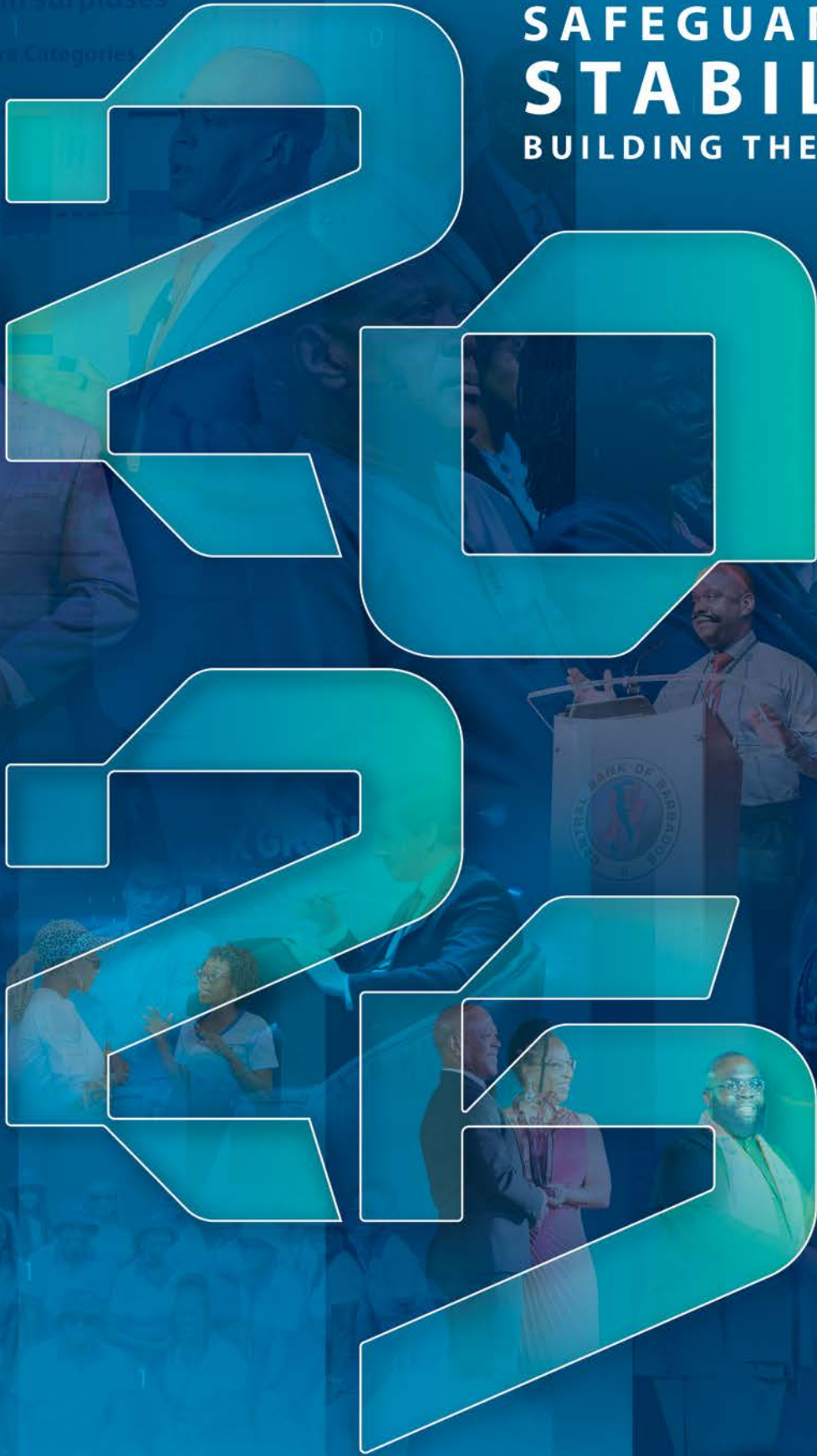




2025 | ANNUAL REPORT

SAFEGUARDING STABILITY

BUILDING THE FUTURE



Operations resulted in surpluses
Main Revenue and Expenditure Categories

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Main Revenue and Expenditure Categories

2025

About the Cover

This cover concept harnesses the power of geometry and typographic form to create a visually striking, chart-inspired design that bridges the analytical and the expressive. Through precision-crafted shapes and thoughtful spatial hierarchy, the design evokes the clarity and structure of data visualisation while remaining open, dynamic, and forward-looking.

Within this flowing matrix, carefully integrated photographic imagery emerges, serving as visual anchors that connect quantitative flow with the qualitative story of progress and potential.

The dramatic shapes and confident spacing work together to form an engaging snapshot of stability in motion suggesting how thoughtful policy and strategic action can foster a secure present and unlock new windows to the future. The overall aesthetic feels grounded, flowing and futuristic: a visual synthesis that reflects the Bank's role in shaping a resilient economy while anticipating what lies ahead.

This design celebrates direction while mirroring the Central Bank's commitment to sound economic stewardship and a future of sustained growth and opportunity.



2025
ANNUAL REPORT

**SAFEGUARDING
STABILITY
BUILDING THE FUTURE**

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CENTRAL BANK OF BARBADOS

Tom Adams Financial Centre
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BB1 1126 Barbados, W.I.
(246) 429-7179

kevin.greenidge@centralbank.org.bb

March 31, 2026

The Hon. Ryan Straughn, M.P.
Minister of Finance
Ministry of Finance
Government Headquarters
Bay Street
ST. MICHAEL

Dear Minister:

In accordance with Section 68(3) of the Central Bank of Barbados Act, 2020-30, I have the honour on behalf of the Board of Directors to submit to you in your capacity as Minister of Finance, the Bank's Annual Accounts for the year ended December 31, 2025 as certified by the External Auditors, together with the Report on the Bank's operations during 2025.

Sincerely,

Dr., The Most Honourable Kevin Greenidge, F.B.
Governor

Encs.

centralbank.org.bb



Corporate Profile

Parliament established the Central Bank of Barbados in 1972. Parliament reinforced the Bank's mandate in December 2020 when it enacted the *Central Bank of Barbados Act, 2020*.

The Act sets two objectives: the Bank maintains the value of the Barbados currency as its primary objective, and the Bank promotes financial stability that supports the orderly and sustained economic development of Barbados as its secondary objective.

Mission Statement

We 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 & Innovation



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

Accountability



We demonstrate timeliness, openness, and accuracy in our work, information, and data. We protect the assets and resources under our responsibility and meet our obligations.

Governance



We follow the structures and policies the Board approves to inform, direct, and monitor the Bank's activities, and we use them to achieve our objectives.

Respect & Empathy



We recognise the value and worth of every person in the workplace. We listen carefully, consider different views, and remain sensitive to each other's experiences.

Integrity & Transparency



We protect our performance, success, and reputation by upholding the highest ethical standards. We communicate openly and apply policies consistently. We always practise honesty and fiscal responsibility in all our undertakings as a way of building trust among our stakeholders and garnering public support for our policy initiatives.

Team Spiritedness



We build a caring workplace where staff support each other and collaborate to achieve objectives. We bring enthusiasm to our work and take pride in serving Barbados.

Governor's Message

In 2025, the Central Bank of Barbados continued its steady and disciplined journey of institutional strengthening, guided by a clear and enduring principle: safeguarding stability while deliberately building the future. This balance between prudence and progress defined our actions throughout the year and shaped the way we approached transformation across the Bank.

The past year marked an important transition from internal consolidation to system-wide readiness. Having embedded a culture of excellence and accountability across the organisation, the Bank focused on strengthening the infrastructure, governance frameworks, and capabilities required to support a more modern, efficient, and inclusive financial system. These efforts did not seek speed for its own sake. Instead, they reflected a measured commitment to innovation that reinforces trust, resilience, and credibility.

A central pillar of this work involved advancing the national payments agenda in preparation for the launch of BiMPay, Barbados' instant payment system. Throughout 2025, the Bank concentrated on strengthening oversight arrangements, finalising operational standards, and deepening engagement with stakeholders to ensure that real-time payments emerge as secure, reliable, and trusted public infrastructure. This work underscored our belief that payment systems form part of the country's economic backbone and must meet the highest standards of reliability, integrity, and resilience.

Alongside payments reform, the Bank accelerated the development of its proprietary data and information systems. Reliable data, strong analytics, and timely insights remain essential to sound policy advice, effective supervision, and informed decision-making. By investing in integrated databases and supervisory

tools, the Bank enhanced its ability to monitor economic and financial developments, assess emerging risks, and support evidence-based policymaking in an increasingly complex global environment.



**Dr., The Most Honourable
Kevin Greenidge**

Central Bank of Barbados – Governor
Ph.D., F.B.

A handwritten signature in black ink, appearing to be 'K. Greenidge', written in a cursive style.

The transition toward a paperless operating environment also gathered momentum during the year. Through the expansion of digital workflows and enterprise content management systems, the Bank improved efficiency, strengthened records management, and reduced operational risk. These changes supported greater transparency, auditability, and continuity, while also advancing our commitment to environmental responsibility. Importantly, these reforms reflected a broader objective: embedding modern governance practices into the daily operations of the institution.

At the heart of every transformation effort stood our people. The Bank continued to invest in skills development, leadership capacity, and change management to ensure that staff remain confident, capable, and engaged. A strong institution rests on a workforce that understands not only what is changing, but why it matters. Throughout 2025, we prioritised clear communication, collaboration, and shared ownership of our strategic direction, recognising that sustainable transformation depends on people as much as on systems.

The Bank also remained focused on its core mandate responsibilities. We maintained vigilance in safeguarding the value of the Barbados dollar, promoting financial stability, and supporting

orderly economic development. Through ongoing engagement with Government, domestic stakeholders, and international partners, the Bank contributed to informed policy discussions and reinforced confidence in Barbados' macroeconomic framework. These efforts reflected continuity, discipline, and a firm commitment to institutional independence and accountability.

Public engagement and economic education continued to play an important role in strengthening trust and understanding. By explaining policy choices, demystifying economic concepts, and engaging citizens in meaningful dialogue, the Bank reaffirmed its role not only as a regulator and advisor, but also as a communicator and educator. Clear communication remains essential to effective policy transmission and public confidence.

Looking ahead, the Bank remains firmly anchored in its mandate while attentive to the demands of a changing financial landscape. The foundations laid during 2025 position the institution to support innovation responsibly, deepen financial inclusion, and strengthen resilience across the financial system. Guided by discipline, sound governance, and a commitment to excellence, the Central Bank of Barbados continues to build an institution that serves the country today while preparing confidently for the future.

Board of Directors



Dr., The Most Honourable
Kevin Greenidge
Governor
Ph.D., F.B.



Trevor Campbell
M.A.



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



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

Executive Committee & Senior Management

Executive Committee



Dr., The Most Honourable
Kevin Greenidge
Governor
Ph.D., F.B.



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 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., G.A.



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



Karla Austin
Director, 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.



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, CMIRM



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

Colin Arthur

Deputy Director
Instant Payment Services
M.Sc.

Sherri Bishop

Deputy Director
Communications and Outreach
M.Sc.

Runako Brathwaite

Deputy Director
Bank Supervision
M.Sc.

Debbie Briggs

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

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., G.A.

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

Aminah Evelyn

Deputy Director
Applications Development
and Maintenance
M.Sc.

Vincent Grosvenor

Deputy Director
Management Information Systems
M.Sc.

Roger Gumbs

Deputy Financial Controller
B.Sc., C.G.A., C.F.S.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 Peter-Kirton

Chief
Digital Programming
M.Sc.

Ross Simmons

Deputy Director
Payments IT Support Services Unit
B.Sc., CC

Tiffani Straker

Deputy Director
Projects
M.B.A., PMP

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 organisation of the Bank and the general policy which regulates the powers and duties of its employees, including the framework for recruitments, 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 which relate to its oversight role
- to request to be furnished with information of the Bank which it requires to carry out its oversight functions
- to adopt the accounting policies of the Bank and procedures which are in accordance with the internationally recognised accounting standards
- to make by-laws which regulate the conduct of the business of the Bank
- to make regulations and issue orders for the purpose of giving effect to the provisions of the Act
- to appoint committees for the purpose of exercising any of its functions

Composition of the Board

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

The members of the Board of Directors apart from the Governor are Mr. Trevor Campbell, Mr. Michael Edghill, Professor Winston Moore, Professor Justin Robinson, Ms. Lynne-Marie Simmons, and the Most Honourable Ian Carrington, F.B., the Director of Finance and Economic Affairs, who is an *ex officio* member. Mr. Jared Wright, a former member of the Board, tendered his resignation effective July 30, 2025.

The post of Bank Secretary, the officer chiefly responsible for Board administration, was held by Sadie Dixon, until her passing on October 6, 2025. Deputy Governor Elson Gaskin is temporarily performing the role of Bank Secretary.

Statutorily, there are three Deputy Governors of the Bank who may attend all Board meetings but are only entitled to vote if, in the absence or disability of the Governor, one of them is chairing a Board meeting. The three incumbent Deputy Governors are Alwyn Jordan, Michelle Doyle, and Elson Gaskin.

Meetings of the Board

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

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

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

In 2025, the Board met in nine regular sessions and two special meetings. The meetings were held at the Bank’s offices in the Courtney Blackman Grande Salle, and, on a few occasions, virtually. Among the matters considered in the year under review were economic developments and monetary policy, the administrative budget, human resource appointments, administrative policies, strategic planning, the making of regulations, and other regular periodic reporting.

Sub-Committees of the Board

There is one sub-committee of the Board, namely the Audit Committee. Pursuant to the *Central Bank of Barbados Act, 2020-30*, the Audit Committee has been given statutory recognition and must be comprised of non-executive Directors.

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

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

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

The Executive Committee

The Executive Committee consists of the Governor as Chairman and the three Deputy Governors. The Executive Director, Julia Weekes, attends meetings of the Executive Committee by invitation.

The Executive Committee's responsibilities include:

- the executive management of the Bank
- the formulation, adoption, and implementation of the policies of the Bank, including the monetary policy and the financial stability policy of the Bank
- the formulation and implementation of the policies that the Board adopts
- the management of the international reserves in accordance with the risk management and internal control framework as approved by the Board
- the rules for the reproduction of legal tender banknotes and the details of the exchange of legal tender banknotes, including the rules for the replacement of damaged legal tender banknotes
- the requirements and conditions for the management and access to the clearing and payment system
- making regulations in relation to the functions and powers which 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 six regular meetings and one special meeting.

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, payment system modernisation, widening its digital footprint, and the financing of Government.

Reports to the Board

The Executive Committee submitted quarterly reports to the Board.

Legislative Reform

Legislative Priorities

In 2025, the Bank piloted a number of enactments. They were as follows:

- The *Foreign Currency Permit Act, 2025*, published in the Official Gazette as Act No. 4 of 2025 on February 24, 2025
- The *National Payment System (Fees) Regulations, 2025*, published in the Official Gazette as S.I. 2025 No. 49 on May 15, 2025
- The *Central Bank of Barbados (Administrative Penalties) Regulations, 2025*, published in the Official Gazette as S.I. 2025 No. 63 on July 7, 2025
- The *National Payment System (Payment Service and Payment Service Providers) Regulations,*

2026, approved by the Board on December 18, 2025

- The *Central Bank of Barbados (Amendment) Act, 2025*, published in the Official Gazette as Act No. 36 of 2025 on December 23, 2025
- The *National Payment System (Amendment) Act, 2025*, published in the Official Gazette as Act No. 35 of 2025 on December 23, 2025

Risk Management

In 2025, the Bank's internal auditors performed assurance engagements and tasks in general conformance with the internal audit plan as well as advisory engagements management requested. Thereafter, they circulated reports to the relevant managers as well as the Executive Committee and the Audit Committee.

They also performed a risk assessment of the Bank's audit universe, updated the multi-year internal audit plan, and monitored and followed up on the findings of completed engagements. They provided periodic reporting to the Executive Committee and the Audit Committee on engagements and tasks, ensuring conformance with the Institute of Internal Auditors (IIA) Global Internal Audit Standards (released in 2024, effective from 2025), and facilitation of external information technology (IT) audit services.

Capacity Building in Projects Oversight and Risk Management

The Bank strengthened its project governance maturity and organisational capability through targeted initiatives that embedded disciplined execution and robust risk oversight. The Bank implemented a formal portfolio management framework and established a Portfolio Oversight Committee to provide structured leadership, strengthen accountability, and support informed decision-making across the project portfolio. The Bank also trained departmental project leads so they apply standardised project management practices consistently and take clear ownership of delivery outcomes.

The Bank strengthened enterprise risk management in parallel. The Bank refined the enterprise risk register, improved risk identification and assessment across business units, and monitored and reported key risks to Executive Management more consistently. The Bank strengthened risk governance, clarified roles and responsibilities, and delivered targeted awareness initiatives, and these actions supported a stronger risk culture.

From Infrastructure to Impact

The Bank strengthened project management capacity and reinforced risk management discipline, and these actions improved how the Bank plans, prioritises, and delivers projects. The Bank improved transparency and aligned strategic objectives with risk-related considerations more clearly, and leaders now make more informed decisions and execute with stronger discipline. These improvements position the Bank to anticipate and manage risks, improve project outcomes, and advance the transformation agenda in a structured and confident manner.

2. MACROECONOMIC DEVELOPMENTS

Barbados sustained stable economic growth and low inflation in 2025 despite heightened global uncertainty. Real GDP expanded by 2.7 percent, supported by broad-based gains across traded and non-traded sectors. Inflation moderated significantly, with the 12-month moving average declining to 0.7 percent in November 2025, while unemployment fell to 6.6 percent at end-September. International reserves remained strong at \$3 billion, providing a substantial buffer against external shocks.

Economic Activity

Broad-based expansion characterised economic performance in 2025. Stronger long-stay tourism, increased food production, and expanding services activity supported growth across the economy. The traded sector grew by 3.1 percent, driven by improvements in agriculture and tourism, while the non-traded sector expanded by 2.6 percent, led by construction and services. This balanced expansion reinforces the strength of Barbados' economic base and supports medium-term sustainability.

Tourism reached record levels and remained the primary engine of growth. Long-stay arrivals increased by 3.3 percent to 727,310 visitors, reflecting an additional 22,970 visitors relative to 2024. Expanded airlift and stronger marketing efforts supported gains from CARICOM, Europe, and Canada, while arrivals from the United Kingdom declined by 5.9 percent. Average hotel occupancy rose to 65.3 percent, and revenue per available room increased by 13.5 percent. Cruise tourism also expanded, with arrivals exceeding 546,000, contributing to a 3.1 percent increase in tourism value-added.

Global business activity strengthened and signalled continued movement toward higher value-added services. Authorities issued 2,524 foreign currency permits, representing a 1.3 percent increase over 2024. New permits declined marginally, but renewed permits increased, reflecting sustained corporate presence. Average salaries increased by 2.2 percent, even as employment levels declined by 8.1 percent, consistent with efficiency gains and structural adjustments.

Agriculture rebounded strongly despite adverse weather in the latter part of the year. Overall agricultural production increased by 13.3 percent, driven by a 12.9 percent rise in food crops and a 12.7 percent expansion in livestock and poultry production. Poultry output alone increased by 27.1 percent, and root crop production rose by 2.4 percent, reflecting higher yields.

Manufacturing remained broadly stable. Gains in beverages, chemicals, and non-metallic mineral products offset softer performance in other subsectors, resulting in a marginal 0.1 percent decline in overall manufacturing output.

Construction led non-traded sector growth. Output expanded by 9.8 percent, supported by residential and commercial development as well as public infrastructure projects, including Royaton, Pendry, Apes Hill Villas, and the National Performing Arts Centre. Services activity expanded by 1.1 percent, reflecting growth in financial, insurance, and real estate services.

Labour market conditions strengthened further during 2025. The unemployment rate declined to 6.6 percent at end-September from 7.1 percent a year earlier, reflecting a reduction of approximately 1,100 unemployed persons. Employment growth occurred primarily in construction, agriculture, and tourism. The labour force participation rate declined to 63.6 percent, while employment income increased by 1.3 percent during January to December.

Inflation moderated sharply as external price pressures eased. The 12-month moving average inflation rate declined from peaks above 4.7 percent in 2023 to 0.7 percent in November 2025. Lower international oil prices, reduced freight costs, and easing commodity prices contributed to this moderation.

Point-to-point inflation rose modestly toward the end of the year. Domestic inflation increased from 0.9 percent in November 2024 to 1.7 percent in November 2025, driven primarily by higher housing and utility costs and stronger demand for restaurant and dining services. Downward movements in clothing, recreation, transport, and certain household goods partially offset these pressures.

Barbados maintained a strong external position despite wider merchandise trade deficits. The current account deficit widened to \$1,204.3 million, reflecting higher imports and dividend outflows, but strong tourism receipts and project-related inflows supported reserves. International reserves declined marginally by \$140.9 million to \$3 billion, equivalent to 27.4 weeks of import cover, down from 30.1 weeks at end-2024.

Government maintained fiscal discipline while supporting investment. During the first nine months of FY2025/26, the primary surplus totalled \$541.7 million, equivalent to 3.3 percent of GDP, while the overall deficit narrowed to \$2.4 million or 0.01 percent of GDP. Revenue performance benefited from stronger VAT and import duties, while expenditure increases reflected infrastructure investment and higher wages.

