Economies." The conference extended over five days to accommodate a broader range of topics.

Economists and technical experts presented their research on various subjects, including sustainable economic growth, advancements in the blue and green economies, trade and external sector development, Big Data, debt developments, and modernization of financial sector and monetary policy.

A key highlight of the seminar was the keynote panel discussion titled ["Digital Transformation: Beyond the Buzz."](#) The panel featured George Thomas, CEO of Sagcor Bank (Barbados); Dr. Holti Banka, Senior Financial Sector Specialist from the World Bank; and Keith Boldeau, Regional Director for Latin America and the Caribbean at SWIFT. They explored the real-world applications and implications of digital transformation in the financial sector.

Annual Monetary Studies Conference

The 55th Annual Monetary Studies Conference (AMSC) took place in Barbados in 2024, focusing on "Macroeconomic Management in an Era of Polycrises." The Bank and the Caribbean Economic Research Team (CERT) organized this event, attracting over 100 delegates for in-depth discussions across three days.

Diverse topics such as financial stability, regional development, climate change, and governance shaped the sessions. The [opening ceremony](#) featured speeches from notable figures including the Honourable Ryan Straughn, Minister in the Ministry of Finance, Governor Greenidge, and Dr. Dorian Noel from the CERT Secretariat.

The conference's highlights included the 37th Adlith Brown Memorial Lecture and a panel discussion among regional Governors. These sessions offered deep insights and stimulated valuable discussions among the attendees.

37th Adlith Brown Memorial Lecture

Professor Jeffrey D. Sachs, Director of the Centre for Sustainable Development at Columbia University, President of the United Nations Sustainable Development Solutions Network, and Co-Chair of the Council of Engineers for the Energy Transition, delivered the 37th Adlith Brown Memorial Lecture. Deputy Governor Michelle Doyle moderated the event. Under the theme ["Macroeconomic Management in an Era of Polycrises,"](#) Professor Sachs outlined "nine to-dos" he believes are crucial for Barbados to thrive in an era of uncertainty. His recommendations included maintaining high-level education up to the tertiary

level to prepare citizens for global competitiveness, tailoring skills for an AI-led world, ensuring high-quality digital connectivity, and strengthening international advocacy on financial issues.

Governors Panel Discussion

Three regional Central Bank Governors participated in a [panel discussion](#) entitled “The Role of Central Banks in Facilitating the Mobilization of Regional Investment to Support Development,” which Governor Greenidge moderated. John Rolle from the Central Bank of The Bahamas, Kareem Michael from the Central Bank of Belize, and Dr. Gobind Ganga from the Bank of Guyana explored collaborative strategies among their organizations. They discussed how to drive sustainable, inclusive growth and reduce the region’s vulnerabilities to external shocks. The panellists focused on supporting climate resilience, enhancing financial stability, reducing the debt burden, and strengthening regional integration.

Sir Winston Scott Memorial Lecture



AI policy expert Dr. Luis Videgaray was the Bank's 49th Sir Winston Scott Memorial Lecture

In November, the Bank hosted the 49th Sir Winston Scott Memorial Lecture, featuring Dr. Luis Videgaray of MIT's Sloan School of Management. Dr. Videgaray, a former Minister of Finance and Foreign Affairs in Mexico, spoke on “[Global AI Policy and Regulation.](#)” He highlighted the challenges of regulating evolving AI technology and the opportunities it presents for developing countries.

After his presentation, Dr. Videgaray and the Honourable Marsha Caddle, M.P., discussed AI applications in Barbados. They examined how AI is currently being used on the island and other potential uses to achieve sustainable growth and development.

The Bank also engaged stakeholders and the public through various initiatives. These activities aimed to deepen the community's understanding of significant technological and economic developments.

What It Means; Why It Matters



The Bank's explainer series was hailed for its innovative and entertaining approach to breaking down economic concepts.

In October, the Bank launched the second season of its educational explainer series, “What It Means; Why It Matters.” Building on the success of the first season, the latest series of 13 episodes continued to demystify key economic concepts such as [traded and non-traded sectors](#), [exchange controls](#), [economic forecasting](#), [local and foreign direct investment](#), [sovereign credit ratings](#), [balance of payments](#), and [imported inflation](#).

The new season broadened its scope to address issues pertinent to Barbados’ financial system. Topics included anti-money laundering and counter-financing of terrorism ([AML/CFT](#)) and [financial stability and financial regulation](#). The series provided deeper insights into several of the Bank’s initiatives, such as the market conduct guideline for financial institutions and the handling of [Government securities](#).

Recognizing the critical role of tourism in Barbados’ economy, the series also featured a dedicated episode on this sector. This episode aimed to enhance public understanding of [tourism’s economic impact](#) and its significance to the national economy.

The series has continued to receive high praise for its effectiveness in clarifying complex topics. Viewers have commended the series for its fresh, informative content that is readily accessible, demonstrating the institution’s commitment to making financial and economic education more understandable. This approach ensures that the Bank meets audiences

where they are, further enhancing public knowledge and engagement.

MoneySmart Financial Literacy Programme



The Bank launched its digital financial literacy programme, MoneySmart, in March.

Early in the year, the Bank introduced MoneySmart, a digital financial literacy programme aimed at enhancing financial management skills among Barbadians. This initiative seeks to educate individuals on managing their money and securing their finances against global electronic fraud schemes. A comprehensive survey the Bank conducted in late 2022 shaped the programme's structure and focus areas.

The Bank organized a launch event to inaugurate the MoneySmart programme. University students, along with representatives from the Mothers' Union, the Barbados Association of Retired Persons (BARP), and the Barbados Consumer Empowerment Network (BCEN), attended this event, targeting key audiences who would benefit most from the initiative.

The Bank developed three educational modules for MoneySmart, covering essential financial topics. These modules, focusing on saving and budgeting, investing, and borrowing, disseminated information through videos, infographics, and blog posts. All content is accessible via the Bank's social media channels and a dedicated webpage that serves as the central hub for the programme. Additionally, the "Ask the Expert" column allows Barbadians to submit financial questions and receive expert answers.

To further engage participants, the Bank launched an online financial literacy quiz game towards the year's end. This interactive game aims to reinforce the educational content provided throughout the year and make learning about finance more engaging.

Speaking Engagements

In 2024, the Bank's senior officials frequently engaged in speaking opportunities. Governor Greenidge delivered economic speeches and presentations to local organizations such as BIBA, The Association for Global Business, the Barbados Association of Insurers and Financial Advisors (BARAIFA), and Eckler. He also spoke at international events, including in The Bahamas and at the 10th International Forum on African-Caribbean Leadership (IFAL) in New York. At the IFAL event, he received the Global Leadership Excellence Award for his significant contributions to regional integration, cooperation, and uplifting the dignity of Caribbean people.

Deputy Governors Alwyn Jordan, Michelle Doyle, and Elson Gaskin also actively participated as featured speakers at various conferences and events. Their engagements helped to further the Bank's outreach and influence in both local and international financial communities.

Fish and Dragon Festival

In January, the 10th Fish and Dragon Festival resumed as an in-person event, co-sponsored by the Bank and the Embassy of the People's Republic of China in Barbados. After three years of virtual celebrations, the festival, which marks the diplomatic relations between the two countries, received overwhelmingly positive feedback. Thousands of Barbadians enthusiastically welcomed the return of the street festival atmosphere.

Frank Collymore Literary Endowment

Veteran novelist and poet Nailah Folami Imoja won the top honour at the 27th Frank Collymore Literary Endowment (FCLE) competition. She received the first prize of \$10,000 for her prose entry, "Jamaica's Exam."

In the spoken-word category, now in its second year, Akeem Chandler-Prescod once again secured the top prize. His repeat victory highlights his continued excellence in the competition.