Public debt continued its downward trajectory. The debt-to-GDP ratio declined to 94.6 percent at end-December 2025, a reduction of 2.1 percentage points, supported by economic growth, GDP rebasing, and sustained primary surpluses. Gross public sector debt totalled \$15.2 billion.

Outlook

Economic growth is expected to remain solid in the near term and strengthen modestly over the medium term. Real GDP growth is forecast at 2.5 to 3.0 percent in 2026, supported by continued tourism expansion, construction activity, and public investment under the Barbados Economic Recovery and Transformation (BERT) Programme 2026.

External risks remain elevated, but buffers provide resilience. Geopolitical tensions, trade policy uncertainty, and regional instability could influence external demand and capital flows. However, strong international reserves, improved credit ratings, and sustained fiscal discipline provide meaningful buffers against downside risks.

Overall, Barbados' economic outlook remains favourable, anchored by strong fundamentals and a clear reform trajectory. By safeguarding stability and growth in 2025 and maintaining disciplined policy management, Barbados has created the conditions to move decisively from recovery to sustained growth and transformation under BERT 3.0. Stability has not been an end in itself; it has been the platform for building the future.

Table 1: Leading Macroeconomic Indicators

	2019	2020	2021	2022	2023 ^(e)	2024 ^(e)	2025 ^(e)
Nominal GDP (\$ Million) ¹	12,333.4	10,806.5	11,897.8	13,773.3	14,446.5	15,195.1	16,033.1
Real Growth (%)	(0.0)	(16.5)	9.0	14.4	1.5	3.5	2.7
Inflation (M.A., %) ²	1.6	0.7	1.5	4.3	3.2	1.7	0.7
Unemployment (Annual, %) ³	10.1	-	14.1	8.4	7.9	7.1	6.6
Gross International Reserves (\$ Million)	1,478.5	2658.1	3,049.8	2,781.1	3,010.3	3,186.2	3,045.3
Gross International Reserves Cover (Weeks)	17.9	38.7	38.5	28.0	29.8	30.1	27.4
BoP Current Account (% of GDP)	(1.0)	(5.1)	(7.9)	(7.9)	(7.8)	(3.8)	(7.5)
Total Imports of Goods (% of GDP)	24.3	26.4	26.7	29.6	27.9	26.9	27.0
Travel Credits (% of GDP)	21.3	11.7	11.0	13.8	15.9	17.3	16.9
Financial Account (\$ Millions)	726.6	1,713.4	1,131.4	779.6	1,266.9	747.2	917.5
Gross Public Sector Debt (% of GDP) ⁴	101.3	118.6	112.3	102.0	102.2	97.2	94.6
Central Government External Debt (% of GDP)	25.1	36.8	37.7	34.5	37.7	36.7	36.7
External Debt Service to Curr. Acct. Cred.	3.4	9.1	6.0	7.0	9.1	9.0	25.6
Treasury-Bill Rate ⁵	0.5	0.5	0.5	0.5	2.4	1.9	0.6
Weighted-Average Deposit Rate	0.1	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	5.2
Excess Domestic Cash Ratio	18.5	22.4	26.8	27.0	25.8	21.9	20.3
Private Sector Credit Growth (%) ⁶	0.9	(1.2)	(0.7)	3.1	2.6	4.6	5.2
Private Sector Credit (% of GDP) ⁶	66.9	75.5	68.1	60.6	59.3	59.0	58.8
Domestic Currency Deposits (% of GDP) ⁶	94.3	113.7	107.7	97.1	93.8	95.7	92.3
Fiscal Year	2019/20	2020/21	2021/22	2022/23	2023/24	Apr-Dec 2024	Apr-Dec 2025
Fiscal Balance (% of GDP)	3.1	(4.2)	(3.8)	(1.7)	(1.6)	1.5	(0.01)
Primary Balance (% of GDP)	5.1	(0.8)	(0.7)	2.2	3.3	5.0	3.3
Interest (% of GDP)	2.0	3.3	3.1	3.9	4.9	3.6	3.3
Fiscal Current Account (% of GDP)	4.7	(1.5)	(0.5)	1.6	1.0	3.3	2.5
Revenue (% of GDP)	24.1	25.0	22.1	23.6	23.2	18.8	18.3
Expenditure (% of GDP)	21.0	29.2	26.0	25.3	24.8	17.3	18.4
Non-Interest Expenditure (% of GDP)	19.0	25.8	22.9	21.4	19.9	13.8	15.0
Capital Expenditure (% of GDP)	1.6	2.7	3.3	3.4	2.5	1.8	2.5
Gov't Interest Payments (% of Revenue)	8.4	13.4	14.1	16.5	20.9	18.9	18.3

(e) – Estimate

n.a - Not Available

1 - Barbados Statistical Service and Central Bank of Barbados

2 - Central Bank of Barbados estimated 12-month moving average as at October 2024 and 2025

3 - End-of-period unemployment rate for June 2024 and 2025

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 and Trust Companies and Credit Unions)

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

3. MAINTAINING THE PEG TO PROMOTE MACROECONOMIC STABILITY

The *Central Bank of Barbados Act, 2020* assigns “Maintaining the value of the currency” as the Bank’s primary objective, and the Bank placed this responsibility at the centre of its operations throughout the year. The fixed exchange rate of two Barbados dollars to one United States dollar (BDS\$2:US\$1) remains fundamental to macroeconomic stability, external confidence, and economic planning in Barbados. The Bank, therefore, treated safeguarding the peg not as a passive outcome, but as an active policy commitment that guided reserves management, foreign exchange operations, and engagement with key stakeholders.

The Bank strengthened this commitment through disciplined reserves management and foreign exchange operations. International reserves remained at robust levels, providing a substantial buffer against external shocks and supporting confidence in the currency regime. Through foreign currency repatriations and sales of local currency abroad, the Bank continued to augment reserve holdings while meeting legitimate foreign exchange demand. These operations ensured that the Bank retained the capacity to support the import-dependent economy, meet external obligations, and preserve confidence in the fixed exchange rate arrangement.

The Bank also reinforced the peg through operational modernisation and data-driven policy execution. Tools such as the Forex Online platform improved the efficiency and transparency of exchange control administration, while enhanced data collection through instruments such as the Balance of Payments Survey and the Coordinated Portfolio Investment Survey strengthened the Bank’s understanding of external sector dynamics. Through continuous engagement with Government, key productive sectors, and international partners, the Bank translated data into informed policy advice, ensuring that macroeconomic management remained consistent with the preservation of the exchange rate peg and the promotion of sustained economic stability.

Managing Reserves to Safeguard the Currency Peg

Maintaining strong international reserves remained central to the Bank’s strategy to safeguard the fixed exchange rate of two Barbados dollars to one United States dollar. The Bank treats the peg as a cornerstone of macroeconomic stability,

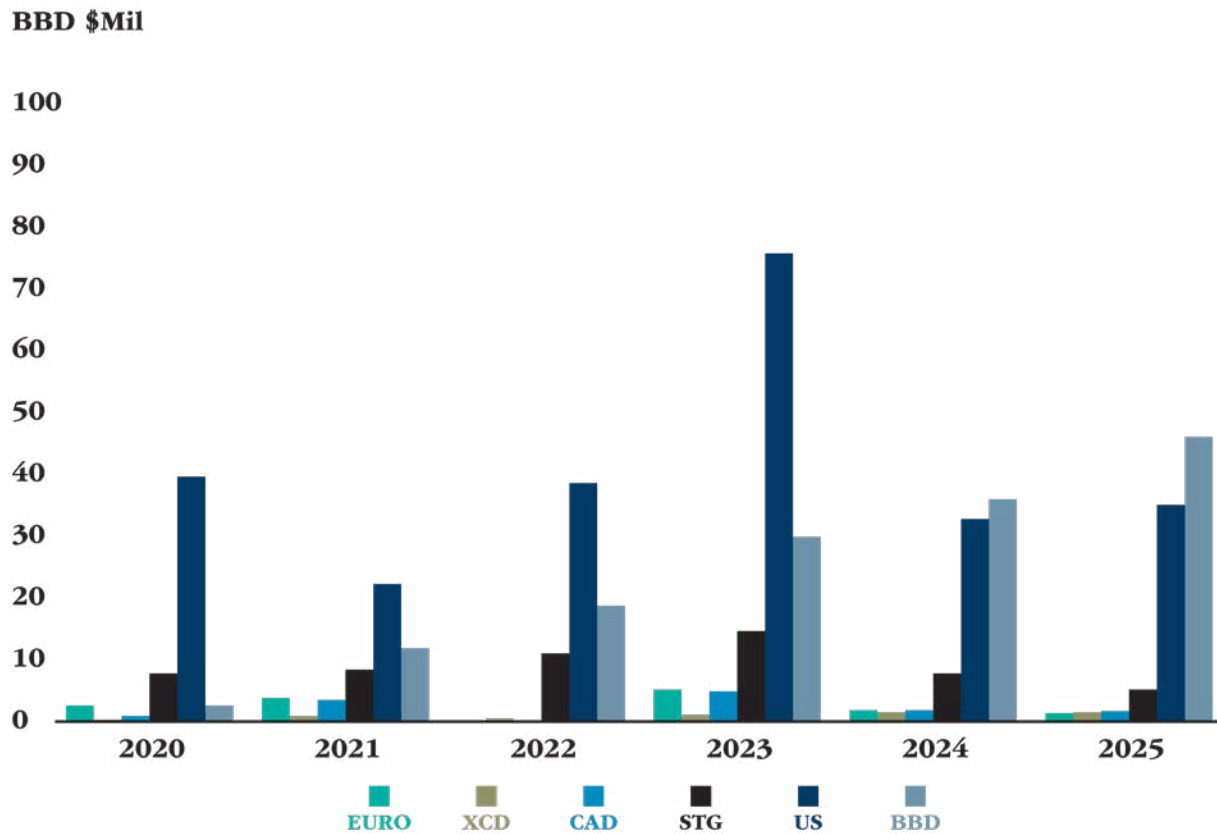
economic confidence, and national resilience, and it relies on reserve adequacy to protect the value of the currency, support the affordability of imports, and sustain confidence among households, businesses, and investors.

The Bank’s foreign currency management strategy continued to deliver tangible results during the year. Gross international reserves totalled \$3.0 billion at end-December 2025, remaining well above the commonly recognised 12-week adequacy benchmark. The Bank deliberately maintained reserves significantly above this threshold to provide a strong buffer against external shocks, including volatility in international markets and broader global economic slowdowns. This reserve position strengthened investor confidence, reinforced the credibility of the Barbadian dollar, and ensured that the Bank retained the capacity to meet foreign exchange obligations and support the economy’s import requirements without undue pressure.

Active foreign exchange operations supported reserve accumulation and preserved orderly market conditions. During the year, the Bank executed 18 repatriations of foreign and local currency totalling \$93 million, representing an increase of \$9 million over 2024. Sales of United States dollars abroad amounted to \$36 million, a year-over-year increase of \$3 million, while sales of sterling declined to \$5 million, a decrease of \$3 million from the previous year. Other currency transactions, including Canadian dollars, Eastern Caribbean dollars, and euros, totalled \$3.1 million. These operations contributed positively to net foreign asset accumulation and ensured stability in the foreign exchange market throughout the year.

Through disciplined reserves management, the Bank reinforced the credibility and durability of the currency peg. By aligning foreign exchange operations with broader macroeconomic conditions and maintaining a strong external buffer, the Bank strengthened its ability to absorb shocks, support sustained economic activity, and preserve confidence in the fixed exchange rate regime in an environment of heightened global uncertainty.

Figure 1: Repatriation of Foreign Currency and Sales of Barbadian Dollars



Improving Efficiency in Foreign Exchange Management with Forex Online

The Bank continued to modernise foreign exchange administration by expanding the use of the Forex Online platform. The platform streamlines how residents and businesses apply for foreign currency while strengthening the Bank’s ability to monitor and manage foreign exchange outflows. By shifting processes to a secure digital channel, the Bank improved efficiency, reduced processing times, and enhanced transparency in exchange control administration.

Usage of the platform increased strongly during the year, reflecting growing adoption and confidence among users. In 2025, Forex Online registered 9,202 new users, bringing the total number of registrants to 42,974. The system processed approximately 130,000 foreign exchange transactions, representing about 10,000 more transactions than in the previous year. Average daily throughput reached 352 applications, underscoring the platform’s role as a core operational tool for managing foreign exchange requests across the economy.

The Bank used Forex Online to strengthen both service delivery and data capture. The increased transaction volume allowed the Bank to process applications more efficiently while maintaining appropriate controls. At the same time, the platform generated timely and granular data on foreign exchange usage, which supported monitoring, analysis, and policy formulation related to external sector developments and exchange control administration.

Through continued investment in digital tools such as Forex Online, the Bank reinforced the operational foundations of the exchange rate regime. By aligning efficiency gains with strong oversight and data-driven decision-making, the Bank ensured that modernisation of foreign exchange management directly supported the safeguarding of the currency peg and the broader objective of macroeconomic stability.

Leveraging Research to Make Data-Driven Decisions

The Bank relied on rigorous data collection and applied research to strengthen macroeconomic analysis and policy advice. Throughout the year, the Bank used high-quality data to deepen its understanding of external sector dynamics, assess vulnerabilities, and support evidence-based engagement with Government and international partners. This approach ensured that policy recommendations reflected current economic conditions and emerging risks.

The Balance of Payments (BOP) Survey remained a cornerstone of the Bank’s external sector analysis. The annual survey collects comprehensive data on Barbados’ external transactions and international investment positions and plays a critical role in assessing external vulnerabilities and estimating gross domestic product. In 2025, the BOP survey achieved a 94.2 percent response rate, representing an increase of 3.2 percentage points over the previous year, with participation from more than 500 entities across the economy. This high level of engagement strengthened the coverage, accuracy, and reliability of external sector statistics and enhanced the analytical foundation used in macroeconomic assessment and policy formulation.

The Coordinated Portfolio Investment Survey (CPIS) complemented the BOP survey by providing detailed insights into portfolio investment flows. Conducted alongside the BOP survey, the CPIS focuses on cross-border holdings of equity and debt securities by residents of Barbados and improves the granularity of financial account data. In 2025, the CPIS recorded a 90.5 percent response rate, with participation from over 100 entities across multiple sectors. The survey enhanced the Bank’s ability to identify the geographic distribution of securities issuers and better understand the composition and risks associated with portfolio investments.

The Bank treated data from both surveys as strategic assets for safeguarding economic stability. Balance of Payments statistics supported the Barbados Statistical Service’s transition of the GDP base year from 2016 to 2023, ensuring that revised estimates more accurately reflect current economic structures, trade patterns, and cross-border activity. Together, the BOP and CPIS strengthened the Bank’s capacity to assess financial flows, monitor external vulnerabilities, and formulate effective economic policy, supporting sustainable economic outcomes and improved livelihoods for Barbadians.

Data as a Strategic Asset

The Bank treats data as a core institutional asset that underpins policy, supervision, and credibility. High-quality and timely data strengthen macroeconomic analysis, support evidence-based advice to Government, and enhance engagement with international partners.

Through structured data collection, analysis, and real-sector engagement, the Bank improves its understanding of external sector dynamics and financial flows. Instruments such as the Balance of Payments and Coordinated Portfolio Investment Surveys, combined with on-the-ground sectoral insights, ensure that policy decisions reflect both empirical evidence and real economic conditions, supporting the Bank’s mandate to safeguard stability and promote sustainable growth.



The Bank sought out first-hand experiences from representatives of key sectors.

Listening to Key Sectors to Understand the Story Behind the Numbers

The Bank complemented quantitative analysis with direct engagement across key sectors to deepen its understanding of economic conditions. Throughout the year, the Governor and senior officials engaged with representatives from the construction, tourism, agriculture, and commercial sectors to gather first-hand insights into operating conditions, constraints, and emerging opportunities. These engagements allowed the Bank to test data against lived experience and to identify early signals that may not yet appear in headline indicators.

Sectoral engagement strengthened the interpretation of economic data and improved the quality of forecasts. By listening to businesses and practitioners, the Bank gained clarity on the drivers behind observed trends in output, employment, prices, and investment. This approach helped distinguish between temporary fluctuations and structural shifts, sharpened risk assessment, and improved the relevance of policy advice provided to Government and other stakeholders.

Ongoing dialogue with the private sector also strengthened collaboration and policy effectiveness. Regular engagement fostered trust, improved

information flow, and ensured that the Bank's analysis reflected the realities faced by the sectors that drive economic activity. By integrating qualitative insights with empirical data, the Bank enhanced the credibility of its assessments and ensured that macroeconomic management remained responsive, grounded, and forward-looking.

Collaborating with Government

The Bank continued to strengthen collaboration with Government through established institutional frameworks to support macroeconomic stability and informed policymaking. Throughout the year, the Bank engaged Government primarily through the Joint Economic Group (JEG), which serves as a key coordination mechanism for economic policy across Government.

Monthly JEG meetings facilitated continuous cooperation and timely information sharing. Through this forum, the Bank worked closely with the Ministry of Finance and other key agencies on developments in macroeconomic conditions, fiscal performance, debt dynamics, external sector trends, and risks to the economic outlook. These engagements ensured that policy discussions reflected current conditions and emerging vulnerabilities and supported coordinated responses to economic challenges.

The Bank also collaborated closely with the Barbados Statistical Service to strengthen national accounts and analytical capacity. This work supported improvements in estimates of Gross Domestic Product and reinforced the analytical base that underpins the Bank's macroeconomic modelling and policy advice. Through these partnerships, the Bank enhanced the quality, consistency, and relevance of economic data used in policy formulation.

Engaging with International Agencies

The Bank maintained active engagement with international agencies to support macroeconomic stability, reinforce policy credibility, and strengthen external confidence in Barbados' economic framework. Throughout the year, the Bank worked closely with multilateral institutions and external stakeholders, providing timely analysis, sharing data-driven assessments, and communicating clearly on economic developments, policy outcomes, and risks to the outlook.

The Bank played a central role in supporting engagement with the International Monetary Fund (IMF) in the context of Barbados' homegrown reform programme. During the year, the Bank supported the fifth and final review under the Extended Fund Facility (EFF) and the Resilience and Sustainability Facility (RSF), which provided external financing and policy support to the Barbados Economic Recovery and Transformation (BERT 2022) programme. The Bank supplied detailed analysis on economic growth drivers, inflation trends, fiscal performance, tourism sector developments, and risks to the economic outlook, ensuring that engagement remained grounded in robust evidence and transparent communication.

The successful conclusion of the Barbados Economic Recovery and Transformation (BERT 2022) programme marked a major milestone in Barbados' economic reform journey. Supported by the IMF through the EFF and RSF, BERT 2022 delivered sustained macroeconomic stabilisation, strengthened institutional frameworks, and restored confidence in economic management. Barbados met all quantitative and structural targets under the programme, reaffirming the credibility of its policy framework and demonstrating the effectiveness of nationally led reform supported by international partners.

Engagement with international credit rating agencies formed a key pillar of the Bank's external outreach. During the year, the Bank's economic team engaged with Fitch Ratings, Moody's, Standard & Poor's Global Ratings, and Caribbean Information and Credit Rating Services (CariCRIS), providing comprehensive updates on economic performance and sharing short- and medium-term macroeconomic projections.

These engagements resulted in broad-based upgrades and positive reassessments of Barbados' sovereign credit profile. In September, Standard & Poor's upgraded Barbados' long-term credit rating to "B+" from "B," citing strengthened institutional frameworks, sustained economic expansion, and a declining debt-to-GDP ratio. In October, Fitch Ratings affirmed Barbados' Long-Term Foreign-Currency Issuer Default Rating at "B+" and revised the outlook to Positive from Stable, reflecting improved macroeconomic fundamentals and policy credibility. In November, Moody's upgraded Barbados' long-term issuer and senior unsecured ratings from "B3" to "B2" with a Stable outlook, underscoring increased international confidence in the durability of economic reforms.

The completion of BERT 2022 and the resulting credit rating upgrades strengthened Barbados' external credibility and financing conditions. Improved creditworthiness enhanced access to international capital, reduced borrowing costs, and expanded fiscal space for priority investment in public services, infrastructure, and resilience-building initiatives. These outcomes also bolstered private sector confidence, encouraged investment and business expansion, and supported job creation.

Regional cooperation and knowledge sharing remained an important aspect of the Bank's international engagement. The Bank hosted a delegation from the Central Bank of Belize during which it shared its technical expertise in records management and library operations. The Bank subsequently had follow-up discussions with its Belizean counterpart as the latter seeks to build out its capacity in these areas.

Together, these engagements provided a strong platform for the transition to the next phase of reform under BERT 3.0. As Barbados moves from stabilisation toward sustained growth, resilience, and transformation, the Bank's disciplined engagement with international agencies continues to support a stable macroeconomic environment that benefits households, businesses, and the wider economy.

Building Technical Capacity

The Bank continued to invest in building technical capacity to strengthen policy analysis, supervision, and institutional resilience. Throughout the year, the Bank focused on targeted training and knowledge-sharing initiatives that enhanced staff capability in key areas of economic management, financial stability, and risk assessment. These investments ensured that officers remained well equipped to support informed decision-making in an increasingly complex global environment.