Frank Collymore Literary Endowment Awards Winners (January 2025)

Prize	Artiste	Entry	Genre
1 st	Nailah Folami Imoja	Jamaica's Exam	Prose
2 nd	Gloria Eastmond	Blackness Stretches Over the Land	Poetry
3 rd	Andie Davis	Fools and Kings	Poetry
Spoken-Word Category			
1 st	Akeem Chandler-Prescod	Monsters Are Real	Spoken Word
2 nd	Luci Hammans & Cyndi Marshall	License to Authority	Spoken Word
3 rd	Timon Howard	Anthemology	Spoken Word

Crop Over Sponsorship

The Bank maintained its long-standing sponsorship of the Crop Over Visual Arts Festival in 2024, held under the theme "Diffusing Borders in Colour, Motion and Form." It loaned 16 pieces from its art collection to the National Cultural Foundation for the festival's first exhibition, "Reflections." This exhibition encouraged viewers to "look back to go forward," offering a reflective experience.

Additionally, the Bank expanded its support by becoming a major sponsor of the entire Crop Over festival. This increased involvement underscores the Bank's commitment to fostering cultural initiatives.

Looking Forward

In 2025, the Bank will prioritize enhancing public understanding of its efforts to modernize and improve the efficiency of the national payments system, aiming to clarify the changes and benefits to all stakeholders.

It will also deepen communication about its core mandate of maintaining the currency peg and promoting financial stability, ensuring Barbadians are well-informed about the Bank's role and its ongoing efforts to promote arts and culture as a dynamic sector. Continuing its commitment to innovation, the Bank will deliver more interactive and engaging content across social media platforms to foster richer public engagement and enhance educational opportunities.

Internalizing Excellence: Education

Now in its second season, the "What It Means; Why It Matters" series continues to transform complex economic concepts into engaging, relatable content for Barbadians. The series not only informs, but also entertains, making the economy and its impact on everyday life more accessible to the public. This innovative approach has been instrumental in helping Barbadians better understand how the economy works and why it matters to them.

The impact of this series has even extended beyond Barbados' borders, influencing communication strategies at regional central banks and catching the attention of an international publication.

8. PUBLICATIONS, PAPERS, & PRESENTATIONS

Publications

Beckles, Jamila and Jackman, Mahalia. 2024. "Financial Worry and Government Responses to the COVID-19 Pandemic in 88 Countries: Did Public Confidence in National Governments Matter?" *Journal of Mental Behavioral and Experimental Finance*.

Jakubik, Petr and Teleu, Saida. 2024. "Do Insurance Stress Tests Matter? Evidence from the EU-wide Insurance Stress Tests." *Journal of Risk Management*.

Jakubik, Petr, Teleuov; Akylzhan and Teleu; Saida. 2024. "Surface Water Change of a Small Lake in Central Asia and Climatic Factors: A Dynamic Linear Model Analysis." *Journal of Infrastructure, Policy and Development*.

Thompson, Shekira; Suzuki, Masachika; Moore, Winston; Takemoto, Akio and Korwatanasakul, Upalat. 2024. "Fostering Renewable Energy Uptake in Caribbean Small Island Developing States: Insights from Barbados." *UNU-IAS Policy Briefs*.

Wilson, Karise; Jackman, Mahalia and Moore, Winston. 2024. "The Impact of Environmental Quality on Mental Health: An Ecological Study." *Journal of Mental Health*.

Book Reviews

Nicholas Landis 2024. "Foreign Exchange Constraint and Developing Economies."

Austin Bell 2024. "The Economics and Finance of Commodity Price Shocks."

Nicholas Simpson 2024. "Green Investing: Changing Paradigms and Future Direction."

Presentations

Alleyne, Laron. "Global Commodity Inflation Pass-Through: Vulnerability of Small Island Developing States." Central Bank of Barbados' 44th Annual Review Seminar, July 22-26, 2024.

Beckles, Jamila. "The Impact of Economic Policy Uncertainty and Individual Specific Factors on the UK's Outbound Tourism." Central Bank of Barbados' 44th Annual Review Seminar, July 22-26, 2024.

Bell, Austin. "Climate Risk and Firm Level FDI in Latin America and the Caribbean." Caribbean Economic Research Team's 55th Annual Monetary Studies Conference, Barbados, November 6-8, 2024.²

Bell, Austin. "On Protected Geographical Indicators and Rum: Dead-End or Salvation for Local Production." Central Bank of Barbados' 44th Annual Review Seminar, July 22-26, 2024.

Blades, Keisha. "The Artificial Intelligence (AI) Agenda: Evaluating the Impacts Associated with the Adoption of AI on Labour, Productivity and Economic Growth in OECD Countries." Caribbean Economic Research Team's 55th Annual Monetary Studies Conference, Barbados, November 6-8, 2024.³

Chiari, Alessandro. "Do Tax Havens affect the Usage of Share Buybacks Schemes? The case of U.S. Multinational Companies." Central Bank of Barbados' 44th Annual Review Seminar, July 22-26, 2024.

Delice, Rachael. "Population Age Demographic Change and its Impact on the Fiscal Position: The Case of Barbados." Central Bank of Barbados' 44th Annual Review Seminar, July 22-26, 2024.

Hinds, Erskine. "AI-Powered Collection Development: Economic Benefits and Efficiency Gains for Modern Libraries." Central Bank of Barbados' 44th Annual Review Seminar, July 22-26, 2024.

Inniss, Tia. "Unbanked and Payday Lending: Fiscal Implications and Possible Solutions." Central Bank of Barbados' 44th Annual Review Seminar, July 22-26, 2024.

Jordan, Alwyn. "Does CARICOM Meet the Criteria to Form a Currency Union: An Assessment Using the Optimum Currency Area Methodology." Central Bank of Barbados' 44th Annual Review Seminar, July 22-26, 2024.

²Presented under the same name at the Central Bank of Barbados' 44th Annual Review Seminar, July 22-26, 2024.

³Presented under the same name at the Central Bank of Barbados' 44th Annual Review Seminar, July 22-26, 2024.

Joseph, Pinky. “Changes in POS Fees and Consumer Payment Behaviour: A Difference-in-Differences Analysis Between Jamaica and Trinidad & Tobago.” Caribbean Economic Research Team’s 55th Annual Monetary Studies Conference, Barbados, November 6-8, 2024.

Joseph, Pinky. “Identifying Early Warning Indicators (EWIs) of Credit Quality Deterioration: A Comparative Analysis of Market Basket Analysis and Logistic Regression.” Central Bank of Barbados’ 44th Annual Review Seminar, July 22-26, 2024.

Joseph, Pinky. “A Climate Risk Assessment of the Barbadian Financial System.” Central Bank of Barbados’ 44th Annual Review Seminar, July 22-26, 2024.

Joseph, Pinky. “A Climate Risk Assessment of the Barbadian Deposit-Taking Financial Sector.” Central Bank of Trinidad and Tobago Research Review Seminar, September 4-6, 2024.

Landis, Nicholas. “Discovering the True Costs of Kidney Failure in a Small Island Developing State: The Case of Barbados.” Central Bank of Barbados’ 44th Annual Review Seminar, July 22-26, 2024.

Landis, Nicholas. “Uncovering the Indirect Costs of Diabetes in the Small Island Developing State of Barbados.” Caribbean Economic Research Team’s 55th Annual Monetary Studies Conference, Barbados, November 6-8, 2024.

Okey, Onoh-Obasi. “Green Financing Options in Barbados.” Caribbean Economic Research Team’s 55th Annual Monetary Studies Conference, Barbados, November 6-8, 2024.

Roopnarine, Karen. “Bridging the Gender Divide: Enhancing Financial Resilience in the Caribbean.” Caribbean Economic Research Team’s 55th Annual Monetary Studies Conference, Barbados, November 6-8, 2024.⁴

Simpson, Nicholas. “Government Spending on Health and Citizen Satisfaction with Public Healthcare Services in Latin America and the Caribbean: Does Corruption Matter?” Central Bank of Barbados’ 44th Annual Review Seminar, July 22-26, 2024.

Teleu, Saida. “Climate Risk Analysis: Integration into Barbados’ Banking Solvency Stress Testing Framework.” Caribbean Economic Research Team’s 55th Annual Monetary Studies Conference, Barbados, November 6-8, 2024.

Thompson, Shekira. “Crisis-Proofing Liquidity? Evaluating the Impact of Basel III Liquidity Ratios on Small Open Banking Systems.” Caribbean Economic Research Team’s 55th Annual Monetary Studies Conference, Barbados, November 6-8, 2024.