Officers participated in specialised training programmes to strengthen analytical and evaluative skills. Several officers completed a Public-Private Partnership (PPP) training programme hosted by the Caribbean Regional Technical Assistance Centre (CARTAC). The programme enhanced capacity to assess PPP proposals, with emphasis on appropriate risk allocation, value for money, affordability, and the importance of rigorous stress testing and demand assessment in project evaluation.



Officers from the Bank completed various courses to further hone their skills.

The Bank also deepened regional and international exposure through participation in technical forums. Officers attended the Caribbean Debt Forum and the 20th Annual Meeting of the Latin America and Caribbean (LAC) Debt Group. These engagements provided insights into regional debt management challenges, fiscal sustainability, innovative financing mechanisms, and strategies for strengthening resilience to contingent liabilities and climate-related risks. Participants also explored emerging technological solutions in debt management systems.

Targeted training in financial supervision and regulation remained a priority. Officers completed the Bank Analysis and Examination Course hosted by the Association of Supervisors of Banks of the Americas (ASBA). The course focused on financial regulation and risk-based supervision and relied on case studies to analyse financial risks within banking institutions, strengthening supervisory judgement and practical application of regulatory standards.

The Bank further strengthened capacity through workshops and conferences aimed at enhancing analytical depth and policy relevance. Officers participated in a World Bank-hosted workshop on the Country Growth and Jobs Report, as well as engagements focused on artificial intelligence readiness, South-South cooperation, and economic integration for Small Island Developing States. Staff also attended sector-specific forums, including the State of the Tourism Industry Conference 2025, to deepen understanding of key drivers of economic performance.

Professional development initiatives extended beyond technical analysis to include communication skills. Officers across the Bank participated in public speaking training to support clearer and more effective communication of economic analysis and policy perspectives. These initiatives reinforced the Bank’s ability to engage stakeholders, explain complex issues, and maintain credibility in public discourse.

Collectively, these capacity-building efforts strengthened the Bank’s ability to support sound economic policymaking. By investing in staff skills, regional cooperation, and applied learning, the Bank enhanced institutional capability, improved policy execution, and reinforced resilience across the Barbadian economy.

Strengthening the Domestic Capital Market

The domestic capital market continued to play a critical role in financing national development and supporting wealth creation for Barbadians. Government securities provide an important source of domestically generated funding for capital projects and other priority expenditure while also offering households and institutions opportunities to invest in safe, long-term instruments. During the year, strong demand for Government securities reflected sustained confidence in the domestic fixed-income market.

People, Capacity, and Culture

Exposure to specialised programmes strengthens officers’ ability to assess risk, evaluate policy options, and interpret complex data with precision. This capability equips staff to translate analysis into effective policy advice, robust supervision, and clear public engagement.

Investor appetite for Government securities strengthened further during 2025. Demand from both individual and institutional investors accelerated relative to the previous year, with investors continuing to favour medium- and long-term instruments. This broad-based participation supported market depth and reinforced the role of the domestic capital market in reducing reliance on external financing.

BOSS+

The Bank successfully issued additional tranches of BOSS+ bonds to meet strong market demand. The second issuance of BOSS+ bonds, valued at \$200 million and carrying an annual interest rate of 4.5 percent with a five-year maturity, was fully subscribed by the end of June 2025. The Bank subsequently issued a third \$200 million tranche under the same terms, which sold out within six months. Commercial banks accounted for \$75 million of holdings, followed by companies at \$42.8 million, credit unions at \$37.7 million, and households at \$33.3 million. At year end, the Bank announced a fourth \$200 million tranche, with an issue date of January 1, 2026.

Debentures

Longer-term debenture issuances also attracted strong investor interest. In December 2024, the Bank offered a \$250 million debenture maturing in 2044 at an interest rate of 7.75 percent per annum. By the end of July 2025, sales during the year totalled \$35.4 million, completing full subscription of the series. In mid-December, the Bank announced a further \$100 million debenture with a 20-year maturity and an interest rate of 7.75 percent, with an issue date of January 1, 2026.

New Issuances and Partial Prepayment of Bonds

The Bank continued to issue additional bond series and manage existing liabilities to support market stability. During the year, the Bank issued Series B5, I, and J bonds, with new issuances totalling \$21.7 million. In April 2025, acting as fiscal agent on behalf of Government, the Bank executed partial prepayments of Series B and D bonds held by individuals. The prepayments covered a maximum of \$16,250 per bondholder, with total payments of \$35.3 million, including \$35.1 million to Series B investors and the remainder to Series D bondholders.

BOSS Bonds

The Bank completed repayments of the original BOSS bonds as scheduled. During the year, the Bank repaid \$54.0 million to holders of these bonds, which included Government employees, other individual investors, pensioners, and institutional investors. The final maturity of the original BOSS bonds occurred in December 2025.

Savings Bonds

Savings bond activity remained limited during the year. The Bank did not offer new savings bonds in 2025. Certificates presented for redemption totalled \$2.2 million, while previously matured savings bond certificates not yet redeemed totalled \$19.9 million as at December 31, 2025.

Through these issuance and liability management activities, the Bank strengthened the domestic capital market and supported macroeconomic stability. By deepening domestic participation, extending maturities, and managing obligations prudently, the Bank reinforced confidence in Government securities and supported the broader objective of sustainable economic development.

Balancing External Financing and Liability Management

Government pursued a deliberate approach to external financing and liability management to strengthen debt sustainability and reduce refinancing risks. During the year, Government leveraged access to international capital markets to improve the structure of its external debt while maintaining alignment with broader macroeconomic and fiscal objectives.

In June 2025, Government issued a US\$500 million bond maturing in 2035 at a fixed interest rate of 8 percent. Government used the proceeds to prepay 83.5 percent of the 2029 Eurobond, equivalent to US\$345.7 million, and to settle US\$107.1 million in outstanding obligations to the International Monetary Fund. These transactions extended the debt maturity profile by replacing shorter-term obligations with longer-maturity instruments, thereby reducing near-term refinancing pressures and improving debt management outcomes.

Government also received additional external financing to support fiscal and climate-related priorities. During the year, Government received \$116 million in policy-based loan disbursements from the IMF under the Extended Fund Facility and the Resilience and Sustainability Facility. These resources supported budgetary needs and financing for climate-related investments while remaining consistent with the country's fiscal framework.

Collectively, these liability management operations strengthened Government's financing profile and supported macroeconomic stability. By extending maturities, smoothing debt service obligations, and maintaining access to external financing, Government enhanced fiscal flexibility and reinforced confidence in Barbados' debt management strategy.

Support for Small and Medium Enterprises

The Bank continued to support access to finance for micro, small, and medium-sized enterprises (MSMEs) through targeted credit guarantee programmes. These schemes play an important role in improving credit availability, helping eligible enterprises maintain operations, and supporting growth and employment across the economy.

The Enhanced Access to Credit for Productivity Project remained fully deployed during the year. The Bank fully disbursed the funds allocated to the programme in 2021, and at end-2025, 30 guarantees remained outstanding with a maximum contingent liability of \$18.3 million. These guarantees continued to support lending to productive enterprises while sharing credit risk with participating financial institutions.

Demand for the Enhanced Credit Guarantee Fund (COVID-19 Support) remained strong. During the year, six participating financial institutions accessed the programme to support lending to 71 MSMEs. By year end, the programme approved and fully disbursed 78 guarantees totalling \$27.2 million, reflecting continued reliance on the facility to support business activity and financial resilience among smaller firms.

The Housing Credit Fund (HCF) also supported access to credit during the year. In 2025, the HCF authorised disbursements of \$9.0 million, increasing the aggregate outstanding loan balance to \$63.0 million. Loan repayments totalled \$7.0 million over the period, reflecting continued servicing of obligations by borrowers.

Table 2: Indicators of HCF Operations

Indicator (BBD M)	2021	2022	2023	2024	2025
Principal Payments	40.2	0.0	0.0	0.0	7.0
Loans Outstanding	11.0	29.8	55.0	61.1	63.0

Source: Central Bank of Barbados

Activity in the Industrial Credit Fund (ICF) remained limited. During the year, the ICF recorded no new lending activity, with the exception of a dividend payment of \$14.0 million to the Government of Barbados. Consistent with its mandate under the *Central Bank of Barbados Act, 2020*, the Bank continued the process of divesting the operations of the Industrial Credit Fund.

Through these programmes, the Bank reinforced its role in supporting enterprise development and economic resilience. By improving access to finance, sharing credit risk, and maintaining prudent oversight, the Bank supported MSME activity while safeguarding financial stability.

4. PROMOTING FINANCIAL STABILITY

Financial stability remained central to the Bank’s mandate and underpinned confidence in the Barbadian financial system. A stable financial system ensures that households can safeguard savings, businesses can access credit, payments can flow reliably, and financial institutions can operate in a sound and well-governed manner. Throughout the year, the Bank focused on preserving the resilience, integrity, and credibility of the financial system while supporting economic activity and innovation.

Financial Regulation

The Bank strengthened its regulatory and supervisory framework to address evolving risks. Through risk-based supervision, enhanced oversight arrangements, and continued investment in supervisory capability, the Bank sought to identify vulnerabilities early and mitigate threats to system stability. This approach allowed the Bank to balance prudence with progress, ensuring that financial institutions remained resilient in an environment characterised by technological change and global uncertainty.

Table 3: Licensed Financial Institutions

Type of Institution	2021	2022	2023	2024	2025
<i>Commercial Banks</i>	6	6	6	6	6
<i>Financial Holding Companies</i>	4	4	4	4	4
<i>Part III Companies</i>	7	6	4	4	4
<i>Money or Value Transmission Service Providers</i>	3	4	4	4	4
<i>Foreign Currency Earning Bank</i>	15	14	14	13	14
Total Licensed Institutions	35	34	32	31	32

Supervisory Developments

The number of licensed financial institutions increased during the year. By year end, the Bank supervised 32 licensed institutions, reflecting the licensing of a new foreign currency-earning bank. The licensed population comprised six commercial banks, four financial holding companies, four Part III companies, four money or value transmission service providers, and 14 foreign currency earning banks. This expansion underscored the need for robust supervisory frameworks and vigilant oversight.

Effective risk-based supervision remained the cornerstone of the Bank’s approach. During the year, the Bank updated key supervisory tools and frameworks to support stronger governance, fitness and propriety assessments, and oversight of payment activities. The Bank modernised its Confidential Statement Forms to allow electronic completion and submission, improving efficiency and supporting timelier, risk-focused assessments of individuals connected to licensed institutions.

The Bank invested heavily in supervisory capacity to maintain alignment with international standards and best practice. Supervisory staff participated in a wide range of regional and international training programmes covering banking supervision, anti-money laundering and combatting the financing of terrorism (AML/CFT), technology and cyber risks, supervisory technology, climate-related financial risks, and supervisory communications. These programmes reinforced adherence to standards such as the Basel Core Principles and the Financial Action Task Force (FATF) framework.

In May 2025, the Bank hosted a week-long Bank Analysis and Examination Course facilitated by the Association of Supervisors of Banks of the Americas (ASBA). The course brought together supervisors from across the region and focused on practical tools for conducting independent credit analysis and assessing the financial condition of institutions. This initiative strengthened regional cooperation and enhanced supervisory judgement.

Through these actions, the Bank reinforced its capacity to safeguard financial stability. By strengthening regulation, investing in people, and modernising supervisory tools, the Bank ensured

that the financial system remained resilient, well-capitalised, and capable of supporting sustainable economic development.

People, Capacity, and Culture

The Bank recognises that institutional strength depends on the people who deliver its mandate. A capable, motivated, and well-supported workforce strengthens governance, improves decision-making, and ensures continuity in an increasingly complex economic and financial environment.

By investing in skills, leadership development, and organisational culture, the Bank builds the internal capacity required to safeguard stability and deliver reform. This focus on people reinforces accountability, supports effective execution, and sustains the culture of excellence necessary to meet the Bank's responsibilities to Barbados.

AML/CFT Supervision

The Bank played a central role in strengthening Barbados' anti-money laundering and combatting the financing of terrorism (AML/CFT) framework. Through effective coordination, targeted supervision, and sustained engagement with national and international partners, the Bank supported continued improvements in the country's legal, regulatory, and supervisory architecture.

National coordination and supervisory leadership delivered tangible outcomes during the year. The Bank provided leadership across the national AML/CFT framework and actively participated in inter-agency committees, contributing to Barbados' removal from the European Union's list of High-Risk Third Countries effective August 5, 2025, following its earlier removal from the Financial Action Task Force (FATF) Grey List in February 2024. These milestones reflected sustained progress in strengthening compliance with international AML/CFT standards and reinforced confidence in Barbados' financial system.

The Bank focused on sustaining progress and preparing for the next evaluation cycle. To support readiness for the Fifth Round Caribbean Financial Action Task Force (CFATF) Mutual Evaluation scheduled for June 2027, the Bank completed a comprehensive review of the Bank Supervision structure and resource allocation. The Bank also exposed staff to targeted training on revised FATF Standards and the Fifth Round Mutual Evaluation methodology, participated in a Fifth-Round assessment of a CFATF member country, and commenced updates to the National Risk Assessment and internal supervisory tools.

These actions strengthened supervisory effectiveness and institutional readiness. By investing in people, systems, and coordination, the Bank reinforced its ability to identify and mitigate financial integrity risks, safeguard the reputation of the financial system, and maintain alignment with evolving international standards.

People, Capacity, and Culture

Three officers, Jennifer Clarke-Murrell, Cheryl Greenidge, and Estherline O'Neal, received the Gold Award of Achievement for meritorious service at the 2025 Installation of the Second President of Barbados and the Independence and Republic Day National Awards Ceremony. They earned this national recognition for their pivotal role in guiding Barbados off the FATF Grey List and the EU Blacklist and in strengthening compliance with international financial regulations.

Cyber Risk Supervision

Safeguarding the Financial System

Robust cyber risk regulation and supervision remained essential to safeguarding financial stability as the financial system became more digital and interconnected. The Bank treated cyber risk as a systemic issue with potential implications for payments, financial intermediation, and public confidence, and it strengthened oversight to ensure that institutions managed these risks effectively.

The Bank intensified supervisory engagement to assess cyber resilience across the banking sector. In March 2025, the Bank required financial institutions to submit updated gap assessments against the Technology and Cyber Risk Management (TCRM) Guideline and to complete a cyber security survey. The survey responses provided a comprehensive view of sector-wide cyber preparedness and highlighted areas requiring targeted supervisory attention. The Bank used these insights to prioritise engagement and tailor supervisory actions based on risk.

The Bank continued to enhance its cyber risk framework to maintain alignment with evolving international standards. Supervisory work during the year focused on strengthening expectations for operational resilience, data protection, and system availability, particularly for payment service providers and entities supporting digital finance. This work reinforced a coordinated approach to cyber risk and payments oversight, recognising the interdependencies between technology resilience and financial stability.

Through sustained oversight and framework enhancement, the Bank strengthened the financial system's capacity to withstand cyber threats. By combining supervisory assessments, structured guidance, and ongoing engagement with regulated entities, the Bank reduced vulnerabilities, promoted stronger cyber governance, and reinforced confidence in the safety and reliability of the financial system.

Strengthening Supervision Through Technology and Data

The Bank advanced the modernisation of supervision by investing in technology and data-driven oversight. Throughout the year, the Bank progressed the implementation of the Integrated Supervisory and Analytics System (ISAS), a core initiative designed to strengthen supervisory

effectiveness, improve data quality, and support risk-based decision-making.

The Bank structured ISAS to support the full supervisory lifecycle. Implementation commenced on June 1, 2025, and the system comprises three core functional modules: licensing, regulatory data capture, and supervisory analytics. Together, these modules support the onboarding and authorisation of regulated institutions, the systematic collection and validation of regulatory returns, and the generation of advanced analytics to inform supervisory judgement.

The licensing module reached a major milestone during the year. The Bank successfully achieved go-live of the licensing module in December 2025, enabling end-to-end digital workflows for the onboarding, authorisation, and ongoing administration of regulated financial institutions. This milestone modernised supervisory operations and strengthened efficiency, transparency, and governance within the licensing process.

The Bank also made substantial progress on regulatory data capture and analytics. Phase 1 of the regulatory data capture module is scheduled to go live in March 2026 and will introduce standardised regulatory reporting, enhanced data validation, and improved data quality controls. Development and foundational design work continued on the analytics module, which is scheduled to go live in September 2026 and will provide supervisory dashboards, peer analysis, and risk-based insights.

Through ISAS, the Bank strengthened the foundations of financial stability and supervisory resilience. By unifying supervisory processes, improving data integrity, and enabling earlier risk identification, the Bank enhanced regulatory efficiency and transparency. These improvements support safer and more resilient financial institutions and strengthen the Bank's capacity to protect accountholders and preserve confidence in the financial system.

Data as a Strategic Asset

ISAS strengthens financial stability by unifying supervision processes, improving data quality, and enabling risk-based oversight. Digitised licensing, standardised regulatory reporting, and advanced analytics enhance supervisory efficiency, transparency and early risk detection. These improvements support safer, more resilient financial institutions while protecting accountholders through stronger governance, reduced systemic risks, and more effective oversight.

Regional Collaboration

The Bank strengthened regional cooperation to support financial stability, climate resilience, and supervisory consistency across the Caribbean. Through active participation in regional forums, the Bank contributed technical expertise, shared knowledge, and advanced coordinated approaches to emerging risks that affect small open economies.

The Bank played an active role in the Caribbean Group of Bank Supervisors (CGBS) Technical Working Group on Climate Change and Green Finance. Following approval of the Working Group's Terms of Reference in November 2024, members developed a structured Action Plan for the 2025–2027 period, which the Working Group formally adopted on April 17, 2025. The Action Plan established clear objectives, deliverables, and timelines to support the integration of climate-related financial risks into supervisory frameworks across the region.

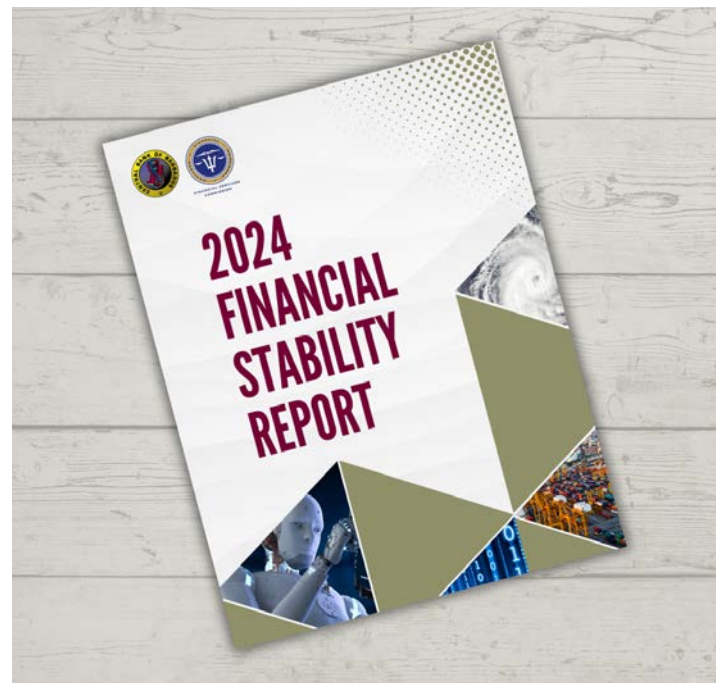
The Bank led a key regional initiative to strengthen shared capacity on climate-related financial risks. Working with regional central banks, the Bank developed a shared resource repository on climate-related financial risks affecting Caribbean financial systems. The Bank finalised the repository in October 2025 and made it available to member jurisdictions to support ongoing knowledge sharing, supervisory development, and capacity building.

The Bank also contributed to regional efforts to strengthen resolution and crisis management frameworks. Through participation in the CGBS Resolution and Crisis Management Survey exercise conducted in August 2025, the Bank supported a comprehensive review of crisis management arrangements across member jurisdictions. The exercise examined governance and institutional arrangements, legislative and regulatory frameworks, recovery and resolution planning, operational readiness, and technical assistance needs.

Continued collaboration through the CGBS Crisis Management Technical Working Group remains critical to regional resilience. By supporting more harmonised and effective crisis management regimes, the Bank contributed to strengthening the region's capacity to manage shocks and preserve financial stability.

2024 Financial Stability Report: Resilience Amid Evolving Risks

The Bank published the [2024 Financial Stability Report](#) to assess the resilience of Barbados' financial system in an environment of heightened global and domestic risks. The report, produced jointly with the Financial Services Commission, evaluated system-wide vulnerabilities and confirmed that the financial sector remained sound, supported by robust capital and liquidity buffers and sustained economic expansion.



The 2024 Financial Stability Report, a joint publication of the Bank and the Financial Services Commission, identified three key risks to financial stability.

Stress testing results reaffirmed the system's capacity to withstand adverse shocks. The analysis indicated that material vulnerabilities emerged only under severe external stress scenarios, including escalations in United States tariffs and heightened geopolitical instability. These findings reinforced confidence in the underlying strength of financial institutions while underscoring the importance of continued vigilance.

The report identified three key risks to financial stability. Global economic uncertainty, climate-related risks, and cyber and artificial intelligence risks emerged as the most significant threats to the stability of the financial system. The report highlighted the potential channels through which these risks could transmit stress to financial institutions and the broader economy.