Vaughan-Dorant, O’Shannon. “Making Money Moves – An Essay on Liquidity Management in a Small Open Economy with a Fixed Exchange Rate.” Central Bank of Barbados’ 44th Annual Review Seminar, July 22-26, 2024.

Wilson, Karise. “Estimation of the Pass-Through Effect of Exogenous Factors on Domestic Prices in Small Economies: Case Study for Caribbean Economies.” Central Bank of Barbados’ 44th Annual Review Seminar, July 22-26, 2024.

Williams, Lianna. “Exploring the Heterogeneous and Asymmetric Responses of Unemployment to Economic Policy Uncertainty Spillovers: Micro-Evidence from a Small Open Economy.” Central Bank of Barbados’ 44th Annual Review Seminar, July 22-26, 2024.

Wood, Shaliyah. “Reimagining the Future of Financial Interoperability.” Central Bank of Barbados’ 44th Annual Review Seminar, July 22-26, 2024.

⁴Presented under the same name at the Central Bank of Barbados’ 44th Annual Review Seminar, July 22-26, 2024.

9. ADOPTION OF FINANCIAL STATEMENTS

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

The Bank has recorded an accumulated deficit of \$1,564 million as at December 31, 2024. 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.

Government, the sole shareholder with the Bank has developed a gradual approach to recapitalisation 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 recapitalization of authorized capital based on a predetermined payment plan.

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

Statement of Financial Position

Total assets decreased by \$33 million to reach \$4,207 million. The overall value of the reserve of external assets increased by \$170 million due mainly to purchase of foreign bonds sourced from funding received from International Financial Institutions.

Short-term deposits due between 3 and 6 months have decreased by \$214 million; while current accounts and short-term deposits due 3 months or less have increased by \$203 million.

The Holdings of Special Drawing Rights (SDRs) decreased by \$80 million due to FX currency revaluations, and servicing of loans due to the IMF.

The Central Bank of Barbados has established a non-contributory retirement plan for the benefit of its employees. During 2023 employees were allowed to make voluntary contributions. The plan is a defined benefit plan. The assets of the plan are held in separate trust administered funds. A review of the plan is done annually. A triennial valuation of the plan was completed at December 31, 2024. The valuation reported surpluses in both a solvency and going concern basis.

Local assets decreased by \$203 million primarily due to the net movement on the following:

- Government advances decreasing by \$216 million
- Pension asset increasing based on actuarial review by \$16 million
- Property, plant and equipment increasing by \$10 million
- Government securities decreasing by \$15 million due to year end ECL assessments and repayments

With respect to liabilities, notes and coins in circulation increased by \$30 million. The Bank's liabilities related to the allocation of SDR's decreased from \$419 million to \$407 million due to the FX currency revaluations. The International Monetary Fund loan also decreased by \$64 million due to repayments made during the year and FX currency revaluations. Deposits with the Bank also decreased by \$110 million.

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, 2024. This liability increased from \$16.9 to \$19.8 million as at December 31, 2024.

The net capital and deficit improved from an overall deficit of \$1,645 million to \$1,529 million. This is primarily due to a reduction of unrealized losses on securities of \$32 million and an increase in net income of \$76 million for the year.

Statement of Income and Comprehensive Income

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

Income before foreign exchange gains and losses increased from \$142 million to \$156 million. At the end of 2024 there was a gain on foreign exchange of \$18 million compared to a loss of \$5.9 million in 2023. Realized losses on the sale of foreign securities decreased to \$2 million compared to \$8.7 million in 2023.

Operating Expenses

Total expenses decreased by \$5 million moving from \$103 million in 2023 to \$98 million in 2024. Operating expenses before credit losses increased to \$106 million compared to \$104 million in 2023.

Administrative expenses increased by \$6 million mainly due to additional consultancy, communication and security costs during 2024; credit recovery totalling \$7.7 million was recorded compared to recovery of \$573 thousand in 2023.

Other Comprehensive Income

The Bank recorded unrealized gains of \$32 million arising on the market revaluation of the foreign assets' portfolio. A positive retirement benefit adjustment of \$10 million was realized and a negative adjustment of \$2 million in the Medical Benefit Reserve was realized.

Net Results for the Year

The Bank recorded a net operating profit of \$76 million for the year and a total comprehensive income of \$117 million.

Approved Financial Statements

Annexed to this report are the Independent Auditor's Report, Statement of Financial Position as at December 31, 2024, the Statement of Income and Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows and explanatory notes to the financial statements.

On March 13, 2025, the Board of Directors, on recommendation from the Audit Committee, approved the Financial Statements for the year ended December 31, 2024 and the explanatory notes to the Financial Statements.





CENTRAL BANK OF BARBADOS

**AUDITOR'S REPORT TO THE BOARD OF DIRECTORS
FINANCIAL STATEMENTS**

As at December 31, 2024

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Independent auditor's report

To the Board of Directors of Central Bank of Barbados

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Central Bank of Barbados (the Bank) as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Bank's financial statements comprise:

- the statement of financial position as at December 31, 2024;
- the statement of income and comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the 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 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 Bank 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 financial statements and our auditor's report thereon).

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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.

PricewaterhouseCoopers SRL, The Financial Services Centre, Bishop's Court Hill, P.O. Box 111, St. Michael, BB14004, Barbados, West Indies
T: (246) 626 6700, F: (246) 436 1275, www.pwc.com/bb

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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 26, 2025

Statement of Financial Position

As at December 31, 2024

(Expressed in BDS \$'000)

ASSETS

	NOTES	2024	2023
RESERVE OF EXTERNAL ASSETS:*			
Balances Held Abroad	3	617,772	628,343
Foreign Notes and Coins		12,955	13,774
Foreign Securities	4	2,442,518	2,179,354
Derivative Financial Instruments	5	-	762
		<u>3,073,245</u>	<u>2,822,233</u>
International Monetary Fund:			
Reserve Tranche	6	33,215	34,181
Holdings of Special Drawing Rights	6	88,618	168,510
		<u>121,833</u>	<u>202,691</u>
Total Reserve of External Assets		<u>3,195,078</u>	<u>3,024,924</u>
LOCAL ASSETS:			
Securities:			
Barbados Government Treasury Bills	7	207,220	207,220
Barbados Government Treasury Notes	7	192,627	210,138
Barbados Government Debentures	7	421,786	418,940
		<u>821,633</u>	<u>836,298</u>
Advances:			
Government	8	-	216,440
Investment in Associate	9	10,236	12,343
Other Investments	9	1,306	1,306
Property, Plant, and Equipment	10 (a)	118,408	108,337
Right-of-Use Asset	10 (b)	62	279
Other Assets	11	41,766	37,109
Net Employee Defined Benefit Asset	19	18,331	2,646
		<u>1,011,742</u>	<u>1,214,758</u>
Total Assets		<u>4,206,820</u>	<u>4,239,682</u>

*Includes cash and cash equivalents of \$490,511 (2023 - \$287,901).

See accompanying notes to financial statements.

Statement of Financial Position

As at December 31, 2024

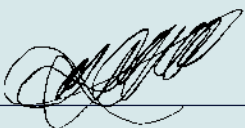
(Expressed in BDS \$'000)

LIABILITIES, CAPITAL AND DEFICIT

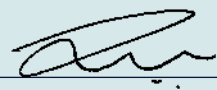
	NOTES	2024	2023
LIABILITIES:			
Notes and Coins in Circulation	12	1,117,583	1,087,226
Deposits:			
Government		457,391	435,368
Banks		3,006,307	3,250,679
Financial Institutions		888	1,345
Other		352,272	239,148
	13	3,816,858	3,926,540
Other Liabilities:			
Allocation of Special Drawing Rights	14	406,916	418,770
Loan - International Monetary Fund	14	290,710	354,277
Lease Liability	10(b)	125	341
Other	15	83,291	80,955
Medical Benefit Obligation	19	19,852	16,941
Derivative financial instruments	5	241	-
		801,135	871,284
Total Liabilities		5,735,576	5,885,050
CAPITAL AND DEFICIT:			
Authorised Capital: BDS\$25,000			
Paid Up Capital: Government of Barbados	16	25,000	25,000
Contributed Surplus	16	1,555	1,555
Fair Value Reserve	16	(83,340)	(115,406)
Retirement Benefit Reserve	19	(22,780)	(30,924)
Accumulated Deficit		(1,564,735)	(1,582,973)
General Reserve	16	115,544	57,380
Net Capital and Deficit		(1,528,756)	(1,645,368)
		4,206,820	4,239,682

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors on March 13, 2025.



Governor



Chief Financial Officer

Statement of Income and Comprehensive Income

For the year ended December 31, 2024

(Expressed in BDS \$'000)

	<u>NOTES</u>	<u>2024</u>	<u>2023</u>
INCOME:			
Interest:			
Treasury Bills		11,092	8,785
Advances		4,510	6,488
Deposits		26,070	22,266
Securities		94,177	84,470
Other		4,324	7,630
		<u>140,173</u>	<u>129,639</u>
Commissions and Fees		16,223	16,309
Other Income		2,750	3,298
Share of Profit of Associate		77	310
Net Gain (Loss) on FX Currency Revaluation		18,161	(5,901)
Gain on Disposal of Property, Plant and Equipment		14	4
Net (Loss) Gain on Foreign Investment Securities at FVTPL		(1,004)	762
Net Loss on Sale of Foreign Securities		<u>(2,040)</u>	<u>(8,764)</u>
Earnings before interest costs, operating costs and impairment charges		<u>174,354</u>	<u>135,657</u>
EXPENSES:			
Administrative		30,154	23,804
Depreciation	10	4,747	4,811
Interest		33,384	38,273
Minting of Coins		858	1,458
Printing of Notes		2,146	2,451
Retirement Benefits	19	2,671	2,101
Medical Benefit	19	1,783	1,692
Salaries and Allowances		29,903	29,202
Credit Loss Recovery	21	(7,694)	(573)
Total Expenses		<u>97,952</u>	<u>103,219</u>
Net Income for the year		<u>76,402</u>	<u>32,438</u>
Other Comprehensive Income:			
Unrealized Gains on Securities at FVOCI		32,066	68,581
Retirement Benefit Adjustment	19	10,234	(5,043)
Medical Benefit Adjustment	19	(2,090)	276
Total Other Comprehensive Income		<u>40,210</u>	<u>63,814</u>
Total Comprehensive Income for the year		<u>116,612</u>	<u>96,252</u>

See accompanying notes to financial statements.

Statement of Changes in Equity

For the year ended December 31, 2024

(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, 2023	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 to General Reserve (Note 16)	-	-	-	-	(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)
Net Income for the Year	-	-	-	-	76,402	-	76,402
Fair Value Adjustment	-	-	32,066	-	-	-	32,066
Retirement Benefit	-	-	-	10,234	-	-	10,234
Medical Benefit Adjustment	-	-	-	(2,090)	-	-	(2,090)
Transfer to General Reserve (Note 16)	-	-	-	-	(58,164)	58,164	-
Balance carried forward – December 31, 2024	25,000	1,555	(83,340)	(22,780)	(1,564,735)	115,544	(1,528,756)

See accompanying notes to financial statements.

Statement of Cash Flows

For the year ended December 31, 2024

(Expressed in BDS \$'000)

	<u>NOTES</u>	<u>2024</u>	<u>2023</u>
Cash flows from operating activities			
Net Income for the Year		76,402	32,438
Adjustments for:			
Depreciation		4,747	4,811
Gain on sale of property, plant and equipment		(14)	(4)
Share of profit of associate		(77)	(310)
Retirement benefit adjustment		2,671	(7,388)
Increase in medical benefit obligation		1,783	881
Net unrealized (gains) losses on FX currency revaluation		(18,161)	5,901
Net losses (gains) on foreign investment securities at FVTPL	5	1,004	(762)
Credit loss recovery		(7,694)	(573)
Operating profit before working capital changes		60,661	34,994
Decrease (Increase) in Short Term Deposits	3	214,000	(304,147)
(Increase) Decrease in Other Assets		(4,657)	280
Net Increase in Foreign Securities	4	(230,969)	(146,440)
Decrease in Holdings of Special Drawing Rights		76,437	58,736
Net Decrease (Increase) in Local Securities		14,665	(587)
Net Decrease (Increase) in Government Advances		216,440	(2,055)
(Decrease) Increase in deposits		(109,682)	107,023
Decrease in Fixed Deposits		-	9,350
Increase in Other Liabilities		2,336	1,943
Decrease in Lease Liability		(216)	(223)
Net cash from (used in) operating activities		239,015	(241,126)
Cash flows used in investing activities			
Purchase of Property, Plant and Equipment	10a	(14,604)	(11,548)
Dividends from associate		2,184	-
Proceeds from Sale of Property, Plant and Equipment		17	4
Net cash used in investing activities		(12,403)	(11,544)
Cash flows (used in) from financing activities			
Increase in Notes and Coins in Circulation		30,357	43,574
Increase in Allocation of Special Drawing Rights		15	-
Repayment of Loan – International Monetary Fund		(54,375)	(23,426)
Net cash (used in) from financing activities		(24,003)	20,148
Net Increase (Decrease) in Cash and Cash Equivalents		202,609	(232,522)
Cash and Cash Equivalents at Beginning of Year		287,902	520,423
Cash and Cash Equivalents at End of Year		490,511	287,901
Cash and cash equivalents comprise:			
Current Account and Short-Term Deposits	3	477,556	274,127
Foreign Notes and Coins		12,955	13,774
		490,511	287,901

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$'000)

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 recognized 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 financial statements of the Bank for the year ended December 31, 2024.

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 \$1,528,756 (2023: \$1,645,368) as at December 31, 2024. This deficit was caused primarily by significant non-recurring costs in 2018 of \$1,693,255, which included the first time implementation of IFRS 9 and restructuring costs reflecting statutory initiatives of the 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 financial statements fairly present the Bank’s 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 recapitalization 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 November 2024, S&P raised its long and short-term foreign currency holdings ratings for Barbados to ‘B’ from ‘B-’ with a positive outlook. During October 2024, 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 positive’ and senior unsecured debt level of ‘B’.

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$000)

1. BUSINESS OF THE CENTRAL BANK, continued

In November 2020 the Bank consulted with an IMF mission team to discuss recapitalization. The purpose of the mission was to analyze the Bank's revenue generating capacity and capital needs to achieve policy solvency in the near to medium term through a government recapitalization plan. Subsequently the Cabinet at its meeting on June 24, 2021 approved a gradual approach to the recapitalization 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 recapitalization of authorized 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 to the Bank. Additionally, the Bank is mandated to negotiate the sale of its investment in associate to the Government.

2. MATERIAL ACCOUNTING POLICIES

a) Basis of Preparation

The 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 financial statements comprise the Statements of Financial Position, Income and Comprehensive income, Changes in Equity, Cash Flows and related notes.

The 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 unrealized gains or losses carried forward in the Statement of Other Comprehensive Income. The measurement of financial assets and liabilities measured at fair value through profit and loss are recorded at fair value.

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$'000)

2. MATERIAL ACCOUNTING POLICIES, continued

b) 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 recognized at cost.

The Bank's share of its associate's post-acquisition profits or losses is recognized in the Statement of Income and Comprehensive Income, and its share of post-acquisition movements in other comprehensive income or loss is recognized 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 equals or exceeds its interest in the associate, including any other unsecured receivables, the Bank does not recognize 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 recognizes the amount in the Statement of Income and Comprehensive Income.

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$'000)

2. MATERIAL ACCOUNTING POLICIES, continued

c) Investment in Associate, continued

Unrealized gains on transactions between the Bank and its associates are eliminated to the extent of the Bank's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. For the preparation of the 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 recognizes 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 recognizes 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 recognized 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.

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.

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$'000)

2. MATERIAL ACCOUNTING POLICIES, continued

d) Leases, continued

Bank as a Lessee, continued

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 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 recognized 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 recognized 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 recognized 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 recognizes 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 recognized in profit or loss when the inputs become observable, or when the instrument is derecognized.