The 2024 Financial Stability Report expanded analysis of non-traditional risks. For the first time, the report incorporated enhanced assessments of physical and transition climate risks and presented an estimate of potential cyber-related losses under a simulated payment system attack. These innovative methodologies reflected the growing importance of integrating climate and cyber risks into financial stability surveillance and supervisory frameworks.

The report emphasised the need for proactive risk management. By highlighting emerging vulnerabilities and strengthening analytical tools, the Financial Stability Report reinforced the importance of sustained, forward-looking oversight to preserve financial stability amid an evolving global risk landscape.

Credibility Through Communication

To highlight the key findings of the 2024 Financial Stability Report, the Bank organised a [panel discussion](#) featuring representatives from the Bank and the Financial Services Commission alongside officials from the commercial banking, credit union, and general insurance sectors. The discussion promoted transparency, encouraged dialogue, and strengthened understanding of emerging financial stability risks and supervisory priorities.

Maintaining a Steady Supply of Currency in Circulation

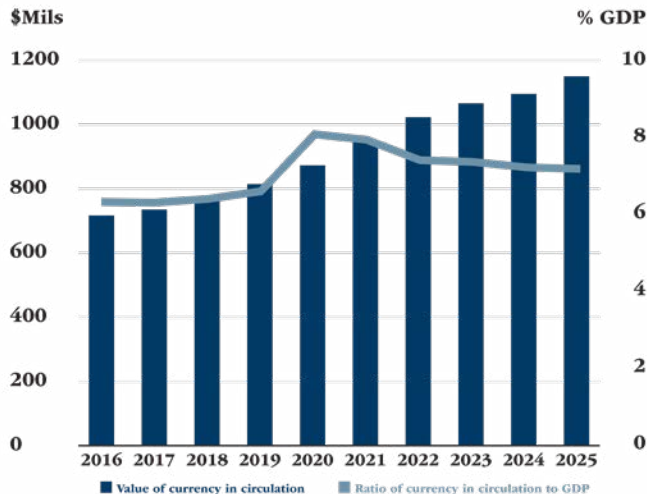
The Bank ensured an adequate and reliable supply of currency in circulation to support economic activity and public confidence. Throughout 2025, the Bank monitored demand closely and managed issuance to ensure that households and businesses continued to access cash as needed, even as electronic payment usage expanded.

Currency in circulation increased during the year, reflecting ongoing transactional demand. The total value of currency in circulation rose by \$57.6 million, following an increase of \$30.3 million in 2024. Banknotes in circulation increased by \$54.8 million to \$1.1 billion, of which \$841.7 million comprised polymer notes. Coins in circulation increased by \$2.8 million to \$79.9 million.

Despite the increase in nominal currency holdings, cash usage declined relative to economic output. Currency in circulation as a percentage of GDP fell for the fourth consecutive year, declining from 7.8 percent in 2024 to 7.3 percent in 2025. This trend reflects continued growth in economic activity alongside gradual shifts in payment behaviour, rather than reduced access to physical currency.

Through active currency management, the Bank balanced public demand with efficiency and stability. By ensuring adequate supply while monitoring longer-term usage trends, the Bank supported confidence in the currency and maintained the integrity of the cash distribution system within an evolving payments landscape.

Figure 2: Currency in Circulation and Ratio of Currency in Circulation to GDP (2016-2025)



The Polymer Success Story

The Bank continued to realise the operational and security benefits of transitioning to polymer banknotes. Since the introduction of polymer notes in December 2022, the Bank has strengthened currency durability, reduced replacement frequency, and enhanced security features, delivering measurable efficiencies in currency management.

Polymer banknotes demonstrated a significantly longer lifespan than their cotton predecessors. Over the three years since the transition, the Bank removed and destroyed 1.5 million unfit polymer notes from circulation. By comparison, destruction data from the period covering the 2013 cotton series indicate that the Bank destroyed more than 6 million cotton notes annually. The extended durability of polymer notes reduced the frequency of replacement and generated meaningful cost savings in printing, processing, and distribution.

Security outcomes validated the decision to adopt polymer notes. During 2025, authorities recorded 29 counterfeit banknotes, none of which were polymer. There have been no recorded instances of counterfeit polymer notes since their introduction. These outcomes confirm the effectiveness of polymer security features and reinforce confidence in the integrity of the currency.

Through the transition to polymer notes, the Bank strengthened the efficiency, resilience, and security of the currency system. The longer lifespan and enhanced security of polymer banknotes supported a more sustainable approach to currency management while maintaining public trust in physical cash as a reliable means of payment.

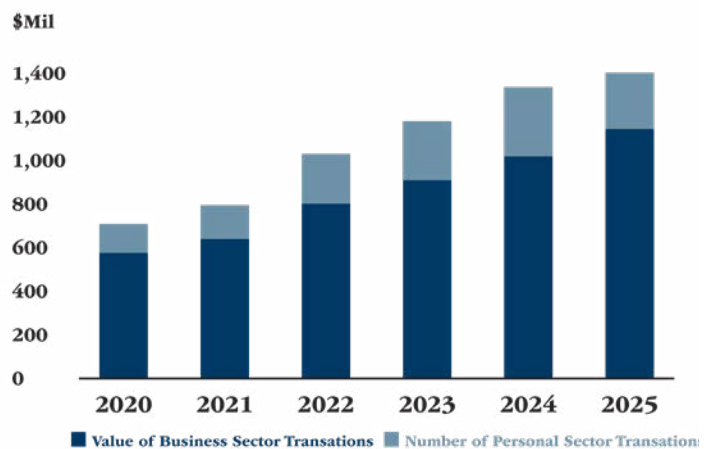
The Broader Payments Landscape

Barbadians continued to use a mix of payment instruments, with electronic payments gaining prominence alongside physical currency. While cash remained an important option for transactions, households and businesses increasingly relied on digital payment methods to meet day-to-day needs, reflecting changes in consumer preferences, convenience, and technology adoption.

Credit Card Transactions

Credit card usage expanded during the year, driven primarily by household spending. The value of domestic credit card transactions increased by 11.3 percent, equivalent to an additional \$151.2 million in spending. The personal sector accounted for 77.6 percent of total credit card expenditure. Transactions by households rose by 12.4 percent, while credit card spending by businesses increased by 7.9 percent.

Figure 3: Credit Card Transactions



Electronic Payments

Electronic payments through clearing and settlement systems continued to grow. The introduction of the Real-Time Processing (RTP) system enhanced the efficiency of the Automated Clearing House (ACH) framework and supported increases in both the volume and value of electronic fund transfers. Total electronic fund transfers rose by 10.4 percent to \$20.8 billion, with RTP transactions accounting for \$7.4 billion of this total.

Cheque usage continued its gradual decline. Cheque payments processed through the ACH recorded decreases in both volume and value, falling by 4.7 percent and 1.2 percent, respectively. This trend reflected the ongoing shift toward faster and more convenient electronic payment options.

Figure 4: Electronic Transactions

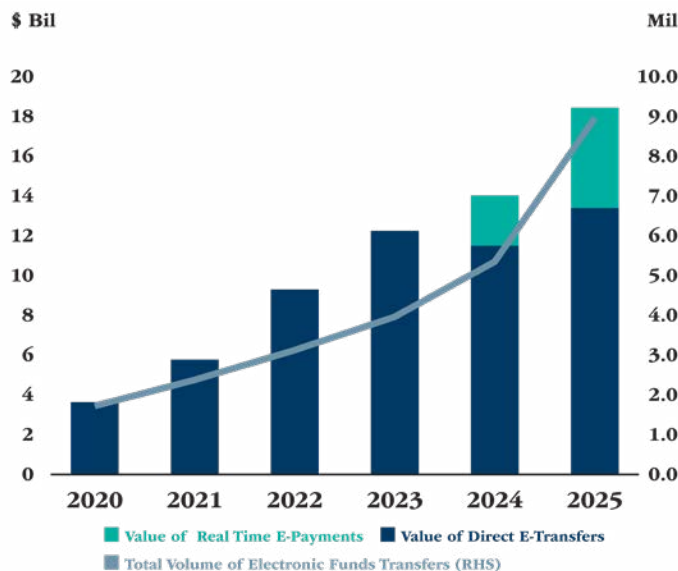
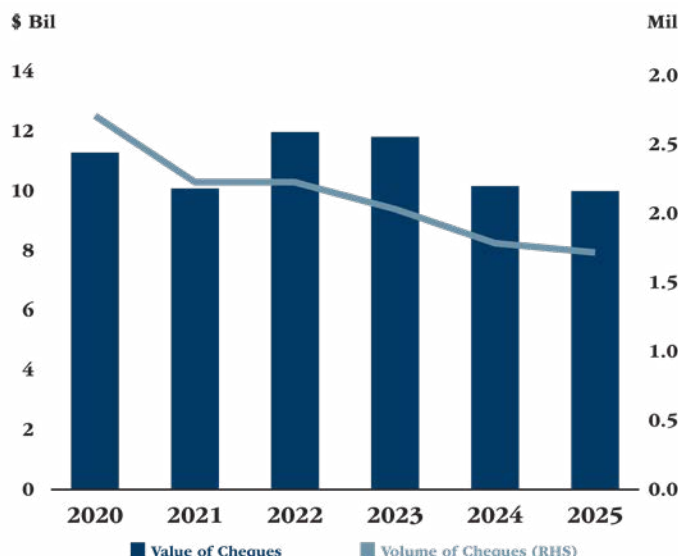


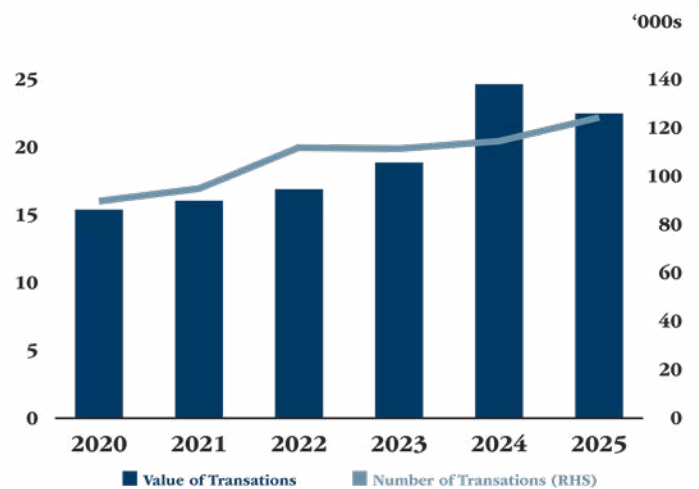
Figure 5: Cheque Transactions



The Real-Time Gross Settlement (RTGS) system remained a critical component of the payments infrastructure. Although the total value of RTGS transactions declined by 8.9 percent to \$21.8 billion, transaction volumes increased by 7.8 percent, indicating a shift toward a higher number of lower-value payments among participating institutions.

Together, these developments signalled continued evolution in Barbados' payments ecosystem. By supporting a range of payment options while strengthening electronic infrastructure, the Bank facilitated efficiency, reliability, and choice in the payments landscape as the economy transitioned toward greater digitalisation.

Figure 6: RTGS Transactions



BiMPay: The Next Step in Payments

The Bank advanced the modernisation of Barbados' payments infrastructure through the development of a national instant payment system. During the year, the Bank made significant progress on the Barbados Payments System Modernisation Project, which it launched in October 2024 in partnership with the World Bank. The project represents a major step in strengthening financial infrastructure and aligning Barbados' payments landscape with international standards.

The project focuses on improving oversight, modernising the legal and regulatory framework, and expanding access to safe and efficient digital payment services. Through this initiative, the Bank aims to promote interoperability, strengthen consumer protection, and support innovation across the payments ecosystem while maintaining high standards of security and resilience.

A central pillar of the project is the development of a national instant payment system to replace the existing ACH/RTP payment rail. The new system will address fragmentation and other deficiencies in the current framework and will serve as the primary platform for electronic transfers between financial institutions. Financial institutions and other payment service providers will use the underlying infrastructure to develop and offer products and services that encourage competition and improve customer outcomes.

The Bank formally launched BiMPay in August and advanced preparations for full implementation. In addition to system development, the Bank began work on an e-wallet solution designed to enable Barbadians without accounts at financial institutions to access instant payment services. The onboarding framework provides for simplified due diligence combined with tiered transaction limits, balancing financial inclusion with regulatory compliance.

The Bank undertook a structured procurement and implementation process to support system delivery. In January, the Bank issued a comprehensive Request for Proposals for the supply, implementation, and ongoing support of an instant payment solution. Following a detailed evaluation of proposals based on technical robustness, scalability, security, and interoperability, the Bank selected Montran Corporation, a global provider with prior experience delivering the Bank's Real-Time Gross Settlement system.

The Bank organised implementation through dedicated governance and operational structures. Six workstreams (legal and regulatory, payments oversight, procurement and implementation, adoption and functionality, financial literacy, and cybersecurity) managed project complexity and enabled parallel progress. The Bank also established new units within the Banking, Currency and Investments Department and the Management Information Systems Department to oversee and manage the instant payment system.

The system design prioritises functionality, accessibility, and security. Key features include interoperability; 24-hour-a-day, seven-days-a-week, 365-days-a-year availability; transactions completed within 10 seconds with real-time settlement; alias-based payments using identifiers such as mobile numbers or email addresses; static and dynamic QR code functionality; request-to-pay and bulk payment features; and robust security mechanisms, including multi-factor authentication, end-to-end encryption, and AI-powered fraud detection.

Implementation will proceed in phases to ensure stability and readiness. In the first phase, existing RTGS participants, the six commercial banks, the three largest credit unions (Barbados Public Workers Cooperative Credit Union Limited, City of Bridgetown Credit Union, and Affinity Plus Credit Union), the Barbados Stock Exchange, and the Accountant General, will connect directly to the system. Subsequent phases will onboard other credit unions, government entities, payment service providers, and fintech firms.



The Bank officially launched BiMPay in August.

Through BiMPay, the Bank positioned the payments system to deliver greater efficiency, inclusion, and transparency. The national instant payment system will support faster transactions, lower costs, improved cash flow for businesses, enhanced collections and disbursements for Government, and broader access to secure electronic payments for all Barbadians.

From Infrastructure to Impact

The introduction of a national instant payment system will translate payments infrastructure into tangible benefits across the economy. BiMPay will improve convenience and financial inclusion for individuals, reduce transaction costs and enhance cash flow for businesses, and support faster collections, disbursements, and greater transparency for Government, ensuring that all Barbadians have access to secure and reliable options for conducting financial transactions.

Preparing the Public

The Bank prioritised public education and stakeholder engagement to support the successful introduction of the national instant payment system. On August 12, following months of structured consultation with stakeholders in the financial services sector, the Bank formally launched [BiMPay](#) as the brand for the national instant payment system and announced a go-live date of March 31, 2026. This launch initiated a comprehensive public education and awareness programme designed to build understanding, trust, and readiness ahead of implementation.

The Bank grounded its public education strategy in robust market research. The Bank conducted focus groups and a nationally representative survey in March 2025 to assess public awareness and

perceptions of instant payment systems. The research showed that while familiarity with instant payments remained limited, respondents found core features such as real-time transfers, 24-hour access, and peer-to-peer payments appealing. Importantly, the findings also indicated a high level of trust in the Central Bank of Barbados, with most respondents identifying the Bank as the appropriate institution to oversee and operate the system.

Research insights shaped messaging priorities and communication channels. The survey highlighted the need to explain BiMPay's security features, clarify benefits for individuals and businesses, and emphasise the Bank's role in safeguarding user data. The findings also confirmed the importance of a multi-channel communications approach, combining traditional media and digital platforms to reach different demographic groups effectively.



The Bank's BiMPay outreach team took part in several community activities to promote the national instant payment system.

The Bank complemented domestic research with international learning and stakeholder engagement. Officials engaged in peer-to-peer exchanges with central banks that had already implemented instant payment systems, including the Central Bank of Brazil, to understand effective public education strategies and common implementation challenges. Guidance from the World Bank further informed campaign design, particularly with respect to phased communication, transparency, and trust-building ahead of system rollout. The Bank also met with representatives from financial institutions, the business community, civil society organisations, and

other key partners to address concerns and secure broad-based buy-in.

Public outreach activities expanded following the launch. The Bank focused on explaining what instant payments are, how they work, how secure they are, and the practical benefits for consumers, businesses, and the wider economy. Outreach used a mix of radio and television advertising, newspaper articles, blogs, infographics, social media, and programmatic advertising, supported by a dedicated webpage serving as a central information hub for BiMPay.

Community engagement formed a key component of the education campaign. The Bank conducted a BiMPay Walk through Bridgetown, engaging merchants directly to share information, explain system benefits, and respond to questions. The outreach team also participated in community activities and the Small Business Association's Small Business Week [Roadshow](#), which visited St. James, St. Andrew, and St. Peter and concluded at the Emerging Entrepreneurs Manufacturing and Services Trade Fair and Expo at Hoyte's Village, St. James. These engagements provided opportunities to raise awareness and gather feedback from potential users.

Internal communication supported readiness across the institution. The Bank kept staff informed and engaged through internal channels to ensure consistent understanding and messaging ahead of system implementation.

By year end, public education efforts had established a strong foundation for adoption. A follow-up survey indicated that many Barbadians were aware of the upcoming launch and expressed interest in using BiMPay, positioning the Bank to continue building momentum in advance of the system's introduction.

Credibility Through Communication

The Bank's comprehensive public education campaign for BiMPay will ensure that Barbadians understand not only that the system is coming, but how it will work in practice. Through feedback mechanisms and two-way communication, the Bank will give individuals and businesses the opportunity to ask questions and receive clear answers ahead of rollout, supporting trust and paving the way for widespread adoption.

Payments Oversight

Effective oversight of payment systems remained essential to maintaining financial stability and public confidence. As payment services become increasingly digital and interconnected, the Bank strengthened its oversight framework to ensure that innovation proceeds in a safe, resilient, and well-governed manner that serves the public interest.

The Bank established a comprehensive regulatory framework to govern payment systems and payment service providers. In September 2025, the Bank published three core documents: the Oversight Policy Framework, the Licensing and Authorisation Framework, and the Supervisory Framework. Together, these documents define regulatory objectives, set clear entry and ongoing compliance requirements, and articulate supervisory expectations for all participants in the payments ecosystem.

The framework places strong emphasis on operational resilience, risk management, and consumer protection. The Bank designed the oversight architecture to ensure that participating institutions maintain effective internal controls, robust governance arrangements, and appropriate safeguards to protect users. This approach supports the orderly

development of payment services while mitigating operational and systemic risks.

Payments oversight is closely integrated with the Bank's AML/CFT and cyber risk supervisory frameworks. The regulatory framework for payment service providers aligns with AML/CFT requirements to mitigate the risk of illicit financial flows. At the same time, cyber risk expectations under the Technology and Cyber Risk Management (TCRM) framework address operational resilience, data protection, and system availability. This integrated approach ensures that payment system innovation does not weaken financial integrity or consumer protection.

Through strengthened oversight, the Bank reinforced confidence in the safety and reliability of the payments system. By aligning regulatory requirements with international standards and embedding oversight within broader financial stability objectives, the Bank ensured that the modernisation of the payments landscape supports stability, trust, and inclusive economic participation.

National Payment System Council (NPSC)

The Bank established the National Payment System Council (NPSC) to strengthen consultation

and coordination on the safety and efficiency of Barbados' national payment system. The Council provides a formal forum for dialogue among public and private stakeholders and supports alignment with international standards as the payments ecosystem continues to evolve.

The NPSC held its inaugural meeting in September 2025. The Council comprises Deputy Governor Alwyn Jordan as Chairman and Financial Services Commission Chief Executive Officer Warrick Ward as Vice Chairman, alongside representatives from the private sector and civil society. This composition reflects the Bank's commitment to inclusive and balanced oversight of the national payment system.

The inaugural meeting focused on establishing the Council's role and priorities. Members discussed the NPSC's mandate and functions, with particular emphasis on its role in supporting the national instant payment system project. The Council also received a comprehensive presentation on the draft payments regulations, facilitating informed discussion and early stakeholder input.

Through the NPSC, the Bank strengthened governance and transparency in payments system oversight. By creating a structured platform for engagement, the Bank enhanced collaboration, supported informed decision-making, and reinforced confidence in the regulatory framework guiding payments modernisation.

Innovations in Crossborder Payments

The Bank advanced crossborder payments capability to improve efficiency, interoperability, and alignment with international standards. During the year, the Bank modernised core payment infrastructure to support faster, safer, and more reliable crossborder transactions, recognising the importance of seamless international payments for trade, investment, and financial stability.

The Bank successfully migrated its SWIFT crossborder payments infrastructure to the mandatory ISO 20022 standard. This transition strengthened data richness, improved message quality, and enhanced interoperability with global payment systems. The migration also positioned the Bank and participating institutions to meet evolving international requirements and to support more effective compliance, monitoring, and reconciliation.

The Bank collaborated with regional counterparts to pilot crossborder payment solutions. Working with the Central Bank of The Bahamas, the Bank conducted a successful pilot of the CARICOM Payments and Settlement System (CAPSS). The pilot demonstrated the feasibility of regional crossborder payments that reduce settlement times and costs while maintaining appropriate safeguards and oversight.