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$'000)

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 realized 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.

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$'000)

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 recognized in Other Comprehensive Income (“OCI”). Interest income and foreign exchange gains and losses are recognized 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 recognized 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 recognized 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.

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$'000)

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 recognizing 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 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 recognized 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 recognized in the Statement of Income and Comprehensive Income.

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.

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$'000)

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 derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new instrument, with the difference realized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognized 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 derecognize 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 derecognized when the rights to receive cash flows from the financial asset have expired. The Bank also derecognizes 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.

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$'000)

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 recognized only to the extent of the Bank's continuing involvement, in which case, the Bank also recognizes 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 derecognized 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 recognized in the 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.

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$'000)

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 recognized, the Bank recognizes 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 recognized based on a credit-adjusted EIR. ECLs are only recognized 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 derecognized and is still in the portfolio.
- EAD - The Exposure at Default is an estimate of the exposure at a future default date, considering 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.

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$000)

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 recognizes 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 recognizes 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 recognized less cumulative amortisation recognized in Statement of Income and Comprehensive Income 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.

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$'000)

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 reorganization;
- 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 recognized in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognized 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 recognizes 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.

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$000)

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 recognized 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 recognized 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 amortized 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 recognized when the Bank's right to receive the payment is established.

Notes to Financial Statements

December 31, 2024
(Expressed in BDS \$'000)

2. MATERIAL ACCOUNTING POLICIES, continued

p) Foreign Currencies

The Bank's 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 recognized 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 recognized in OCI or profit or loss are also recognized 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 recognized 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 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.

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$'000)

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 Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize 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 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 recognized 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 recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the 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 recognized 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 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 recognized immediately in OCI. Past-service costs are recognized immediately in the Statement of Income and Comprehensive Income. The pension plan is funded by payments from the Bank, considering the recommendations of independent qualified actuaries. Employees were allowed to make additional voluntary contributions up to June 2019. The Board allowed employees to restart voluntary contributions in March 2023.

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$'000)

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, 2024, the Scheme had a surplus on both a going concern and solvency basis. Therefore, no special payments were required.

Post-Employment Benefits

The Bank operates a post-employment medical benefits plan 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 19.

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 financial statements in conformity with IFRS requires management to make certain significant estimates and judgements that affect amounts reported in the 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.

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$000)

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 21.

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 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 recognized 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 recognized in the Statement of Income and Comprehensive Income.

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 Statement of Financial Position.

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$'000)

2. MATERIAL ACCOUNTING POLICIES, continued

y) Trust and Custodial Activities

Amounts administered by the Bank under custodial and administration arrangements totaled \$114,170 in 2024 (\$82,640 in 2023).

\$114,170 (2023: \$82,640) of these amounts have been redeposited with the Bank. Also see Note 13.

z) New and Amended Standards and Interpretations

The following amendments to existing IFRS accounting standards became effective for annual periods beginning on January 1, 2024.

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16
- Disclosures: Supplier Finance Arrangements -Amendments to IAS 7 and IFRS 7

None of these amendments will have an impact on the Bank's financial statements at December 31, 2024.

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 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 the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7*
- *IFRS 18 Presentation and Disclosure in Financial Statements*

The Bank is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$'000)

3. BALANCES HELD ABROAD

Balances held abroad comprise:

	<u>2024</u>	<u>2023</u>
Current Accounts	93,303	164,647
Short-Term Deposits due 3 Months or less	359,123	88,000
Accrued Income	25,130	21,480
	<u>477,556</u>	<u>274,127</u>
Short-term Deposits due Between 3 and 6 Months	140,216	354,216
	<u>617,772</u>	<u>628,343</u>

Current accounts and short-term deposits with foreign banks earn interest at rates varying between 4.25% and 5.33% (2023: 5.21% and 5.76%).

4. FOREIGN SECURITIES

Foreign Securities at fair value comprise:

	<u>2024</u>		<u>2023</u>	
	Amortized Cost/ Original Cost	Fair Value	Amortized Cost/Original Cost	Fair Value
Debt Securities at FVOCI:				
Bonds/Debentures - Regional	10,816	7,422	12,905	12,685
Bonds/Debentures - Other	2,514,756	2,434,783	2,281,569	2,166,356
	<u>2,525,572</u>	<u>2,442,205</u>	<u>2,294,474</u>	<u>2,179,041</u>
Equities Securities at FVOCI:				
Equities	286	313	286	313
	<u>2,525,858</u>	<u>2,442,518</u>	<u>2,294,760</u>	<u>2,179,354</u>

A cumulative net unrealized loss of \$83,340 (2023: \$115,406) arose on the revaluation of Securities and is included in OCI. Included in Bonds/Debentures is a 12- month ECL provision of \$2,210 (2023: \$534) on regional securities. This represents an increase in ECL by \$1,676 (2023: decrease \$405).

Bonds/Debentures earn interest at rates varying between 0.25% and 8.00% (2023: 0.25% and 8.00%) and mature between 3 months and 30 years (2023: 3 months and 30 years).

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$'000)

5. DERIVATIVE FINANCIAL INSTRUMENTS

Fixed income future contracts

Currency futures represent commitments to purchase foreign currency at a fixed exchange rate at a specified date in the future. The contracts are initially recognized 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, 2024:

Currency purchased/sold	Cost of contracts	Cost of contracts BDS\$ equivalent	Value date of contracts	Fair Value
USD	5,841	11,682	Dec-24	238

The following is an analysis of the currency futures held with negative fair value as at December 31, 2024:

Currency purchased/sold	Cost of contracts	Cost of contracts BDS\$ equivalent	Value date of contracts	Fair Value
USD	73,082	146,164	Dec-24	(479)

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)

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$'000)

6. IMF ASSETS

	2024	2023
Reserve Tranche	33,215	34,181
Holdings of Special Drawing Rights	88,618	168,510
Total IMF assets	121,833	202,691

The Reserve Tranche and Holdings of Special Drawing Rights (SDR) pertain to the value of SDRs at December 31, 2024.

The balances held at December 31, 2024 amounted to SDR 12,663 (2023: SDR 12,663) and SDR 33,786 (2023: SDR 62,428), respectively. The rate of translation of SDRs to Barbados dollars at December 31, 2024 is \$1 = SDR 0.381251 (2023: \$1 = SDR 0.370473).

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 14.

IMF assets have no fixed terms of repayment and earned interest at rates varying between 3.16% and 4.13% (2023 rates varying between 2.92% and 4.20%).

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$'000)

7. LOCAL SECURITIES

Amounts comprise debt securities at amortised cost:

	2024		2023	
	Nominal Value	Amortised Cost	Nominal Value	Amortised Cost
Barbados Government Treasury Bills	208,995	207,220	208,995	207,220
Barbados Government Treasury Notes	193,455	192,627	212,370	210,138
	402,450	399,847	421,365	417,358
Barbados Government Debentures – Series H	414,440	417,983	414,440	414,841
Barbados Government Debentures - Series B	4,969	3,803	4,969	4,099
	419,409	421,786	419,409	418,940
	821,859	821,633	840,774	836,298

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 derecognized (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 recognized (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.

Notes to Financial Statements

December 31, 2024
(Expressed in BDS \$000)

7. LOCAL SECURITIES, continued

The average yield on Treasury Bills during the year was 3.50% (2023: 3.50%). The average yield on Debentures was 6.52% (2023: 6.52%). The average yield on Treasury Notes was 4.25% (2022: 4.25%).

The carrying values in the previous table represent the costs less ECL; no discount is included.

The POCI Credit Impaired Lifetime ECL on local securities is \$13,748 (2023: \$20,325). This represents a release in ECL of \$6,577 (2023: increase of \$256). Also see Note 21.

8. ADVANCES TO GOVERNMENT

	2024	2023
Advances to Government	-	216,440

The balances outstanding are within the authorized statutory limit. The advances earned interest at rate of 3.50% (2023: 3.50%). See further description at Note 21.

The limit in force was \$220,600 from January to March 2024 and \$232,400 from April to December 2024.