Through these initiatives, the Bank strengthened the foundations for more efficient regional and international payments. By aligning infrastructure with global standards and advancing regional collaboration, the Bank supported greater connectivity, improved payment outcomes, and enhanced resilience within the payments ecosystem.

5. PEOPLE AND PROGRAMMES

Institutional strength rests on the people who carry out the Bank’s mandate. For that reason, the Bank continued to invest in staff wellbeing, capability, and organisational culture as core elements of safeguarding stability and building long-term resilience. A motivated, well-supported, and skilled workforce strengthens governance, improves decision-making, and ensures continuity in an environment characterised by increasing complexity and change.

The Bank prioritised employee engagement and organisational cohesion throughout the year. Management placed strong emphasis on fostering a workplace where employees remained committed, motivated, and aligned with the Bank’s objective of internalising excellence. These efforts supported a shared sense of purpose and reinforced accountability across the organisation.

Supporting Employee Health and Wellness

The Bank expanded initiatives to support employee health and wellness. During the year, the Bank introduced a Get Fit Step Workout programme and hosted sessions on nutrition, effective stress management, and avoiding workplace burnout. The Bank also organised a health fair that was open to both staff and the wider public. In addition to hosting a Staff Appreciation Day, the Bank used national and international observances, including Administrative Professionals Day and Independence Day, to recognise staff contributions. Independence Day celebrations also included activities for employees’ children, such as a sip-and-paint event.

The Bank continued targeted support for employees and their families. Through the Love in Action programme, the Bank again provided vouchers to employees who are parents to assist with back-to-school expenses, reinforcing its commitment to staff welfare.

Evaluating Organisational Structure

The Bank completed a comprehensive job evaluation exercise aimed at strengthening internal equity and organisational structure. Commissioned in 2024, the exercise examined job design, career progression, market benchmarks, and role alignment across organisational levels. The review also assessed the cost implications of transitioning the Bank’s compensation framework to market standards. After two years of intensive work, the job evaluation concluded in 2025.

Keeping Staff Informed

The Bank maintained regular communication with staff to support transparency and engagement. Quarterly staff meetings provided updates on major projects and initiatives, including development of the national instant payment system, plans to rehabilitate the Tom Adams Financial Centre, staff wellbeing initiatives, and the job evaluation exercise. A social event followed each meeting to encourage camaraderie. The Bank also issued daily public service announcements internally to share information on policies, activities, and events and introduced a podcast series to provide deeper discussion on selected topics.

Recognising and Rewarding Staff

The Bank recognised long service and outstanding performance through formal awards and informal recognition. In May, the Bank honoured 40 employees at its [2025 Awards Gala and Dinner](#) for service ranging from five to 40 years. The Bank also presented special awards, including *Exemplary Work*, *Going Above and Beyond the Call of Duty*, *Service Excellence*, *Innovation*, *Team Spirit*, *Best Shot of the Year*, *Giving Back*, and the *Governor’s Award*, which the Corporate Communications Unit received. Outside the annual ceremony, the Bank also recognised three employees for 40 years of service.



The Bank honoured Margret Best for her 45 years of service during the awards ceremony.

Special Awards	Recipient(s)
Best Shot Award	Andrew Forte
Exemplary Work Award	Larry Hoyte
Giving Back Award	Bradley Harris, Clifton Mark (<i>tie</i>)
Going Above and Beyond	Larry Hoyte
Innovation Award	Jamila Beckles
Service Excellence Award	<i>The team of</i> Catrina Forde, Gregory Morris, Lisa McDonald, Destiny Gittens, Ronnie Cummins, Marsha Depradine, Stephanie Bowen, Ché-Annika Mayers, Andrew Forte, Alvin Bretney, Dave Gittens, Martin Butcher
Team Spirit Award	<i>The team of</i> Sehon St. Hill, Desmore Corbin, Rico Bennett, Dwayne Arthur, Haakim Baker, Wendell Cumberbatch, Peterson Bellamy; and <i>The team of</i> Wolsey Griffith, Roxanne Hinds, Erskine Hinds, Rochelle Davis, Sharon Jones, Matthew Williams-Rawlins, Larry Hoyte, Troy Duguid, Robert Kellman, Daniel Philgence, Dwayne Arthur, Haakim Baker, Desmore Corbin, Peterson Bellamy, Oladele Williams, Matthew Jordan, Henderson Franklin, Kevin Walters, Rico Bennett, Clifton Mark, Sehon St. Hill, Gregory Morris, Stephen Brathwaite, Kay Reid, Ian Cumberbatch, Revon Belgrave, Shernelle Padmore, Oliver Estwick (<i>tie</i>)
Governor's Award	The Communications Unit, comprising Natasha Beckles, Pia Parris, Shernelle Padmore, Shakira Chase, Matthew Williams-Rawlins, Java Sealy along with Novaline Brewster* and Sherri Bishop*

*Members of management are ineligible from formally receiving special awards.

The Bank reinforced a culture of immediate recognition through On-the-Spot Awards. During the year, 151 staff members, either individually or as part of teams, received these awards for demonstrating excellence while executing short-term projects

or specific tasks. Together with special awards, recognition of almost 200 employees reflected strong performance and deep adoption of the Bank’s culture of internalising excellence.

People, Capacity, and Culture

The more than 200 employees who received either On-the-Spot or special awards is confirmation of the level of commitment, high performance, and culture of internalising excellence among the Bank’s staff.

Staff Movements

Staff movements during the year reflected normal organisational transition. The Bank appointed 15 new staff members, including nine temporary officers, while 11 employees exited the organisation through retirement, resignation, or death. At year end, the staff complement stood at 322, including 241 permanent employees. During the year, 14 employees received promotions, including the appointment of Karla

Austin to the post of Director, Facilities Management and Aminah Evelyn and Ross Simmons to the post of Deputy Director within the Management Information Systems Department. All other promotions are noted below.

Retiree	Years of Service
Vasco Boyce	26

Name	New Position	Department
Reshaud Ally	Senior Analyst/Programmer	Management Information Systems
Stephanie Bowen	Senior Human Resources Officer I	Human Resources
Carolyn Cummins	Administrative Assistant	Bank Supervision
Ronnie Cummins	Senior Human Resources Officer II	Human Resources Department
Chanel Gibbons	Payment Services Operations Officer	Banking, Currency and Investments
Lydia Gill	Accounting Officer	Accounts
Jamal Gonsalves	Currency Officer	Banking, Currency and Investments
Samantha Holder	Senior Administrative Assistant	Communications, Information and Outreach
Ceri Jones	Senior Security Officer	Governor’s Office
Jason Jordan	Senior Accounting Officer I	Accounts
Toni Sandiford	Senior Business Operations Officer	Banking, Currency and Investments
Karise Wilson	Senior Payments Oversight Officer II	Bank Supervision

Education and Certification

The Bank invested in professional development and future leadership. Several staff members achieved advanced academic qualifications, including bachelor’s degrees and professional certifications. These include Jyllan Small, (B.Sc. Accounting and Finance) and Dario Mahon (B.Sc. Information Technology), along with other staff who completed

various certificate and diploma programmes. Employees also completed supervisory management training at the University of the West Indies Cave Hill School of Business and Management. In addition, the Bank welcomed 30 students under its 2025 Summer Internship Programme, providing mentorship, practical exposure, and skills development aligned with the Bank’s long-term capacity-building objectives.

Embracing the Wider Central Bank Family

Honouring the Legacy of Our Retirees

The Bank continued to honour its institutional legacy by maintaining strong and deliberate engagement with former employees and past leaders. The Bank recognises that its strength today reflects the contributions of those who helped build the institution over decades, and it therefore places importance on sustaining relationships that reinforce continuity, respect, and shared purpose.



The Bank hosted activities for its retirees.

During the year, the Bank hosted activities for its retirees and their “nieces” and “nephews” to recognise their lasting contribution to the institution. These engagements provided opportunities for former staff to reconnect with colleagues and to remain connected to the evolving life of the Bank. By including current employees alongside retirees, the Bank reinforced intergenerational bonds and strengthened institutional identity.

The Bank also continued the Forerunners’ Forum, an initiative established to honour former Governors, Deputy Governors, and Advisors to the Governor. Launched shortly after Governor Greenidge assumed office, the Forum serves as a formal expression of respect and honour for those who led the Bank in earlier periods and whose leadership helped shape its mandate, credibility, and culture.

By honouring its former leaders and staff, the Bank reinforced a culture grounded in respect, stewardship, and institutional pride. This approach affirms the value of legacy while supporting continuity and stability within the organisation.

Developing Future Leaders

The Bank invested in building future talent to strengthen national capacity and institutional continuity. Between June and August, the Bank welcomed 30 students under its 2025 Summer Internship Programme. The Bank placed interns in departments aligned with their fields of study and provided mentorship, networking opportunities, and professional exposure.

The internship programme supports long-term institutional and national development. The Bank strengthened the pipeline of skilled professionals in economics, finance, technology, communications, and other critical disciplines. The Bank tracked the experiences of four of the interns in its [2025 Learning on the Job video series](#).



The Bank welcomed 30 students for its 2025 summer internship programme.

6. CENTRAL BANK OPERATIONS

Effective central bank operations underpin the Bank's ability to deliver on its mandate with consistency and resilience. Behind every policy decision, supervisory action, and public-facing service stands an operational framework that must be secure, reliable, and well governed. In an environment marked by technological change and evolving risk, the Bank strengthened its operational foundations to ensure continuity, efficiency, and institutional stability.

The Bank prioritised digital transformation, information security, facilities management, and workforce readiness as core operational pillars. These initiatives reflect a deliberate strategy to modernise internal systems, reduce operational risk, and build long-term institutional capacity. By improving how it manages information, technology, and infrastructure, the Bank reinforced its ability to operate securely, protect critical assets, and support Barbados' economic stability.

Operational discipline remains essential to safeguarding institutional credibility. Through structured planning, investment in systems, and strengthened governance controls, the Bank ensured that internal processes align with the same standards of prudence and accountability that it expects of regulated institutions. These efforts support reliable service delivery, effective risk management, and sustained institutional performance.

Digital Transformation

The Bank accelerated its digital transformation agenda in 2025 as part of its commitment to becoming a paperless organisation. In March, the Bank introduced a new print policy that established progressive print reduction targets for all departments while beginning to phase out its inventory of printers. These measures signalled a structured shift toward digital-first operations.

The print reduction policy produced measurable results during the year. Printing volumes declined from more than 40,000 pages in the first quarter to fewer than 20,000 pages in the final quarter. Looking ahead, the Bank set a 2026 target of no more than 50 printed pages per month per department, reinforcing its commitment to sustainability and operational efficiency.

The Bank also advanced its records digitisation programme to strengthen information management. The Digitisation Centre cleared the remaining 100,000-page backlog from 2024 and digitised an additional 200,000 pages during the year. A newly formed internal digitisation team further expanded this effort by digitising more than 112,000 pages across five additional business areas. The Bank also began applying artificial intelligence tools to improve digitisation speed and accuracy.

The Enterprise Content Management System (ECMS) continued to anchor the Bank's transition to digital information management. In February, the Bank migrated its intranet to the ECMS platform, making it the central hub for Bank-related news and integrating a centralised helpdesk for risk and health and safety matters. By year end, the system housed more than 175,000 files, supported by strict access controls that enable secure and seamless collaboration.

The Bank prepared its workforce for responsible artificial intelligence adoption. The Bank conducted an AI readiness survey and hosted a three-day AI Governance Workshop attended by 90 staff members. Insights from this exercise will inform development of a comprehensive AI policy to guide future implementation.

The Bank also initiated additional digital efficiency measures. Work began on implementing a digital business card solution, which will take effect in early 2026.

Institutionalising the Paperless Bank

Staff have embraced the cultural shift toward becoming a paperless organisation. This transition supports the Bank's sustainability goals while improving efficiency and delivering significant cost savings.

Information Technology

The Bank continued to strengthen its cybersecurity posture to protect critical systems and institutional resilience. During 2025, the Bank advanced its Information Security Management Systems (ISMS) framework to enhance risk identification, threat mitigation, and operational safeguards across the organisation. These efforts reflected the Bank's recognition that cybersecurity remains integral to maintaining financial stability and institutional credibility.

The Bank implemented targeted controls to reduce cyber risk exposure. The cybersecurity workstream closed identified security gaps through enhanced risk and threat mitigation measures. By strengthening controls and reinforcing governance structures, the Bank reduced vulnerabilities and improved the overall resilience of its technology environment.

The Bank's continued investment in information security supports secure and reliable operations. By maintaining robust security standards and updating internal frameworks, the Bank safeguarded sensitive data, reinforced system integrity, and supported uninterrupted delivery of services across all operational areas.

Plant Maintenance

The Bank continued to manage the operational demands of an ageing plant and associated legacy systems. Throughout 2025, the Bank addressed cumulative wear and tear while maintaining continuity of critical infrastructure through structured maintenance and responsive repair programmes.

Preventative maintenance remained a central component of operational management. The Bank implemented established preventative maintenance schedules and responded promptly to incidental

and corrective repairs as required. Key areas of focus included mechanical and electrical systems, particularly air-conditioning, elevators, lighting, surveillance systems, fire protection, and security access controls.

Critical equipment performance met operational targets during the year. Uptime for essential systems, including elevators, air-conditioning systems, and uninterruptible power supply (UPS) systems, achieved the target threshold of 95 percent availability. These outcomes supported operational continuity and ensured that core facilities functioned reliably despite ageing infrastructure.

Frank Collymore Hall

The Frank Collymore Hall continued to serve as one of Barbados' premier performing arts venues. As the Bank's cultural arm, the Hall remains a central platform for artistic expression and national engagement, and the Bank maintained a structured programme of maintenance and upgrades to ensure that the facility operates at an optimal standard.

The Bank implemented targeted upgrades to improve functionality, efficiency, and audience experience. During 2025, the Hall upgraded the bathrooms in its dressing rooms and transitioned fully to LED lighting to enhance energy efficiency and performance. Within the auditorium, the Bank added jump seats to increase capacity without compromising safety or accessibility.

The Bank also enhanced audiovisual capability across its facilities. The installation of large-format LED screens in both the Frank Collymore Hall auditorium and the Courtney Blackman Grande Salle strengthened production quality and expanded the range of events that the facilities can support.

Institutionalising the Paperless Bank

The Hall's commitment to digital transformation aligned with the Bank's broader paperless objective. Technical and production crews transitioned to the use of tablets in place of printed running orders, reinforcing efficiency while maintaining operational effectiveness.

Tom Adams Financial Centre Redevelopment

The Bank continued to advance planning for the redevelopment of its headquarters, the Tom Adams Financial Centre. Building on comprehensive condition assessments conducted previously, the Bank confirmed the need for a multi-year, phased capital programme to address ageing infrastructure and evolving operational requirements.

The Bank prioritised careful sequencing and strong governance in its approach to redevelopment. Management deliberately paused active redevelopment work to ensure that the Bank is properly positioned to implement a structured, evidence-based programme with appropriate oversight. This pause reflects prudence, not delay, and ensures that the project proceeds with clear cost discipline and risk management.

The Bank remains committed to modernising its headquarters in a way that supports operational resilience and long-term institutional effectiveness. By aligning redevelopment planning with governance standards and operational priorities, the Bank seeks to deliver a facility that meets modern central banking requirements while safeguarding public resources.

Security

The Bank continued to strengthen security capacity to protect staff, facilities, and critical assets. Maintaining a safe and secure working environment remains essential to operational continuity and institutional resilience.

The Bank invested in the professional development of its security personnel. During 2025, four security officers participated in one-week attachments at regional central banks, with two officers assigned to the Bank of Jamaica and two to the Central Bank of Trinidad and Tobago. These placements provided officers with exposure to diverse security frameworks and operational approaches.

Regional collaboration enhanced the effectiveness of the Bank's security operations. Through these attachments, officers gained practical experience and engaged with regional counterparts to identify best practices in physical and operational security management.

Senior security leadership also strengthened regional engagement. The Bank's security leadership participated in the 10th Regional Security Chiefs Conference in Trinidad and Tobago, held under the theme "From Legacy to Leadership: Charting the Next Decade of Regional Security." This engagement reinforced the Bank's commitment to continuous improvement and regional cooperation in safeguarding institutional security.

7. CORPORATE OUTREACH

Effective communication remains central to the Central Bank of Barbados' ability to deliver on its mandate and maintain public trust. The Bank recognises that policy credibility depends not only on sound analysis and disciplined execution, but also on clear, transparent, and consistent engagement with stakeholders.

Corporate outreach plays a strategic role in strengthening understanding and reinforcing confidence in economic policy and institutional governance. By engaging openly with the public, financial institutions, businesses, and civil society, the Bank supports informed decision-making and enhances the effectiveness of policy transmission. This approach ensures that the Bank's analysis and initiatives connect meaningfully with the lived experiences of Barbadians.

In 2025, the Bank implemented a coordinated and strategic communications programme focused on public education, transparency, and stakeholder engagement. The Bank used both traditional and digital platforms to communicate complex economic and financial developments in a clear, accessible, and timely manner. This approach reinforced the Bank's role as a trusted source of information and a responsible corporate institution.

The Bank continued to modernise its communications approach while deepening public understanding of its core mandates. Outreach initiatives explained developments related to maintaining the exchange rate peg, promoting financial stability, and advancing payments modernisation. At the same time, the Bank sustained its legacy of thought leadership and cultural engagement across Barbados.

Quarterly Economic Reviews



The Bank held quarterly press conferences to report on the economy.

The Bank maintained its programme of quarterly economic reviews to provide timely updates on economic performance and policy developments. In 2025, the Bank held four press conferences aligned with the publication of its quarterly economic reviews. Governor Greenidge presented a summary of each report before engaging in a live question-and-answer session with both in-person and online audiences.

The Bank expanded youth engagement as part of its press conference strategy. For the second consecutive year, the Bank invited students from the Barbados Community College's Mass Communications programme to attend the briefings. In addition, members of the Young Economists Association of the University of the West Indies Cave Hill Campus attended for the first time. These invitations formed part of the Bank's broader commitment to youth engagement and provided students with practical exposure to economic communication and policy discussion.

The Bank supported informed reporting through structured media engagement. Members of the media and student participants benefitted from a pre-press conference media lock-up, where they reviewed advance copies of the press release and received background clarification from Deputy Governor Alwyn Jordan and the Director of Research and Economic Analysis, Anton Belgrave.

The Bank amplified key messages through digital channels following each briefing. After every press conference, the Bank shared highlights, graphics, and infographics summarising key data points on its social media platforms. This approach ensured that core findings reached a wider audience in formats that were accessible and easy to share.

Annual Review Seminar

The Bank hosted the 45th Annual Review Seminar in July under the theme “From Recovery to Resilience: Ensuring Macroeconomic Stability Amid Emerging Risks.” The five-day seminar brought together policymakers, academics, financial professionals, and other stakeholders to examine critical issues shaping Barbados’ economic outlook.

The seminar addressed a broad range of emerging macroeconomic and financial risks. Topics included cyber risk and artificial intelligence, fiscal sustainability, financial sector development and inclusion, monetary policy tools and transmission mechanisms, and climate-related risks. These discussions reflected the Bank’s commitment to forward-looking analysis and policy preparedness.

A panel discussion on digital transformation highlighted regional collaboration and innovation. The session, titled “[Digital Transformation: Harnessing Innovation for Regional Development](#),” featured Deputy Governor Michelle Doyle and Executive Director Julia Weekes, alongside Dr. Dorian Noel, Deputy Governor (Monetary Operations and Policy) at the Central Bank of Trinidad and Tobago. The panel explored the role of digital infrastructure and policy coordination in strengthening regional financial systems.

Through the Annual Review Seminar, the Bank reinforced its role as a thought leader in economic policy. By facilitating structured dialogue on emerging risks and reform priorities, the Bank strengthened analytical capacity and supported informed national and regional debate.

Sir Winston Scott Memorial Lecture

The Bank hosted the 50th Sir Winston Scott Memorial Lecture in November, marking a significant milestone in its intellectual calendar. The annual lecture continues to serve as a platform for rigorous discussion on issues of national and global importance.



Dr. Agnes Kalibata delivered the 50th Sir Winston Scott Memorial Lecture.

Dr. Agnes Kalibata delivered the featured lecture under the theme “[Feeding Tomorrow: Innovation Meets Climate Reality](#).” As former President of the Alliance for a Green Revolution in Africa (AGRA) and Rwanda’s former Minister of Agriculture and Animal Resources, Dr. Kalibata examined the intersection of climate change, food systems, and sustainable development. Her presentation highlighted the challenges and opportunities facing small states in strengthening food security amid climate volatility.

The lecture included a policy-focused dialogue on Barbados’ food security strategy. Following Dr. Kalibata’s presentation, the Honourable Indar Weir, M.P., Minister of Agriculture, Food and Nutritional Security, joined her in discussion. The dialogue explored steps Barbados has taken to improve food security and examined pathways to advance those efforts in the context of climate resilience and economic sustainability.

Through the Sir Winston Scott Memorial Lecture, the Bank reinforced its commitment to intellectual leadership and public engagement. By convening national and international experts to address complex policy issues, the Bank strengthened informed dialogue and contributed to forward-looking economic and development strategy.

What It Means; Why It Matters



What It Means; Why It Matters broke down economic concepts in an entertaining way for a third season.

The Bank continued to invest in public education through the third season of its explainer series, “What It Means; Why It Matters.” The series features Governor Greenidge presenting complex economic concepts in accessible and engaging ways, often in unexpected settings that connect economic issues to everyday life.

The third season included eight episodes addressing a range of economic topics. The series explained Barbados’ [debt-to-GDP trajectory](#), [debt-for-nature swaps](#), [debt service and amortisation](#), and [tariffs](#), the [informal economy](#), [credit reporting](#), and the Bank’s core mandate of promoting [financial stability](#). One episode also focused specifically on [instant payments](#), reflecting the importance of BiMPay as a strategic priority.

The series strengthened public understanding by translating technical content into relatable insights. By presenting complex issues in clear and engaging formats, the Bank supported informed public discourse and reinforced transparency around economic policy and reform initiatives.

After three seasons, the explainer series has become an established feature of the Bank’s outreach strategy. The programme continues to receive positive feedback for its ability to distil economic information into simple, relatable terms while maintaining analytical integrity, thereby reinforcing the Bank’s credibility in the public domain.

Credibility Through Communication

After three seasons, the explainer series has become an established feature of the Bank’s outreach strategy. The programme continues to receive positive feedback for its ability to distil economic information into simple, relatable terms while maintaining analytical integrity, thereby reinforcing the Bank’s credibility in the public domain.

Economics in Everyday Life

The Bank expanded its public education efforts through the launch of a new blog series titled “Economics in Everyday Life.” This initiative blends storytelling with economic insight to demonstrate the relevance of economic concepts to daily activities and lived experiences.

The series addressed practical topics that connect personal choices to broader economic outcomes. Blog posts included [“The Price of a Nap: How Downtime Shapes Barbados’ Economic Output,”](#) [“Remote Ready: Why Barbados Needs to Push the Work-from-Home Button Now,”](#) and [“Can a Rum Punch Predict the Economy?”](#) Each article used relatable examples to illustrate underlying economic principles and policy implications.

Through this series, the Bank strengthened engagement with a wider audience. By presenting economic analysis in accessible and creative formats, the Bank deepened public understanding and reinforced the importance of informed economic decision-making in everyday life.

Smart Study Programme

The Bank designed the Smart Study project to expand access to digital research resources for tertiary-level students. The initiative enables students to access curated digital materials in areas such as Caribbean culture, economics, finance, history, and politics, supporting higher-level analysis and academic research.

The programme strengthens academic engagement while reinforcing the Bank's educational mandate. By providing structured access to research materials, the Bank supports local, regional, and international students in meeting coursework requirements and developing analytical capacity.

The Bank will expand awareness of the programme in 2026. A planned social media campaign will target external stakeholders, including the Barbados Community College, the University of the West Indies, and other educational institutions, to promote broader participation and utilisation of the Smart Study platform.

Speaking Engagements

Senior officials of the Bank remained active in public discourse through a range of speaking engagements during 2025. These engagements allowed the Bank to explain economic developments, highlight strategic initiatives, and strengthen dialogue with diverse audiences across Barbados and the diaspora.

Governor Greenidge delivered presentations on the economy, BiMPay, and financial literacy to a wide range of organisations. These included BIBA – the Association for Global Business, the Barbados Professional Women's Club, the 50th Anniversary of the Barbados Netball Association, the Barbadian diaspora in Washington, Eckler, the Barbados Association of Insurance and Financial Advisors, the Caribbean Association of Insurance and Financial Advisors, and the Rotary Club of Barbados South. The Governor also delivered the Olive Trotman Memorial Lecture hosted by the Barbados Public Workers' Cooperative Credit Union Limited and engaged tertiary-level students

during the We Gatherin' Aspire to Inspire tour of the Bank.

Deputy Governors Alwyn Jordan, Michelle Doyle, and Elson Gaskin also represented the Bank at numerous events throughout the year. Through these appearances, senior leadership reinforced the Bank's commitment to transparency, accessibility, and thought leadership in economic and financial matters.

Fish and Dragon Festival

The Bank continued to support cultural exchange and diplomatic engagement through its co-sponsorship of the Fish and Dragon Festival. For the 11th consecutive year, the Bank partnered with the Embassy of the People's Republic of China in Barbados to stage the festival, which coincides with the Chinese Lunar New Year.

The festival celebrates the longstanding diplomatic relationship between Barbados and the People's Republic of China. The event promotes cultural exchange between the people of both countries and strengthens bilateral ties through artistic and community engagement.

The 2025 festival featured performances and cultural showcases for a wide audience. A visiting Chinese troupe and local artistes performed at the Garfield Sobers Sports Complex and at an invitation-only gala. Attendees sampled cuisine from both countries and visited booths featuring traditional Chinese medicine, calligraphy, and other cultural displays.

Through continued sponsorship of the festival, the Bank reinforced its commitment to cultural diplomacy and community engagement. The initiative reflects the Bank's broader role as a national institution that supports cultural understanding alongside economic and financial development.

Frank Collymore Literary Endowment

The Frank Collymore Literary Endowment (FCLE) remained a cornerstone of the Bank’s support for the arts and cultural development in Barbados. The programme continues to provide a respected platform for literary expression and creative excellence, reinforcing the Bank’s long-standing commitment to cultural enrichment and intellectual advancement.



Cyndi Celeste won the spoken word segment of the 28th FCLE Awards.

In 2025, the Bank intensified efforts to broaden awareness of and participation in the competition. For the third consecutive year, the FCLE included both literary and spoken word categories, expanding opportunities for creative expression across genres. These efforts resulted in increased interest and a notable rise in entries, particularly in the spoken word category, strengthening the programme’s national profile.

The 2025 FCLE Awards recognised excellence across multiple categories and genres. In the Literary Competition, Brian Franklin won first prize for “Steal the Fish from the Devil’s Cou-Cou” in Prose, Jane Bryce secured second prize for “How to Find Your Way in the Air” in Prose, and Akim Goddard placed third for “Is Only We Know: Where the Cane Grows Wild” in Poetry. Brian Franklin also received the Prime Minister’s Award, sponsored by the Division of Culture, further underscoring the significance of his contribution.

The Spoken Word category highlighted dynamic contemporary voices. Cyndi Celeste won first prize for “How I Split a Room,” Mark Yearwood secured second prize for “Emancipation,” and Lafonn Miller placed third for “Crime in Bim.” The awards ceremony attracted strong attendance and national attention, reinforcing the FCLE’s role as a respected and evolving platform for literary and performance art in Barbados.

Frank Collymore Literary Endowment Awards Winners (January 2025)			
Prize	Artiste	Entry	Genre
Literary Competition			
1 st	Brian Franklin	“Steal the Fish from the Devil’s Cou-Cou”	Prose
2 nd	Jane Bryce	“How to Find Your Way in the Air”	Prose
3 rd	Akim Goddard	“Is Only We Know: Where the Cane Grows Wild”	Poetry
Prime Minister’s Award (sponsored by the Division of Culture)	Brian Franklin	“Steal the Fish from the Devil’s Cou-Cou”	Prose
Spoken-Word Category			
1 st	Cyndi Celeste	“How I Split a Room”	Spoken Word
2 nd	Mark Yearwood	“Emancipation”	Spoken Word
3 rd	Lafonn Miller	“Crime in Bim”	Spoken Word

Crop Over and Carifesta XV Investment

The Bank continued to invest in national cultural development through its support of Crop Over and Carifesta XV. As part of its longstanding commitment to the arts and creative industries, the Bank contributed financially to the development of the national Crop Over Festival while maintaining its role as title sponsor of the Crop Over Visual Arts Exhibition.

The 2025 Crop Over Visual Arts Exhibition showcased both traditional and contemporary artistic expression under the theme “Inner Visions.” The exhibition unfolded in two parts, “*Self-Reflection*” and “*Diasporic Connections*,” and featured a mix of traditional art forms and modern digital art. This structure highlighted the diversity of local artistic talent while reinforcing the evolving nature of cultural expression in Barbados.

The Bank also supported regional cultural integration through sponsorship of Carifesta XV. By contributing to this regional arts festival, which Barbados hosted in August, the Bank reinforced its commitment to cultural exchange, regional collaboration, and the broader creative economy. These investments reflect the Bank’s recognition that cultural vitality complements economic resilience and national identity.

Christmas Mixer

The Bank concluded the year by hosting its annual Christmas Mixer to acknowledge the contribution of external stakeholders. The event provided an opportunity to express appreciation to partners whose collaboration supports the Bank’s mandate and strengthens its ability to deliver on institutional objectives.

The Christmas Mixer also served as a moment of reflection and reaffirmation. The gathering allowed the Bank and its stakeholders to reflect on the year’s achievements, recognise the importance of sustained partnership, and reinforce the shared commitment to advancing economic stability and institutional excellence. Through this engagement, the Bank strengthened relationships that remain essential to effective policy execution and public trust.

8. PUBLICATIONS, PAPERS, AND PRESENTATIONS

The Bank’s research and analytical work continued to support informed economic decision-making in Barbados and the wider region. Through peer-reviewed publications, book reviews, and conference presentations, Bank officers contributed to policy-relevant research and reinforced the institution’s role as a centre of analytical excellence.

Publications

Belgrave, Anton. 2025. “The Spatial Characteristics of Real Estate Prices in Barbados.” *Journal of Eastern Caribbean Studies*, Volume 49, No. 2, December 2024.

Jakubik, Petr and Teleu, Saida. 2025. “When Climate and Credit Collide in Barbados’ Economy.” *Center for Latin American Monetary Studies*.

Jakubik, Petr and Teleu, Saida. 2025. “Improving Credit Risk Assessment in Uncertain Times: Insights from IFRS 9.” *Risks*, Volume 13, No. 2, February 2025.

Mamingi, Nlandu and Craigwell, Moné. 2025. “The Impact of Shipping Cost on Inflation: A Case Study of Barbados, 1990Q1–2021Q4.” *Journal of Eastern Caribbean Studies*, Volume 49, No. 2, December 2024.

Roopnarine, Karen and Brizan, Crystal. 2025. “Social Protection and Care Policies: Impact on Gendered Inequalities in Trinidad and Tobago.” *Bloomsbury Academic, Pandemic Policies & Resistance*, pp.67-82, January 2025.

Working Papers

Greenidge, Kevin. 2025. “Impact of the 2025 U.S. Global Tariff Hikes on Barbados.” *Central Bank of Barbados Working Paper Series*, May 2, 2025.

Book Reviews

Shareida Brathwaite. 2025. “Economic Transformation: Designing a Contemporary Economy.”

Tré Hollingsworth. 2025. “Data Science for Economics and Finance: Methodologies and Applications.”

Tia Inniss. 2025. “Work in the Gig Economy: A Research Overview.”

Simone King. 2025. “Understanding Systemic Risk in Global Financial Markets.”

Annesha Sobers. 2025. “Cruise Tourism in the Caribbean - Selling Sunshine.”

Lianna Williams. 2025. “Good Economics for Hard Times.”

Presentations

Beckles, Jamila. “The Rise of the Sharing Economy and Its Impact on Barbados’ Hotel Industry.” *Central Bank of Barbados’ 45th Annual Review Seminar*, July 21-25, 2025.

Bell, Austin. “Sea, Sun and Rum? Investigating the Causal Relationship Between Rum Exports and Tourist Arrivals in Barbados.” *Central Bank of Barbados’ 45th Annual Review Seminar*, July 21-25, 2025.

Blades, Keisha. “Debt Restructuring in Caribbean Small Open Economies (SOEs): A Pathway to Resilience or Further Disparity?” *Central Bank of Barbados’ 45th Annual Review Seminar*, July 21-25, 2025.

Braithwaite, Shareida. “Weathering the Storm: Does Debt Allow for Climate Resilience in SIDS?” *Central Bank of Barbados’ 45th Annual Review Seminar*, July 21-25, 2025.

Brewster, Novaline and Bishop, Sherri. “Getting to 24/7/365: Setting the Stage for Instant Payments in Barbados.” *3rd Regional Central Bank Communications Conference*, Trinidad and Tobago, September 15-17, 2025.

Cadogan, Kieva. “Comparing the Performance of Tourism Forecasting Models: A Case Study of Barbados.” *Central Bank of Barbados’ 45th Annual Review Seminar*, July 21-25, 2025.

Cadogan, Kieva. “Comparing the Performance of Tourism Forecasting Models: A Case Study of Barbados.” *Caribbean Economic Research Team’s 56th Annual Monetary Studies Conference*, Curaçao, November 12-14, 2025.

Chassang, Nalani. “A Crypto-Currency Framework for Barbados.” *Central Bank of Barbados’ 45th Annual Review Seminar*, July 21-25, 2025.

Copeland, Adrian. “Tourism Vulnerability Index: Modelling Barbados’ Tourism Sensitivity to Global Shocks (Climate, Pandemics and Conflict).” Central Bank of Barbados’ 45th Annual Review Seminar, July 21-25, 2025.

Friday, Mikayla. “Barbados and the Global Minimum Tax: Adoption Progress, Revenue Implications and Policy Readiness.” Central Bank of Barbados’ 45th Annual Review Seminar, July 21-25, 2025.

Grosvenor, Peter. “Where Have the Bajan Bank Profits Gone? A Historic Review of Trends in Income Streams and Cost Structures of Banks in Barbados.” Central Bank of Barbados’ 45th Annual Review Seminar, July 21-25, 2025.

Haynes, T’Shara. “Machine Learning Approaches to Real-Time Fraud Detection in Instant Payment Systems.” Central Bank of Barbados’ 45th Annual Review Seminar, July 21-25, 2025.

Hinds, Erskine. “From Zero to Almost Hero - Leveraging Retrieval-Augmented Generation to Build an Offline AI Agent for Knowledge Management.” Central Bank of Barbados’ 45th Annual Review Seminar, July 21-25, 2025.

Hollingsworth, Tré. “The Road to Global Markets: The Impact of Logistics Performance on Firms’ Exporting Behaviours Across Manufacturing Industries.” Central Bank of Barbados’ 45th Annual Review Seminar, July 21-25, 2025.

Howard, Terrel. “Global Competitiveness and Economic Growth: Identifying the Relevant Pillars for Latin American and Caribbean Nations.” Central Bank of Barbados’ 45th Annual Review Seminar, July 21-25, 2025.

Howard, Terrel. “Global Competitiveness and Economic Growth: Identifying the Relevant Pillars for Latin American and Caribbean Nations.” Caribbean Economic Research Team’s 56th Annual Monetary Studies Conference, Curaçao, November 12-14, 2025.

Hurdle, André. “Unlocking Financial Inclusion: An Empirical Analysis of Digital Payment Adoption in Latin America and the Caribbean.” Central Bank of Barbados’ 45th Annual Review Seminar, July 21-25, 2025.

Inniss, Tia. “The Impact of U.S. Trade Policies on Tourist Arrivals to CARICOM.” Central Bank of Barbados’ 45th Annual Review Seminar, July 21-25, 2025.

Inniss, Tia. “The Impact of U.S. Trade Policies on Tourist Arrivals to CARICOM.” Caribbean Economic Research Team’s 56th Annual Monetary Studies Conference, Curaçao, November 12-14, 2025.

Joseph, Pinky. “Do “Pegs” Increase the Likelihood of a Successful Monetary Union in CARICOM Compared to Floating Exchange Rate Regimes?” Central Bank of Barbados’ 45th Annual Review Seminar, July 21-25, 2025.

King, Simone. “Quantifying Cyber Risk: A Cy-VaR Assessment of BIN Attacks on the Barbadian Banking Sector.” Central Bank of Barbados’ 45th Annual Review Seminar, July 21-25, 2025.

King, Simone. “Quantifying Cyber Risk: A Cy-VaR Assessment of BIN Attacks on the Barbadian Banking Sector.” Central Bank of Trinidad 2025 Review Seminar, September 3-5, 2025.

Landis, Nicholas. “An International Comparison of Fiscal Revenue Losses due to Diabetes.” Central Bank of Barbados’ 45th Annual Review Seminar, July 21-25, 2025.

Lewis, Kerema. “Assessing the Effectiveness of CARICOM’s Common External Tariff (CET) in Supporting Industrial Development and Regional Value Chains.” Central Bank of Barbados’ 45th Annual Review Seminar, July 21-25, 2025.

Maynard, Tracy. “Unravelling the Nexus between ESG Factors and FDI Flows to the Caribbean and Latin America.” Central Bank of Barbados’ 45th Annual Review Seminar, July 21-25, 2025.

Maynard, Tracy. “Unravelling the Nexus between ESG Factors and FDI Flows to the Caribbean and Latin America.” Caribbean Economic Research Team’s 56th Annual Monetary Studies Conference, Curaçao, November 12-14, 2025.

Roopnarine, Karen. “Invisible Fault Lines: Mapping the Societal Risks of a Transition to Cashless Payment in the Caribbean.” Central Bank of Barbados’ 45th Annual Review Seminar, July 21-25, 2025.

Roopnarine, Karen. “The Resilience of Cash in the Digital Age: An Analysis of Banknote Demand in Barbados.” Caribbean Economic Research Team’s 56th Annual Monetary Studies Conference, Curaçao, November 12-14, 2025.

Simpson, Nicholas. “Financial Sector Development and the Green Transition: Assessment of the Financial Sector’s Role in Transitioning to Carbon-Neutral Economies.” Central Bank of Barbados’ 45th Annual Review Seminar, July 21-25, 2025.

Sobers, Annesha. “Personal Choices, Global Impact: The Relationship between Modern Contraceptives and Population Growth.” Central Bank of Barbados’ 45th Annual Review Seminar, July 21-25, 2025.

Teleu, Saida. “Tailoring Climate Transition Risk Assessments: Insights from Barbados.” Central Bank of Barbados’ 45th Annual Review Seminar, July 21-25, 2025.

Weekes, Quinielle. “Labour Market Non-Participation and Economic Growth Trends and Drivers Across Demographic Groups.” Central Bank of Barbados’ 45th Annual Review Seminar, July 21-25, 2025.

Williams, Lianna. “Public Spending and Crime: Exploring the Link Between Health, Education, and Homicide in Latin America and the Caribbean.” Central Bank of Barbados’ 45th Annual Review Seminar, July 21-25, 2025.

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, 2025. 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 recapitalisation of authorised 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 \$21 million to reach \$4,186 million. The overall value of the reserve of external assets decreased by \$140 million, this was attributed mainly to an \$85 million decrease in Balances held Abroad.

The Holdings of Special Drawing Rights (SDR's) and Reserve Tranche decreased by \$55 million due to FX currency revaluations and servicing of existing

obligations to the International Monetary Fund.

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.

Local assets increased by \$118 million primarily due to the net movement on the following:

- Government advances increasing by \$207 million.
- Other Assets decreasing by \$8 million.
- Property, plant, and equipment increasing by \$4 million.
- Government securities decreasing by \$86 million due to principal paydowns on Treasury Notes

With respect to liabilities, notes and coins in circulation increased by \$58 million. The Bank's liabilities related to the allocation of SDR's increased from \$407 million to \$427 million due to the FX currency revaluations. The International Monetary Fund loan decreased by \$50 million due to repayments made during the year. Total Bank deposits decreased by \$128 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 conducted by an independent actuary at December 31, 2025. This liability approximated \$20 million at December 31, 2025.

The net capital and deficit improved from an overall deficit of \$1,529 million to \$1,422 million. This is primarily due to a reduction of unrealised losses on securities of \$73 million and an increase in net income of \$34 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 maximise earnings but to maintain economic stability and support Government policy. Total income decreased by \$27 million.

Income before foreign exchange gains and losses increased from \$156 million to \$175 million. At the end of 2025, there was a loss on foreign exchange of

\$28 million compared to a gain of \$18 million in 2024. There was a realised gain on sale of foreign securities of \$3 million compared to realised loss of \$2 million in 2024.

Operating Expenses

Total expenses increased by \$15 million moving from \$98 million in 2024 to \$113 million in 2025. Operating expenses before credit losses increased to \$116 million compared to \$106 million in 2024. Administrative expenses increased by \$7 million mainly due to the write-off of abandoned capital projects and increased software costs during 2025. There was a \$10 million decrease in interest expense incurred on the Extended Fund Facility, which was offset by a \$11 million increase in currency costs mainly related to the destruction and write-off of obsolete notes. Credit recoveries totalling \$3 million were realised compared to an amount of \$8 million in 2024.

Other Comprehensive Income

The Bank recorded unrealised gains of \$73 million related to the market revaluation of the foreign assets' portfolio. A negative retirement benefit adjustment of \$1 million was realised and a positive adjustment \$0.8 million in the Medical Benefit Reserve.

Net Results for the Year

The Bank recorded a net operating profit of \$34 million for the year and a total comprehensive income of \$107 million.

Approved Financial Statements

Annexed to this report are the Independent Auditor's Report, Statement of Financial Position as at December 31, 2025, the Statement of Income and Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows and explanatory notes to the financial statements.

On March 19, 2026, the Board of Directors, on recommendation from the Audit Committee, approved the Financial Statements for the year ended December 31, 2025, and the explanatory notes to the Financial Statements.



AUDITOR'S REPORT TO THE BOARD OF DIRECTORS FINANCIAL STATEMENTS

As at December 31, 2025

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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, 2025, 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, 2025;
- 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.