The limit in force was \$220,600 January to December 2023. There were no instances where the limit was breached in the years ended December 31, 2024 and 2023.

During December 2024 the advances to the Government were fully repaid to the Bank.

9. 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 financial statements.

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

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$'000)

9. INVESTMENTS, continued

Investment in Associate, continued

	<u>2024</u>	<u>2023</u>
Assets	76,220	92,933
Liabilities	372	128
Equity	75,848	92,805
Revenue	1,756	3,602
Profit	578	2,330
Bank carrying amount of the investment	<u>10,236</u>	<u>12,343</u>

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 finalization of the Bank's accounts.

The entity had no contingent liabilities or capital commitments as at December 31, 2024 and 2023.

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:

			<u>2024</u>	<u>2023</u>
	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			<u>1,306</u>	<u>1,306</u>

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:

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$'000)

9. INVESTMENTS, continued

Other investments, continued

	2024	2023
Assets	109,714	95,715
Liabilities	253	36
Equity	109,461	95,679
Revenue	11,603	7,481
Profit	10,806	6,796
Bank carrying amount of the investment	1,000	1,000

The entity had no contingent liabilities or capital commitments as at December 31, 2024 and 2023.

10.a PROPERTY, PLANT AND EQUIPMENT

	Freehold Buildings	Furniture and Equipment	Vehicles	Total
Cost:				
January 1, 2023	128,114	85,009	815	213,938
Additions	3,832	7,469	247	11,548
Disposal/write-offs	-	(115)	-	(115)
December 31, 2023	131,946	92,363	1,062	225,371
Additions	3,127	9,888	1,589	14,604
Disposals/write-offs	-	(1,216)	-	(1,216)
December 31, 2024	135,073	101,035	2,651	238,759
Accumulated Depreciation:				
January 1, 2023	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
Charge for the year	2,187	2,079	264	4,530
Eliminated on disposals	-	(1,213)	-	(1,213)
December 31, 2024	47,215	72,075	1,061	120,351
Net Book Value:				
December 31, 2024	87,858	28,960	1,590	118,408
December 31, 2023	86,918	21,154	265	108,337

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$'000)

10.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 recognized in the Statement of Financial Position:

	<u>2024</u>	<u>2023</u>
Right-of-use asset (Building)		
Balance brought forward	279	518
Depreciation	(217)	(239)
Balance carried forward	62	279

	<u>2024</u>	<u>2023</u>
Lease Liability		
Balance brought forward	341	564
Lease payments	(216)	(223)
Balance carried forward	125	341

	<u>2024</u>	<u>2023</u>
(ii) Amounts recognized in Profit and loss		
Depreciation charge on right-of-use assets	217	239
Interest expense on lease liabilities	9	42

11. OTHER ASSETS

Other assets include:

	<u>2024</u>	<u>2023</u>
Accrued Income	2,585	2,506
Cheques in Process of Collection	5	6,133
Prepayments	20,807	11,555
Staff Advances	17,421	14,466
Sundry Balances	948	2,449
	41,766	37,109

Staff advances represent mortgages and other loans provided to employees of the Bank. Staff advances earn interest at rates of 1%, 2%, or 4% (2023: 1%, 2% or 4%.) The amounts are net of ECL provision of \$119 (2023: \$119).

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$000)

11. OTHER ASSETS, continued

At December 31 the following categories of advances exist:

	<u>2024</u>	<u>2023</u>
Mortgages	10,290	9,183
Motor Vehicles	3,960	2,815
Education	545	383
Other	2,745	2,204
Less: Expected Credit Loss	(119)	(119)
	<u>17,421</u>	<u>14,466</u>

12. NOTES AND COINS IN CIRCULATION

	<u>2024</u>	<u>2023</u>
Notes	1,040,512	1,012,775
Coins	77,071	74,451
	<u>1,117,583</u>	<u>1,087,226</u>

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, 2024, the nominal value of numismatic coins sold, totaled approximately \$10,669 (2023: \$11,584) 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.

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

	<u>2024</u>	<u>2023</u>
Government	457,391	435,368
Banks	3,006,307	3,250,679
Financial Institutions	888	1,345
Other	352,272	239,148
	<u>3,816,858</u>	<u>3,926,540</u>

Included in deposits are the following:

- Government deposits include amounts totaling \$114,170 (2023: \$82,640) which represent uninvested funds held on behalf of Government which the Bank manages in a custodial capacity. Also see Note 2(y).

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$'000)

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

- b) Banks deposits include amounts totaling \$679,728 (2023: \$617,963) 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 totaling \$110,312 (2023: \$102,236). The Bank pays interest on foreign deposits at the rate of 0.10% (2023: 0.10%).
- c) Other deposits include:
- amounts due to related parties and managed entities totaling \$155,817 (2023: \$147,002) which are unsecured, interest free with no fixed terms of repayment. Also see Note 18.
 - amounts totaling \$23,004 (2023: \$20,674) 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 totaling \$158,797 (2023: \$63,008).

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

	2024	2023
Allocation of Special Drawing Rights	406,916	418,770

This amount of SDR 154,948 (2023: 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.

	2024	2023
IMF Loan (Extended Fund Facility)	290,710	354,277

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 (totaling \$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 17.

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).

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$000)

14.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 3.844% (2023: 4.807%). 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 totaling \$61,202 (2023: \$55,110) within one year, \$221,857 (2023: \$251,930) between 1 and 5 years and \$7,650 (2023: \$47,237) after 5 years. Interest on the loan is expected to be paid in amounts totaling \$10,370 (2023: \$17,327) within one year, \$18,615 (2023: \$38,659) between 1 and 5 years and \$153 (2023: \$2,636) after 5 years. Repayments commenced April 2023. Repayments of \$54,375 (2023: \$23,426) were made during the year.

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

15.OTHER

This amount comprises:

	2024	2023
Accounts Payable	9,233	11,862
Contribution Payable – UWI Fund re Chair in Banking	1,161	1,161
Audit Fees and related fees (iii)	102	185
Domestic Clearing	8,485	7,469
Dormant Accounts (i)	57,710	51,561
Frank Collymore Literary Endowment Fund	1,000	1,000
Repayment Guarantee to IMF (ii)	-	1,390
Sundry Balances	5,600	6,327
	<u>83,291</u>	<u>80,955</u>

- (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 17 (b).
- (iii) The audit fees expense during the year amounted to \$194 (2023: \$185). There were no other services provided by the auditor during the year.

16.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.

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$'000)

16. 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, this amount was fully paid.

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 unrealized gains, if any.

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

	2024	2023
Distributable Profit:		
Net Income for the year	76,402	32,438
(Less): Net gain on FX currency revaluation	(18,161)	-
(Less): Unrealized Gain on Derivatives	-	(762)
Share of profit of Associate	(77)	(310)
Balance as at December 31:	58,164	31,366

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 \$58,164 (2023: \$31,366) from Distributable Profit to General reserves.

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$'000)

16. CAPITAL AND RESERVES (DEFICIT), continued

	<u>2024</u>	<u>2023</u>
Paid Up Capital		
Balance as at December 31, 2024 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.

	<u>2024</u>	<u>2023</u>
Balance as at January 1:	57,380	26,014
Transfer from Distributable Profit	58,164	31,366
Balance as at December 31:	115,544	57,380

Contributed Surplus

	Share of Contributed loss from Associate	Forgiveness of Loan due to Associate	Total
Balance, as at December 31, 2024 and 2023	(733)	2,288	1,555

Forgiveness of loan due to Associate

During 2018, a subsidiary received a forgiveness of debt totaling \$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 totaling \$733 was recognized relating to the Bank's share of contributed loss from the Associate.

Fair Value Reserve

This amount relates to the cumulative unrealized 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.

Notes to Financial Statements

December 31, 2024
(Expressed in BDS \$000)

17.COMMITMENTS, CONTINGENCIES AND GUARANTEES

- (a) At December 31, 2024, the Bank had contracts for capital expenditure in the amount of \$1,331 (2023: \$1,004).
- (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 provided 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.