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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) as applicable to audits of financial statements of public interest entities. We have also 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 Bank's financial statements and our auditor's report thereon).

Our opinion on the Bank's 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 Bank's 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 Bank's financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the 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 judgement and maintain professional scepticism 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 SPL

Bridgetown, Barbados

March 27, 2026

Statement of Financial Position

As at December 31, 2025

(Expressed in BDS \$'000)

ASSETS

	<u>NOTES</u>	<u>2025</u>	<u>2024</u>
RESERVE OF EXTERNAL ASSETS:			
Balances held abroad*	3	533,245	617,772
Foreign notes and coins		7,178	12,955
Foreign securities	4	2,448,551	2,442,518
Derivative financial instruments	5	33	-
		<u>2,989,007</u>	<u>3,073,245</u>
International Monetary Fund:			
Reserve Tranche	6	34,880	33,215
Holdings of Special Drawing Rights	6	31,578	88,618
		<u>66,458</u>	<u>121,833</u>
Total Reserve of External Assets		<u>3,055,465</u>	<u>3,195,078</u>
LOCAL ASSETS:			
Securities:			
Barbados Government Treasury Bills	7	207,220	207,220
Barbados Government Treasury Notes	7	108,051	192,627
Barbados Government Debentures	7	420,349	421,786
		<u>735,620</u>	<u>821,633</u>
Advances:			
Government	8	207,180	-
Investment in associate	9	10,147	10,236
Other investments	9	1,306	1,306
Property, plant and equipment	10 (a)	122,284	118,408
Right- of- use asset	10 (b)	791	62
Other assets	11	33,845	41,766
Net employee defined benefit asset	19	19,046	18,331
		<u>1,130,219</u>	<u>1,011,742</u>
Total Assets		<u>4,185,684</u>	<u>4,206,820</u>

*Includes cash and cash equivalents of \$390,423 (2024 - \$490,511).

See accompanying notes to financial statements.

Statement of Financial Position

As at December 31, 2025

(Expressed in BDS \$'000)

LIABILITIES, CAPITAL AND DEFICIT

	<u>NOTES</u>	<u>2025</u>	<u>2024</u>
LIABILITIES:			
Notes and coins in circulation	12	1,175,140	1,117,583
Deposits:			
Government		452,810	457,391
Banks		2,942,837	3,006,307
Financial institutions		3,151	888
Other		290,286	352,272
	13	3,689,084	3,816,858
Other Liabilities:			
Allocation of special drawing rights	14	427,288	406,916
Loan – International Monetary Fund	14	241,011	290,710
Lease liability	10 (b)	873	125
Other	15	54,393	83,291
Medical benefit obligation	19	20,062	19,852
Derivative financial instruments	5	-	241
		743,627	801,135
Total Liabilities		5,607,851	5,735,576
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	(10,206)	(83,340)
Retirement benefit reserve		(23,051)	(22,780)
Accumulated deficit		(1,564,484)	(1,564,735)
General reserve	16	149,019	115,544
Net Capital and Deficit		(1,422,167)	(1,528,756)
		4,185,684	4,206,820

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors on March 19, 2026.



Governor



Chief Financial Officer

Statement of Income and Comprehensive Income

For the year ended December 31, 2025

(Expressed in BDS \$'000)

	<u>NOTES</u>	<u>2025</u>	<u>2024</u>
INCOME:			
Interest:			
Treasury bills		10,487	11,092
Advances		2,291	4,510
Deposits		21,856	26,070
Securities		108,669	94,177
Other		2,875	4,324
		<u>146,178</u>	<u>140,173</u>
Commissions and fees		22,881	16,223
Other Income		2,533	2,750
Share of profit of associate		218	77
Net (loss) gain on FX currency revaluation		(28,094)	18,161
Gain on disposal of property, plant and equipment		20	14
Net gain (loss) on foreign investment securities at FVTPL		274	(1,004)
Net gain (loss) on sale of foreign securities		2,972	(2,040)
		<u>146,982</u>	<u>174,354</u>
Earnings before interest costs, operating costs and impairment charges			
EXPENSES:			
Administrative		37,151	30,154
Depreciation	10	4,791	4,747
Interest		23,733	33,384
Minting of coins		1,194	858
Printing of notes		13,082	2,146
Retirement benefits	19	2,099	2,671
Medical benefit	19	2,070	1,783
Salaries and allowances		31,647	29,903
Credit loss recovery	21	(2,511)	(7,694)
		<u>113,256</u>	<u>97,952</u>
Total Expenses		<u>113,256</u>	<u>97,952</u>
Net income for the year		<u>33,726</u>	<u>76,402</u>
Other Comprehensive Income:			
Unrealised gains on Securities at FVOCI		73,134	32,066
Retirement benefit adjustment	19	(1,098)	10,234
Medical benefit adjustment	19	827	(2,090)
Total Other Comprehensive Income		<u>72,863</u>	<u>40,210</u>
Total Comprehensive Income for the year		<u>106,589</u>	<u>116,612</u>

See accompanying notes to financial statements.

Statement of Changes in Equity

For the year ended December 31, 2025

(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, 2024	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)
Net income for the Year	-	-	-	-	33,726	-	33,726
Fair value adjustment	-	-	73,134	-	-	-	73,134
Retirement benefit	-	-	-	(1,098)	-	-	(1,098)
Medical benefit adjustment	-	-	-	827	-	-	827
Transfer to General Reserve (Note 16)	-	-	-	-	(33,475)	33,475	-
Balance carried forward – December 31, 2025	25,000	1,555	(10,206)	(23,051)	(1,564,484)	149,019	(1,422,167)

See accompanying notes to financial statements.

Statement of Cash Flows

For the year ended December 31, 2025

(Expressed in BDS \$'000)

	<u>NOTES</u>	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:			
Net Income for the year:		33,726	76,402
<i>Adjustments for:</i>			
Depreciation		4,791	4,747
Gain on sale of property, plant and equipment		(20)	(14)
Share of profit of associate		(218)	(77)
Retirement benefit adjustment		2,099	2,671
Increase in medical benefit obligation		2,070	1,783
Interest paid leases		34	-
Net unrealised losses (gains) on FX currency revaluation		28,094	(18,161)
Net (gains) losses on foreign investment securities at FVTPL	5	(274)	1,004
Credit loss recovery		(2,511)	(7,694)
Operating profit before working capital changes		<u>67,791</u>	<u>60,661</u>
(Increase) decrease in short term deposits	3	(9,784)	214,000
Decrease (increase) in other assets		7,921	(4,657)
Net decrease (increase) in foreign securities	4	69,326	(231,185)
Decrease in holdings of special drawing rights		60,258	76,437
Net decrease in local securities		86,013	14,665
Net (increase) decrease in government advances		(207,180)	216,440
Decrease in deposits		(127,774)	(109,682)
(Decrease) increase in other liabilities		(28,898)	2,336
Net cash (used in) from operating activities		<u>(82,327)</u>	<u>239,015</u>
Cash flows used in investing activities			
Purchase of property, plant and equipment	10 a	(11,870)	(14,604)
Dividends from associate		308	2,184
Proceeds from sale of property, plant and equipment		32	17
Net cash used in investing activities		<u>(11,530)</u>	<u>(12,403)</u>
Cash flows used in financing activities			
Increase in notes and coins in circulation		57,557	30,357
Increase in allocation of special drawing rights		24	15
Lease liability principal repayments		(191)	-
Repayment of loan – International Monetary Fund	14	(63,621)	(54,375)
Net cash used in financing activities		<u>(6,231)</u>	<u>(24,003)</u>
Net (decrease) increase in cash and cash equivalents		(100,088)	202,609
Cash and cash equivalents at beginning of year		490,511	287,902
Cash and cash equivalents at end of year		<u>390,423</u>	<u>490,511</u>
Cash and cash equivalents comprise:			
Current Account and Short-Term Deposits	3	383,245	477,556
Foreign Notes and Coins		7,178	12,955
		<u>390,423</u>	<u>490,511</u>

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 2025

(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 recognised accounting standards and other related matters.

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

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

These statements represent the financial statements of the Bank for the year ended December 31, 2025.

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 \$1,422,167 (2024: \$1,528,756) as at December 31, 2025. 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 recapitalisation plan under the conditionality of an International Monetary Fund – Extended Fund Facility (IMF-EFF).

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

In October 2025, S&P raised its long and short-term foreign currency holdings ratings for Barbados to ‘B+’ from ‘B’ with a positive outlook. During October 2025, Fitch Ratings assigned Barbados a long-term foreign currency issuer default rating or IDR of ‘B+’ with a stable rating outlook. The international credit rating agency also assigned a short-term IDR of ‘B’, a country ceiling of ‘B+’ and senior unsecured debt level of ‘B’.

Notes to Financial Statements

December 31, 2025

(Expressed in BDS \$'000)

1. BUSINESS OF THE CENTRAL BANK, continued

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

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

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

The Board at its meeting on March 14, 2023 determined that the two subsidiaries should be wound up effective March 31, 2023. As a result, on April 1, 2023 the net assets of the two subsidiaries were transferred 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 unrealised 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.

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.

Notes to Financial Statements

December 31, 2025

(Expressed in BDS \$000)

2. MATERIAL ACCOUNTING POLICIES, continued

b) Subsidiaries, continued

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

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

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

c) Investment in Associate

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

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

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

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

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

Notes to Financial Statements

December 31, 2025

(Expressed in BDS \$'000)

2. MATERIAL ACCOUNTING POLICIES, continued

c) Investment in Associate, continued

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

d) Leases

Bank as a Lessee

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

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

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

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

The lease term, payments or lease contract is modified.

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

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

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

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, 2025

(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 recognised over the lease term on the same basis as rental income.

e) Financial Instruments: Initial Recognition

Date of Recognition

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

Initial Measurement of Financial Instruments

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

Day 1 Profit or Loss

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

Notes to Financial Statements

December 31, 2025

(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.

Notes to Financial Statements

December 31, 2025

(Expressed in BDS \$'000)

2. MATERIAL ACCOUNTING POLICIES, continued

f) Financial Assets and Liabilities, continued

Business Model Assessment, continued

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

SPPI Test

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

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

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

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

g) Debt Instruments at FVOCI

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

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

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

h) Equity Instruments at FVOCI

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

Notes to Financial Statements

December 31, 2025

(Expressed in BDS \$'000)

2. MATERIAL ACCOUNTING POLICIES, continued

h) Equity Instruments at FVOCI, continued

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

i) Borrowed Funds

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

j) Financial Assets and Financial Liabilities at FVPL

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

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

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

Financial assets and financial liabilities at FVPL are recorded in the 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.

Notes to Financial Statements

December 31, 2025

(Expressed in BDS \$000)

2. MATERIAL ACCOUNTING POLICIES, continued

j) Financial Assets and Financial Liabilities at FVPL, continued

Derivative financial instruments

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

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

k) Reclassification of Financial Assets and Liabilities

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

l) Derecognition of Financial Assets and Liabilities

Derecognition due to Substantial Modification of Terms and Conditions

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

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

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

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

Financial Assets

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

Notes to Financial Statements

December 31, 2025

(Expressed in BDS \$000)

2. MATERIAL ACCOUNTING POLICIES, continued

1) Derecognition of Financial Assets and Liabilities, continued

Financial Assets, continued

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.

A transfer only qualifies for derecognition if either:

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

Or

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

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

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

Financial Liabilities

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

The difference between the carrying value of the original financial liability and the consideration paid is recognised in the Statement of Income and Comprehensive Income.

Notes to Financial Statements

December 31, 2025

(Expressed in BDS \$'000)

2. MATERIAL ACCOUNTING POLICIES, continued

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.

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

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

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

- Stage 1: When assets are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 assets also include facilities where the credit risk has improved and the asset has been reclassified from Stage 2.
- Stage 2: When an asset has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 assets also include facilities where the credit risk has improved and the asset has been reclassified from Stage 3.
- Stage 3: Assets considered credit-impaired. The Bank records an allowance for the LTECLs.

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

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

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

Notes to Financial Statements

December 31, 2025

(Expressed in BDS \$'000)

2. MATERIAL ACCOUNTING POLICIES, continued

m) Impairment of Financial Assets, continued

The Calculation of ECLs

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

- PD - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the financial instrument has not been previously derecognised and is still in the portfolio.
- EAD - The Exposure at Default is an estimate of the exposure at a future default date, 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.
- LGD - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

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

- Stage 1: The 12mECL is calculated as the portion of LTECLs that represents the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.
- Stage 2: When an asset has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- Stage 3: For assets considered credit-impaired, the Bank recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.
- POCI: assets are financial assets that are credit impaired on initial recognition. The Bank only recognises the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting scenario, discounted by the credit adjusted EIR.
- Financial Guarantee: The Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in 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.

Notes to Financial Statements

December 31, 2025

(Expressed in BDS \$000)

2. MATERIAL ACCOUNTING POLICIES, continued

m) Impairment of Financial Assets, continued

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.

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

Definition of default

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

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

Debt Instruments Measured at Fair Value through Other Comprehensive Income

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

Purchased or Originated Credit Impaired Financial Assets (POCI)

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

Notes to Financial Statements

December 31, 2025

(Expressed in BDS \$'000)

2. MATERIAL ACCOUNTING POLICIES, continued

m) Impairment of Financial Assets, continued

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.

Collateral Valuation

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

n) Impairment of Non-Financial Assets

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

o) Revenue Recognition

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

Interest Income

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

Notes to Financial Statements

December 31, 2025

(Expressed in BDS \$000)

2. MATERIAL ACCOUNTING POLICIES, continued

o) Revenue Recognition, continued

Commission, Fees and Other Income

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

Dividends

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

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 recognised in profit or loss.

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

q) Property, Plant and Equipment

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

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

Notes to Financial Statements

December 31, 2025

(Expressed in BDS \$'000)

2. MATERIAL ACCOUNTING POLICIES, continued

q) Property, Plant and Equipment, continued

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.

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 recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

s) Balances Held Abroad and cash equivalents

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

t) Provisions

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

Notes to Financial Statements

December 31, 2025

(Expressed in BDS \$'000)

2. MATERIAL ACCOUNTING POLICIES, continued

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 recognised immediately in OCI. Past-service costs are recognised 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.

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.

Notes to Financial Statements

December 31, 2025

(Expressed in BDS \$'000)

2. MATERIAL ACCOUNTING POLICIES, continued

u) Pensions Benefits and Post-employment benefits, continued

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.

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.

Notes to Financial Statements

December 31, 2025

(Expressed in BDS \$000)

2. MATERIAL ACCOUNTING POLICIES, continued

v) Significant Accounting Judgements and Estimates, continued

Impairment Losses on Financial Assets, continued

- 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 recognised at amortised cost using the effective interest rate method. Exchange gains and losses arising on revaluation of IMF assets and liabilities at the exchange rate applying at reporting date as published by the IMF are recognised in the 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.

y) Trust and Custodial Activities

Amounts administered by the Bank under custodial and administration arrangements totaled \$107,433 in 2025 (\$114,170 in 2024).

\$107,433 (2024: \$114,170) of these amounts have been redeposited with the Bank. Also see Note 13.

z) New and amended standards and interpretations

The following amendment to existing IFRS accounting standards became effective for annual periods beginning on January 1, 2025:

- **Lack of exchangeability – Amendments to IAS 21**

The above amendment will not have an impact on the Bank's financial statements at December 31, 2025.

Notes to Financial Statements

December 31, 2025

(Expressed in BDS \$'000)

2. MATERIAL ACCOUNTING POLICIES, continued

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*
- *Contracts Referencing Nature-dependent Electricity – 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.

3. BALANCES HELD ABROAD

Balances held abroad comprise:

	<u>2025</u>	<u>2024</u>
Current accounts	74,945	93,303
Short-term deposits due 3 months or less	320,708	359,123
Accrued Income	27,592	25,130
	<u>423,245</u>	<u>477,556</u>
Short-term deposits due between 3 and 6 months	110,000	140,216
	<u>533,245</u>	<u>617,772</u>

Current accounts and short-term deposits with foreign banks earn interest at rates varying between 3.54% and 4.32% (2024: 4.25% and 5.33%).

4. FOREIGN SECURITIES

Foreign Securities at fair value comprise:

	<u>2025</u>		<u>2024</u>	
	Amortised Cost/ Original Cost	Fair Value	Amortised Cost/ Original Cost	Fair Value
Debt Securities at FVOCI:				
Bonds/Debentures - Regional	10,781	7,790	10,816	7,422
Bonds/Debentures - Other	2,449,999	2,440,448	2,514,756	2,434,783
	<u>2,460,780</u>	<u>2,448,238</u>	<u>2,525,572</u>	<u>2,442,205</u>
Equities Securities at FVOCI: Equities	286	313	286	313
	<u>2,461,066</u>	<u>2,448,551</u>	<u>2,525,858</u>	<u>2,442,518</u>

Notes to Financial Statements

December 31, 2025

(Expressed in BDS \$'000)

4. FOREIGN SECURITIES, continued

A cumulative net unrealised loss of \$10,206 (2024: \$83,340) arose on the revaluation of Securities and is included in Statement of Changes in Equity. Included in Bonds/Debentures is a 12-month ECL provision of \$2,113 (2024: \$2,210) on regional securities. This represents a decrease in ECL by \$97 (2024: \$1,676).

Bonds/Debentures earn interest at rates varying between 0.375% and 7.00% (2024: 0.25% and 7.00%) and mature between 3 months and 13 years (2024: 3 months and 13 years).

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 recognised at fair value on the date that a derivative contract is established and are subsequently remeasured at fair value.

The following is an analysis of the currency futures held with positive fair values as at December 31, 2025:

Currency purchased/sold	Cost of contracts	Cost of ontracts BDS\$ equivalent	Value date of contracts	Fair Value
USD	20,415	40,830	Dec-25	61

The following is an analysis of the currency futures held with negative fair value as at December 31, 2025:

Currency purchased/sold	Cost of contracts	Cost of ontracts BDS\$ equivalent	Value date of contracts	Fair Value
USD	16,628	33,256	Dec-25	(28)

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 ontracts 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 ontracts BDS\$ equivalent	Value date of contracts	Fair Value
USD	73,082	146,164	Dec-24	(479)

Notes to Financial Statements

December 31, 2025

(Expressed in BDS \$000)

6. International Monetary Fund (IMF) ASSETS

	<u>2025</u>	<u>2024</u>
Reserve tranche	34,880	33,215
Holdings of Special Drawing Rights	31,578	88,618
Total IMF assets	<u>66,458</u>	<u>121,833</u>

The Reserve Tranche and Holdings of Special Drawing Rights (SDR) pertain to the value of SDRs at December 31, 2025.

The balances held at December 31, 2025 amounted to SDR 12,663 (2024: SDR 12,663) and SDR 11,464 (2024: SDR 33,786), respectively. The rate of translation of SDRs to Barbados dollars at December 31, 2025 is \$1 = SDR 0.363054 (2024: \$1 = SDR 0.381251).

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 2.66% and 3.24 % (2024 rates varying between 3.16% and 4.13%).

Notes to Financial Statements

December 31, 2025

(Expressed in BDS \$'000)

7. LOCAL SECURITIES

Amounts comprise debt securities at amortised cost:

	2025		2024	
	Nominal Value	Amortised Cost	Nominal Value	Amortised Cost
Barbados Government Treasury Bills	208,995	207,220	208,995	207,220
Barbados Government Treasury Notes	108,507	108,051	193,455	192,627
	<u>317,502</u>	<u>315,271</u>	<u>402,450</u>	<u>399,847</u>
Barbados Government Debentures - Series H	414,440	416,919	414,440	417,983
Barbados Government Debentures - Series B	3,705	3,430	4,969	3,803
	<u>418,145</u>	<u>420,349</u>	<u>419,409</u>	<u>421,786</u>
	<u>735,647</u>	<u>735,620</u>	<u>821,859</u>	<u>821,633</u>

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

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

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

The average yield on Treasury Bills during the year was 3.50% (2024: 3.50%). The average yield on Debentures was 6.52% (2024: 6.52%). The average yield on Treasury Notes was 4.25% (2024: 4.25%).

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

The Credit Impaired Lifetime ECL on local securities is \$11,707 (2024: \$13,748). This represents a release in ECL of \$2,041 (2024: release of \$5,062). Also see Note 21.

Notes to Financial Statements

December 31, 2025

(Expressed in BDS \$'000)

8. ADVANCES TO GOVERNMENT

	<u>2025</u>	<u>2024</u>
Advances to Government	207,180	-

The balances outstanding are within the authorised statutory limit. The advances earned interest at rate of 3.50% (2024: 3.50%). See further description at Note 21.

The limit in force was \$232,400 from January to March 2025 and \$242,100 from April to December 2025.

The limit in force was \$220,600 from January to March 2024 and \$232,400 from April to December 2024. There were no instances where the limit was breached in the years ended December 31, 2025 and 2024.

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:

	<u>2025</u>	<u>2024</u>
Assets	75,876	76,220
Liabilities	241	372
Equity	75,635	75,848
Revenue	2,905	1,756
Profit	1,641	578
Bank carrying amount of the investment	10,147	10,236

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

The entity had no contingent liabilities or capital commitments as at December 31, 2025 and 2024.