The MOU was updated on 30 December, 2024. The amended MOU stated that the MOF will ensure that there will be sufficient funds in the designated accounts to cover the payments to the IMF. In the event that the MOF does not hold sufficient funds in the designated accounts, the Bank will collaborate with the MOF to arrange funding to facilitate the due repayment amount. Effectively, the Bank no longer guaranteed repayments to the IMF under the Extended Fund Facility. As a result, the ECL provision of \$1,390 (2023: release of \$385) was released during the 2024 financial year. See Note 21. At December 31, 2024 the amount outstanding by Government to the IMF was \$648,851 (2023: \$606,049).

- (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.

18.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:

	2024	2023
Industrial Credit Fund	360	343
Housing Credit Fund	429	423
	789	766

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:

	2024		2023	
	Net Assets	Net Income	Net Assets	Net Loss
Managed Entity:				
Housing Credit Fund	123,882	8,085	120,763	947

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

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$'000)

18. 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:

	<u>2024</u>	<u>2023</u>
Short-term employee benefits	8,358	8,614
Post-employment benefits	185	1,674
Directors' fees	86	72
Total compensation	<u>8,629</u>	<u>10,360</u>
	<u>2024</u>	<u>2023</u>
Staff advances to key management personnel total:	<u>5,126</u>	<u>4,265</u>

19. 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, 2024. The scheme is registered with the Financial Services Commission under the Occupational Pension Benefits Act, 2012.

a) The amounts recognized in the Statement of Financial Position are as follows:

	<u>2024</u>	<u>2023</u>
Present value of defined benefit liability	(166,635)	(158,045)
Fair value of plan assets	184,966	160,691
Net asset recognized in the Statement of Financial Position	<u>18,331</u>	<u>2,646</u>

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$000)

19. PENSION AND POST-RETIREMENT MEDICAL SCHEME, continued

b) Reconciliation of amounts reported in the Statement of Financial Position

	<u>2024</u>	<u>2023</u>
Pension plan asset, beginning of year	2,646	301
Net pension costs during the year	(2,671)	(2,101)
Re-measurements recognized in Other Comprehensive Income	10,234	(5,043)
Contributions to pension scheme	8,122	9,489
Pension plan asset, end of year	<u>18,331</u>	<u>2,646</u>

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

	<u>2024</u>	<u>2023</u>
Opening defined benefit obligation	158,045	144,618
Current service cost	2,976	2,321
Interest cost	12,892	11,669
Employee's contributions	144	517
Actuarial gains	2,238	10,457
Benefits paid	(9,660)	(11,537)
Closing defined benefit obligation	<u>166,635</u>	<u>158,045</u>

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

	<u>2024</u>	<u>2023</u>
	%	%
Active members	50.70	48.56
Deferred members	2.53	2.62
Pensioners	46.77	48.82

The weighted average duration of the defined benefit obligation as at December 31, 2024 was 12.92 (2023: 12.86) years. 99.36% of the value of benefits for active members were vested while 47.86% of the defined benefit obligation for active members was conditional on future salary increases.

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$'000)

19. 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:

	2024	2023
Fair value of plan assets at the start of the year	160,691	144,919
Interest Income	25,672	17,307
Employer contribution	8,122	9,489
Employee's contributions	144	517
Benefits paid	(9,660)	(11,537)
Expense allowance	(3)	(4)
Fair value of plan assets at the end of the year	184,966	160,691

f) The amount recognized in the Statement of Income and Comprehensive Income:

	2024	2023
Current service cost	2,976	2,321
Net Interest on the net defined benefit asset	(308)	(224)
Administration expenses	3	4
Total included in staff cost	2,671	2,101

g) The amounts recognized in Other Comprehensive Income:

	2024	2023
Experience gains	2,238	10,457
Expected return on plan assets	13,200	11,893
Actual return on plan assets	(25,672)	(17,307)
	(10,234)	5,043

h) The Principal actuarial assumptions used:

	2024	2023
	%	%
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

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$'000)

19. 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:

	<u>2024</u>	<u>2023</u>
	Years	Years
Life expectancy at age 60 for current pensions:		
Male	25.27	25.19
Female	27.16	27.11
Life expectancy at age 60 for current members age 40 in years		
Male	26.82	26.75
Female	27.98	27.94

i) Plan assets are comprised as follows

	<u>2024</u>	<u>2023</u>
<i>Employers:</i>		
Deposits	1,000	-
Fixed income securities	103,180	90,618
Equity securities	71,813	61,742
Cash	1,775	2,577
Other assets	1,521	703
Total	<u>179,289</u>	<u>155,640</u>

	<u>2024</u>	<u>2023</u>
<i>Employees:</i>		
Fixed income securities	5,199	4,875
Equity securities	123	129
Cash	355	47
	<u>5,677</u>	<u>5,051</u>
Total	<u>184,966</u>	<u>160,691</u>

As at December 31, 2024 approximately 58.59% (2023: 59.43%) of the Plan was directly invested in Barbados Government Debentures and Treasury Bills. The Plan has amounts totalling \$893 (2023: \$407) at the Bank which are included in Other Deposits as per Note 13.

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$000)

19. 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, 2024					
Pension benefits	9,139	9,662	32,530	65,030	116,361
As at December 31, 2023					
Pension benefits	9,164	8,562	29,326	58,411	105,463

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

Net Assets	Defined benefit Obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	148,046	189,691
Salary growth rate	1%	176,621	157,955
Life expectancy	1 year	171,116	-

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, 2024 and 2023.

i) Net benefit cost (recognized in Statement of Income and Comprehensive Income):

	2024	2023
Current service cost	393	349
Interest cost on benefit obligation	1,390	1,343
	<u>1,783</u>	<u>1,692</u>

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$'000)

19. PENSION AND POST-RETIREMENT MEDICAL SCHEME, continued

j) Post-retirement medical scheme, continued

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

	<u>2024</u>	<u>2023</u>
Beginning of year	(16,941)	(16,335)
Net benefit cost relating to current period	(1,783)	(1,692)
Employer contributions	962	810
Effect of Statement of Other Comprehensive Income	(2,090)	276
Obligation, end of year	<u>(19,852)</u>	<u>(16,941)</u>

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

	<u>2024</u>	<u>2023</u>
Benefit obligation, beginning of period	(16,941)	(16,335)
Current service cost	(393)	(349)
Interest cost	(1,390)	(1,343)
Benefits paid	962	810
Actuarial gains	(2,090)	276
Closing benefit obligation	<u>(19,852)</u>	<u>(16,941)</u>

vi) The amounts recognized in Other Comprehensive Income:

	<u>2024</u>	<u>2023</u>
Loss (gain) from experience	2,090	(276)

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

	<u>2024</u>	<u>2023</u>
Fair value of plan asset, beginning of year	-	-
Employer contributions	962	810
Employee contributions	-	-
Benefits paid	(962)	(810)
Fair value of plan asset, end of year	<u>-</u>	<u>-</u>

Notes to Financial Statements

December 31, 2024
(Expressed in BDS \$000)

19.PENSION AND POST-RETIREMENT MEDICAL SCHEME, continued

j) Post-retirement medical scheme, continued

vii) The Principal actuarial assumptions used:

	2024	2023
	%	%
Discount rate	8.25	8.25
Medical claims inflation	4.50	4.50
Future expenses	NIL	NIL

20.TAXATION

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

21.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.

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$'000)

21. 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 analyze 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 stipulate 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, 2024 and December 31, 2023, based on Moody's or equivalent:

Foreign Securities:

	2024	2023
R Rated (Moody's)		
AAA	1,347,089	1,296,049
AA+	758,940	658,116
AA	43,789	28,993
A+	149,195	89,372
AA-	116,129	84,505
Aa2	19,641	9,321
	<u>2,434,783</u>	<u>2,166,356</u>
Unrated		
Regional Securities	7,422	12,685
Equities Securities	313	313
Total Foreign Securities	<u>2,442,518</u>	<u>2,179,354</u>

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$'000)

21. 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:

	2024	2023
Asset Backed Securities	65,853	89,470
Mortgage Backed Securities	13,317	13,744
Treasuries	6,577	39,359
Government Bonds	857,760	615,476
Supranational Bonds	692,281	662,551
Corporates	233,571	190,587
Agencies	572,036	564,389
Other	1,123	3,778
Total	2,442,518	2,179,354

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 2024 or 2023.

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.

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$'000)

21. 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 2023 \$82,888 of local securities matured and were 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.

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$'000)

21. 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 20% (2023: 25%) of total assets.

The 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 Statement of Income and Comprehensive 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.

2024	Note	Stage1	Stage2	Stage 3	POCI*	Total
January 1:		3,744	534	-	20,325	24,603
<i>Regional Securities:</i>						
Changes in Assumptions	4	-	1,676	-	-	1,676
<i>Repayment Guarantee to IMF:</i>						
Reversal	17(b)	(1,390)	-	-	-	(1,390)
<i>Local Securities:</i>						
Unwinding of ECL/Discount	7	-	-	-	(6,483)	(6,483)
Remeasurement - Bonds	7	-	-	-	(94)	(94)
Recognition - Treasury Notes	7	(1,403)	-	-	-	(1,403)
		(2,793)	1,676	-	(6,577)	(7,694)
December 31:		951	2,210	-	13,748	16,909

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$'000)

21. FINANCIAL RISK MANAGEMENT, continued

Expected Credit Loss, continued

2023	Note	Stage1	Stage2	Stage 3	POCI*	Total
January 1:		4,168	939	-	20,069	25,176
<i>Regional Securities:</i>						
Changes in Assumptions	4	-	(322)	-	-	(322)
Reversal	4	-	(83)	-	-	(83)
<i>Repayment Guarantee to IMF:</i>						
Remeasurement	17(b)	(385)	-	-	-	(385)
<i>Local Securities:</i>						
<i>Local Securities:</i>						
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

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

Foreign securities are predominantly A rated as disclosed earlier in Note 21. 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 \$5,639 (2023: \$7,118). A one rate deterioration in credit ratings will cause profit to decrease by \$6,870 (2023: \$8,171).

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 14. 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.

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$'000)

22. FINANCIAL RISK MANAGEMENT, continued

Currency Risk, continued

As at December 31, 2024, the Bank's exposure to major currencies in \$'000's was as follows:

Assets	US	GBP	CAD	EURO	BDS	SDR	OTHER	TOTAL
Balances Held Abroad	611,926	4,268	1,105	396	-	-	77	617,772
Foreign Notes and Coins	7,637	2,303	1,166	948	-	-	901	12,955
Foreign Securities	2,442,518	-	-	-	-	-	-	2,442,518
IMF Related Assets	-	-	-	-	-	121,833	-	121,833
Barbados Government T-Bills	-	-	-	-	207,220	-	-	207,220
Barbados Government Treasury Notes	-	-	-	-	192,627	-	-	192,627
Barbados Government Debentures	-	-	-	-	421,786	-	-	421,786
Other Assets	-	-	-	-	41,766	-	-	41,766
Total Assets	3,062,081	6,571	2,271	1,344	863,399	121,833	978	4,058,477
Liabilities								
Notes and Coins in Circulation	-	-	-	-	1,117,583	-	-	1,117,583
Government Deposits	-	-	-	-	457,391	-	-	457,391
Deposits of Banks	103,210	33	2,124	-	2,900,940	-	-	3,006,307
Deposits of Financial Institutions	-	-	-	-	888	-	-	888
Derivative Financial Instruments	241	-	-	-	-	-	-	241
Other Deposits	-	-	-	-	352,272	-	-	352,272
Allocation of Special Drawing Rights	-	-	-	-	-	406,916	-	406,916
IMF Loan	-	-	-	-	-	290,710	-	290,710
Lease Liability	-	-	-	-	125	-	-	125
Other Liabilities	-	-	-	-	83,291	-	-	83,291
Total Liabilities	103,451	33	2,124	-	4,912,490	697,626	-	5,715,724
Net Position	2,958,630	6,538	147	1,344	(4,049,091)	(575,793)	978	(1,657,247)

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$'000)

21. 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:

Assets	US	GBP	CAD	EURO	BDS	SDR	OTHER	TOTAL
Balances Held Abroad	614,780	659	12,538	280	-	-	86	628,343
Foreign Notes and Coins	1,039	9,065	966	1,851	-	-	853	13,774
Foreign Securities	2,179,354	-	-	-	-	-	-	2,179,354
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
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)

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$'000)

21. 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, 2024

	Effect on profit of 5% Increase	Effect on Profit of 5% Decrease
Assets		
EURO	67	(67)
GBP	329	(329)
CAD	114	(114)
SDR	6,092	(6,092)
Liabilities		
GBP	(2)	2
CAD	(106)	106
SDR	(34,881)	34,881

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

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.

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$'000)

21. 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 analyzes assets and liabilities of the Bank into relevant maturity profiles based on the remaining period at the reporting date to the contractual maturity date.

2024

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
Foreign Currency Assets						
Balances Held Abroad	93,303	384,253	140,216	-	-	617,772
Foreign Notes and Coins	12,955	-	-	-	-	12,955
Foreign Securities	7,735	63,325	466,920	1,455,247	449,291	2,442,518
IMF Related Assets	121,833	-	-	-	-	121,833
Total Foreign Currency Assets	235,826	447,578	607,136	1,455,247	449,291	3,195,078
Local Currency Assets						
Barbados Government T-Bills	-	-	207,220	-	-	207,220
Barbados Government Treasury Notes	-	-	-	192,627	-	192,627
Barbados Government Debentures	-	-	-	87,223	334,563	421,786
Other Assets	24,555	3	174	3,886	13,148	41,766
Total Local Currency Assets	24,555	3	207,394	283,736	347,711	863,399
Total Assets	260,381	447,581	814,530	1,738,983	797,002	4,058,477
Liabilities						
Notes and Coins in Circulation	1,117,583	-	-	-	-	1,117,583
Government Deposits	457,391	-	-	-	-	457,391
Deposits of Banks	3,006,307	-	-	-	-	3,006,307
Deposits of Financial Institutions	888	-	-	-	-	888
Other Deposits	352,272	-	-	-	-	352,272
Allocation of Special Drawing Rights	406,916	-	-	-	-	406,916
IMF Loan	-	-	61,202	221,858	7,650	290,710
Lease Liability	-	-	-	125	-	125
Other Liabilities	83,291	-	-	-	-	83,291
Total Liabilities	5,424,648	-	61,202	221,983	7,650	5,715,483

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$'000)

21.FINANCIAL RISK MANAGEMENT, continued

Liquidity Risk, continued

2023

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
Foreign Currency Assets						
Balances Held Abroad	164,646	109,480	354,217	-	-	628,343
Foreign Notes and Coins	13,774	-	-	-	-	13,774
Foreign Securities	10,621	134,426	148,448	1,552,912	332,947	2,179,354
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

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$000)

21. 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.

22. 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.

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$'000)

22. 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, 2024:

	(Level 1)	(Level 2)	(Level 3)
Debt Securities at FVOCI	411,396	2,030,809	-
Equity Securities at FVOCI	-	-	313
Derivatives at FVTPL	(241)	-	-
	<u>411,155</u>	<u>2,030,809</u>	<u>313</u>

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	1,883,011	-
Equity Securities at FVOCI	-	-	313
Derivatives at FVTPL	762	-	-
	<u>296,792</u>	<u>1,883,011</u>	<u>313</u>

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

	<u>2024</u>		<u>2023</u>	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Barbados Government Debentures	421,786	463,577	418,940	417,795
Barbados Government Treasury Notes	192,627	197,529	210,138	213,560
	<u>614,413</u>	<u>661,106</u>	<u>629,078</u>	<u>631,355</u>

Notes to Financial Statements

December 31, 2024

(Expressed in BDS \$000)

23.COMPARATIVES

Certain prior year comparatives have been reclassified to conform with the current year's presentation:

- i. Interest expense included amounts totaling \$968 related to income that are now reclassified to other income.
- ii. Interest expense included amounts totaling \$7,630 related to income that are now classified as other interest income.
- iii. Foreign securities included amounts totaling \$2,378 related to cash which have been reclassified to Balances Held Abroad.



CENTRAL BANK OF BARBADOS
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