Notes to Financial Statements

December 31, 2025

(Expressed in BDS \$'000)

9. INVESTMENTS, continued

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:

	Type of Shares	Number of Shares	<u>2025</u> Carrying Value	<u>2024</u> 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:

	<u>2025</u>	<u>2024</u>
Assets	120,914	109,714
Liabilities	36	253
Equity	120,878	109,461
Revenue	12,112	11,603
Profit	11,239	10,806
Bank carrying amount of the investment	<u>1,000</u>	<u>1,000</u>

The entity had no contingent liabilities or capital commitments as at December 31, 2025 and 2024.

Notes to Financial Statements

December 31, 2025

(Expressed in BDS \$'000)

10.a PROPERTY, PLANT AND EQUIPMENT

	Freehold Buildings	Furniture and Equipment	Vehicles	Total
Cost				
January 1, 2024	131,946	92,363	1,062	225,371
Additions	3,127	9,888	1,589	14,604
Disposal/write-offs	-	(1,216)	-	(1,216)
December 31, 2024	135,073	101,035	2,651	238,759
Additions	2,754	9,116	-	11,870
Disposals/write-offs	(3,139)	(420)	-	(3,559)
December 31, 2025	134,688	109,731	2,651	247,070
Accumulated Depreciation:				
January 1, 2024	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
Charge for the year	2,190	2,060	351	4,601
Eliminated on disposals	-	(166)	-	(166)
December 31, 2025	49,405	73,969	1,412	124,786
Net Book Value:				
December 31, 2025	85,283	35,762	1,239	122,284
December 31, 2024	87,858	28,960	1,590	118,408

Notes to Financial Statements

December 31, 2025

(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 recognised in the Statement of Financial Position:

	<u>2025</u>	<u>2024</u>
Right-of-use asset (Building)		
Balance brought forward	62	279
Re-measurement	919	-
Depreciation	(190)	(217)
	<u>791</u>	<u>62</u>
	<u>2025</u>	<u>2024</u>
Lease Liability		
Balance brought forward	125	341
Re-measurement	939	-
Lease payments	(191)	(216)
	<u>873</u>	<u>125</u>

(ii) Amounts recognised in Profit and loss

Depreciation charge on right-of-use assets	190	217
Interest expense on lease liabilities	34	9

11. OTHER ASSETS

Other assets include:

	<u>2025</u>	<u>2024</u>
Accrued Income	2,209	2,585
Cheques in Process of Collection	572	5
Prepayments	12,265	20,807
Staff Advances	18,248	17,421
Sundry Balances	551	948
	<u>33,845</u>	<u>41,766</u>

Staff advances represent mortgages and other loans provided to employees of the Bank. Staff advances earn interest at rates of 1%, 2%, or 4% (2024: 1%, 2% or 4%.) The amounts are net of ECL provision of \$119 (2024: \$119).

Notes to Financial Statements

December 31, 2025

(Expressed in BDS \$'000)

11. OTHER ASSETS, continued

At December 31 the following categories of advances exist:

	<u>2025</u>	<u>2024</u>
Mortgages	10,753	10,290
Motor Vehicles	4,231	3,960
Education	524	545
Other	2,859	2,745
Less: Expected credit loss	(119)	(119)
	<u>18,248</u>	<u>17,421</u>

12. NOTES AND COINS IN CIRCULATION

	<u>2025</u>	<u>2024</u>
Notes	1,095,280	1,040,512
Coins	79,860	77,071
	<u>1,175,140</u>	<u>1,117,583</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, 2025, the nominal value of numismatic coins sold, totaled approximately \$9,230 (2024: \$10,669) 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>2025</u>	<u>2024</u>
Government	452,810	457,391
Banks	2,942,837	3,006,307
Financial Institutions	3,151	888
Other	290,286	352,272
	<u>3,689,084</u>	<u>3,816,858</u>

Included in deposits are the following:

a) Government deposits include amounts totaling \$107,433 (2024: \$109,541) 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, 2025

(Expressed in BDS \$'000)

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

- b) Banks deposits include amounts totaling \$685,763 (2024: \$679,728) 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 \$127,022 (2024: \$110,312). The Bank pays interest on foreign deposits at the rate of 0.10% (2024: 0.10%).
- c) Other deposits include:
- amounts due to related parties and managed entities totaling \$141,556 (2024: \$155,817) which are unsecured, interest free with no fixed terms of repayment. Also see Note 18.
 - amounts totaling \$26,373 (2024: \$23,004) 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 \$102,441 (2024: \$158,797).

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

	<u>2025</u>	<u>2024</u>
Allocation of Special Drawing Rights	427,288	406,916

This amount of SDR 154,948 (2024: 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.

	<u>2025</u>	<u>2024</u>
IMF Loan (Extended Fund Facility)	241,011	290,710

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.

Notes to Financial Statements

December 31, 2025

(Expressed in BDS \$000)

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

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).

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 2.954% (2024: 3.844%). 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 \$64,270 (2024: \$61,202) within one year, \$176,741 (2024: \$221,857) between 1 and 5 years and \$0 (2024: \$7,650) after 5 years. Interest on the loan is expected to be paid in amounts totaling \$7,324 (2024: \$10,370) within one year, \$9,640 (2024: \$18,615) between 1 and 5 years and \$0 (2024: \$153) after 5 years. Repayments commenced April 2023. Repayments of \$63,621 (2024: \$54,375) 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:

Distributable Profit:	2025	2024
Accounts Payable	11,104	9,233
Contribution Payable – UWI Fund re Chair in Banking	1,161	1,161
Audit fees and related fees (ii)	50	102
Domestic Clearing	12,396	8,485
Dormant Accounts (i)	9,379	57,710
Frank Collymore Literary Endowment Fund	1,000	1,000
Sundry Balances	19,303	5,600
	<u>54,393</u>	<u>83,291</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) The audit fees expense during the year amounted to \$200 (2024: \$194). There were no other services provided by the auditor during the year.

Notes to Financial Statements

December 31, 2025

(Expressed in BDS \$000)

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.

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 unrealised gains, if any.

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

Distributable Profit:	2025	2024
Net Income for the year	33,726	76,402
(Less): Net gain on FX currency revaluation	-	(18,161)
(Less): Unrealised gain on derivatives	(33)	-
Share of profit of Associate	(218)	(77)
Balance as at December 31:	<u>33,475</u>	<u>58,164</u>

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.

Notes to Financial Statements

December 31, 2025

(Expressed in BDS \$'000)

16. CAPITAL AND RESERVES (DEFICIT), continued

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 \$33,475 (2024: \$58,164) from Distributable Profit to General reserves.

Paid Up Capital	<u>2025</u>	<u>2024</u>
Balance as at December 31, 2025 and 2024	<u>25,000</u>	<u>25,000</u>

General Reserve

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

	<u>2025</u>	<u>2024</u>
Balance as at January 1:	115,544	57,380
Transfer from Distributable Profit	33,475	58,164
Balance as at December 31:	<u>149,019</u>	<u>115,544</u>

Contributed Surplus

	Share of Contributed loss from Associate	Forgiveness of Loan due to Associate	Total
Balance, as at December 31, 2025 and 2024	<u>(733)</u>	<u>2,288</u>	<u>1,555</u>

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.

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(Expressed in BDS \$000)

16. CAPITAL AND RESERVES (DEFICIT), continued

Share of contributed loss from Associate

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

Fair Value Reserve

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

Retirement Benefit Reserve

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

17. COMMITMENTS, CONTINGENCIES AND GUARANTEES

a) At December 31, 2025, the Bank had contracts for capital expenditure in the amount of \$13,781 (2024: \$1,331).

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 was released during the 2024 financial year.

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.

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December 31, 2025

(Expressed in BDS \$'000)

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:

	<u>2025</u>	<u>2024</u>
Industrial Credit Fund	361	360
Housing Credit Fund	439	429
	<u>800</u>	<u>789</u>

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:

	<u>2025</u>		<u>2024</u>	
	<u>Net Assets</u>	<u>Net Income</u>	<u>Net Assets</u>	<u>Net Income</u>
Managed Entity:				
Housing Credit Fund	<u>125,004</u>	<u>697</u>	<u>123,882</u>	<u>8,085</u>

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

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:

Short-term employee benefits	<u>8,552</u>	<u>8,358</u>
Post-employment benefits	243	185
Directors' fees	86	86
Total compensation	<u>8,881</u>	<u>8,629</u>
	<u>2025</u>	<u>2024</u>
Staff advances to key management personnel total:	<u>5,311</u>	<u>5,126</u>

Notes to Financial Statements

December 31, 2025

(Expressed in BDS \$000)

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 recognised in the Statement of Financial Position are as follows:

	<u>2025</u>	<u>2024</u>
Present value of defined benefit liability	(175,879)	(166,635)
Fair value of plan assets	194,925	184,966
Net asset recognised in the statement of financial position	<u>19,046</u>	<u>18,331</u>

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

	<u>2025</u>	<u>2024</u>
Pension plan asset, beginning of year	18,331	2,646
Net pension costs during the year	(2,099)	(2,671)
Re-measurements recognised in Other Comprehensive Income	(1,098)	10,234
Contributions to pension scheme	3,912	8,122
Pension plan asset, end of year	<u>19,046</u>	<u>18,331</u>

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

	<u>2025</u>	<u>2024</u>
Opening defined benefit obligation	166,635	158,045
Current service cost	3,479	2,976
Interest cost	13,678	12,892
Employee's contributions	141	144
Actuarial gains	728	2,238
Benefits paid	(8,782)	(9,660)
Closing defined benefit obligation	<u>175,879</u>	<u>166,635</u>

Notes to Financial Statements

December 31, 2025

(Expressed in BDS \$'000)

19. PENSION AND POST-RETIREMENT MEDICAL SCHEME, continued

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

	<u>2025</u>	<u>2024</u>
	%	%
Active members	54.25	50.70
Deferred members	2.33	2.53
Pensioners	43.42	46.77

The weighted average duration of the defined benefit obligation as at December 31, 2025 was 12.88 (2024: 12.92) years. 99.22% of the value of benefits for active members were vested while 45.82% of the defined benefit obligation for active members was conditional on future salary increases.

e) Movement in fair value of plan assets:

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

	<u>2025</u>	<u>2024</u>
Fair value of plan assets at the start of the year	184,966	160,691
Interest Income	14,694	25,672
Employer contribution	3,912	8,122
Employee's contributions	141	144
Benefits paid	(8,782)	(9,660)
Expense allowance	(6)	(3)
Fair value of plan assets at the end of the year	<u>194,925</u>	<u>184,966</u>

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

	<u>2025</u>	<u>2024</u>
Current service cost	3,479	2,976
Net Interest on the net defined benefit asset	(1,386)	(308)
Administration expenses	6	3
Total included in staff cost	<u>2,099</u>	<u>2,671</u>

g) The amounts recognised in Other Comprehensive Income:

	<u>2025</u>	<u>2024</u>
Experience gains	728	2,238
Expected return on plan assets	15,064	13,200
Actual return on plan assets	(14,694)	(25,672)
	<u>1,098</u>	<u>(10,234)</u>

Notes to Financial Statements

December 31, 2025

(Expressed in BDS \$'000)

19. PENSION AND POST-RETIREMENT MEDICAL SCHEME, continued

h) The Principal actuarial assumptions used:

	<u>2025</u>	<u>2024</u>
	%	%
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

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>2025</u>	<u>2024</u>
	Years	Years
Life expectancy at age 60 for current pensions:		
Male	25.36	25.27
Female	27.20	27.16
Life expectancy at age 60 for current members age 40 in years		
Male	26.89	26.82
Female	28.02	27.98

i) Plan assets are comprised as follows:

<i>Employers:</i>	<u>2025</u>	<u>2024</u>
Deposits	-	1,000
Fixed income securities	105,868	103,180
Equity securities	80,571	71,813
Cash	1,851	1,775
Other assets	809	1,521
Total	<u>189,099</u>	<u>179,289</u>

<i>Employees:</i>	<u>2025</u>	<u>2024</u>
Fixed income securities	5,612	5,199
Equity securities	192	123
Cash	22	355
	<u>5,826</u>	<u>5,677</u>
Total	<u>194,925</u>	<u>184,966</u>

Notes to Financial Statements

December 31, 2025

(Expressed in BDS \$'000)

19. PENSION AND POST-RETIREMENT MEDICAL SCHEME,

As at December 31, 2025 approximately 57.19% (2024: 58.59%) of the Plan was directly invested in Barbados Government Debentures and Treasury Bills. The Plan has amounts totalling \$415 (2024: \$893) at the Bank which are included in Other Deposits as per Note 13.

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, 2025					
Pension benefits	9,384	11,049	35,357	70,797	126,587
As at December 31, 2024					
Pension benefits	9,139	9,662	32,530	65,030	116,361

The sensitivity of the defined benefit obligation to changes in the significant actuarial assumptions as at December 31, 2025 is:

	Defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	156,531	199,868
Salary growth rate	1%	188,364	166,716
Life expectancy	1 year	180,660	-

The sensitivity of the defined benefit obligation to changes in the significant actuarial assumptions as at December 31, 2024 is:

	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	-

Notes to Financial Statements

December 31, 2025

(Expressed in BDS \$'000)

19. PENSION AND POST-RETIREMENT MEDICAL SCHEME, continued

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, 2025 and 2024.

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

	<u>2025</u>	<u>2024</u>
Current service cost	439	393
Interest cost on benefit obligation	1,631	1,390
	<u>2,070</u>	<u>1,783</u>

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

	<u>2025</u>	<u>2024</u>
Beginning of year	(19,852)	(16,941)
Net benefit cost relating to current period	(2,070)	(1,783)
Employer contributions	1,033	962
Effect of Statement of Other Comprehensive Income	827	(2,090)
Obligation, end of year	<u>(20,062)</u>	<u>(19,852)</u>

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

	<u>2025</u>	<u>2024</u>
Benefit obligation, beginning of period	(19,852)	(16,941)
Current service cost	(439)	(393)
Interest cost	(1,631)	(1,390)
Benefits paid	1,033	962
Actuarial gains (losses)	827	(2,090)
Closing benefit obligation	<u>(20,062)</u>	<u>(19,852)</u>

iv) The amounts recognised in Other Comprehensive Income:

	<u>2025</u>	<u>2024</u>
(Gain) loss from experience	(827)	2,090

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

	<u>2025</u>	<u>2024</u>
Fair value of plan asset, beginning of year	-	-
Employer contributions	1,033	962
Employee contributions	-	-
Benefits paid	(1,033)	(962)
Fair value of plan asset, end of year	<u>-</u>	<u>-</u>

Notes to Financial Statements

December 31, 2025

(Expressed in BDS \$'000)

19. PENSION AND POST-RETIREMENT MEDICAL SCHEME, continued

j) Post - retirement medical scheme, continued

vi) The Principal actuarial assumptions used:

	<u>2025</u>	<u>2024</u>
	%	%
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, 2025

(Expressed in BDS \$000)

21. FINANCIAL RISK MANAGEMENT, continued

Introduction and Overview, continued

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

Credit Risk

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

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

Foreign Securities and Balances Held Abroad

The Bank manages credit risk by placing limits on its holdings of securities issued or guaranteed by governments and international institutions. The investment guidelines, which are approved by the Board of Directors, and administered by the Investment Committee 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.

Notes to Financial Statements

December 31, 2025

(Expressed in BDS \$'000)

21. FINANCIAL RISK MANAGEMENT, continued

Foreign Securities and Balances Held Abroad, continued

The table below presents an analysis of the Bank's foreign securities by rating agency designation at December 31, 2025 and December 31, 2024, based on Moody's or equivalent:

Foreign Securities:

	<u>2025</u>	<u>2024</u>
Rated (Moody's)		
AAA	1,375,016	1,347,089
AA+	680,170	758,940
AA	30,092	43,789
A+	134,918	149,195
AA-	150,253	116,129
A-	70,000	-
Aa2	-	19,641
	<u>2,440,449</u>	<u>2,434,783</u>
Unrated		
Regional Securities	7,789	7,422
Equities Securities	313	313
	<u>2,448,551</u>	<u>2,442,518</u>
Total Foreign Securities	<u>2,448,551</u>	<u>2,442,518</u>

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:

	<u>2025</u>	<u>2024</u>
Asset Backed Securities	45,545	65,853
Mortgage Backed Securities	17,195	13,317
Treasuries	6,982	6,577
Government Bonds	785,331	857,760
Supranational Bonds	682,134	692,281
Corporates	199,326	233,571
Agencies	641,725	572,036
Other	70,313	1,123
Total	<u>2,448,551</u>	<u>2,442,518</u>

Notes to Financial Statements

December 31, 2025

(Expressed in BDS \$'000)

21. FINANCIAL RISK MANAGEMENT, continued

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 2025 or 2024.

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. 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.

Notes to Financial Statements

December 31, 2025

(Expressed in BDS \$000)

21. FINANCIAL RISK MANAGEMENT, continued

Local Securities, continued

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 POCL.

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.

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 23% (2024: 20%) 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.

Notes to Financial Statements

December 31, 2025

(Expressed in BDS \$'000)

21. FINANCIAL RISK MANAGEMENT, continued,

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.

2025	Note	Stage1	Stage2	Stage3	POCI*	Total
January 1:		951	2,210	-	13,748	16,909
<i>Regional Securities:</i>						
Changes in assumptions	4	-	(97)	-	-	(97)
Reversal	4	-	-	-	-	-
<i>Repayment Guarantee to IMF:</i>						
Reversal	17(b)	-	-	-	-	-
<i>Local Securities:</i>						
Unwinding of ECL/Discount	7	-	-	-	(2,017)	(2,017)
Remeasurement – Bonds	7	-	-	-	(24)	(24)
Remeasurement – Treasury Notes	7	(373)	-	-	-	(373)
		(373)	(97)	-	(2,041)	(2,511)
December 31:		578	2,113	-	11,707	14,398
2024	Note	Stage1	Stage2	Stage3	POCI*	Total
January 1:		3,744	534	-	20,325	24,603
<i>Regional Securities:</i>						
Changes in assumptions	4	-	1,676	-	-	1,676
Reversal	4	-	-	-	-	-
<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

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

Notes to Financial Statements

December 31, 2025

(Expressed in BDS \$000)

21. FINANCIAL RISK MANAGEMENT, continued

Expected Credit Loss, continued

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 \$5,106 (2024: \$5,639). A one rate deterioration in credit ratings will cause profit to decrease by \$6,211 (2024: \$6,870).

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 Consolidated Financial Statements

For the year ended December 31, 2025

(Expressed in BDS \$'000)

21. FINANCIAL RISK MANAGEMENT, continued

Currency Risk, continued

As at December 31, 2025, 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	525,480	3,139	1,543	2,101	-	-	982	533,245
Foreign Notes and Coins	4,013	1,153	582	747	-	-	683	7,178
Foreign Securities	2,448,551	-	-	-	-	-	-	2,448,551
Derivative Financial Instruments	33	-	-	-	-	-	-	33
IMF Related Assets	-	-	-	-	-	66,458	-	66,458
Barbados Government T-Bills	-	-	-	-	207,220	-	-	207,220
Barbados Government Treasury Notes	-	-	-	-	108,051	-	-	108,051
Barbados Government Debentures	-	-	-	-	420,349	-	-	420,349
Government Advances	-	-	-	-	207,180	-	-	207,180
Other Assets	-	-	-	-	21,580	-	-	21,580
Total Assets	2,978,077	4,292	2,125	2,848	964,380	66,458	1,665	4,019,845
Liabilities								
Notes and Coins in Circulation	-	-	-	-	1,175,140	-	-	1,175,140
Government Deposits	-	-	-	-	452,810	-	-	452,810
Deposits of Banks	118,360	30	2,012	-	2,822,435	-	-	2,942,837
Deposits of Financial Institutions	-	-	-	-	3,151	-	-	3,151
Other Deposits	-	-	-	-	290,286	-	-	290,286
Allocation of Special Drawing Rights	-	-	-	-	-	427,288	-	427,288
IMF Loan	-	-	-	-	-	241,011	-	241,011
Lease Liability	-	-	-	-	873	-	-	873
Other Liabilities	-	-	-	-	54,393	-	-	54,393
Total Liabilities	118,360	30	2,012	-	4,799,088	668,299	-	5,587,789
Net Position	2,859,717	4,262	113	2,848	(3,834,708)	(601,841)	1,665	(1,567,944)

Notes to Consolidated Financial Statements

For the year ended December 31, 2025

(Expressed in BDS \$'000)

21. 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:

	US	GBP	CAD	EURO	BDS	SDR	OTHER	TOTAL
Assets								
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, 2025

(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, 2025

	Effect on Profit of 5% Increase	Effect on Profit of 5% Decrease
Assets		
EURO	142	(142)
GBP	215	(215)
CAD	106	(106)
SDR	3,323	(3,323)
Liabilities		
GBP	(2)	2
CAD	(101)	101
SDR	(33,415)	33,415

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

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, 2025

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

2025	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
Foreign Currency Assets						
Balances Held Abroad	74,945	348,300	110,000	-	-	533,245
Foreign Notes and Coins	7,178	-	-	-	-	7,178
Foreign Securities	8,102	70,678	417,380	1,298,626	653,765	2,448,551
IMF Related Assets	66,458	-	-	-	-	66,458
Derivative financial instruments	33	-	-	-	-	33
Total Foreign Currency Assets	156,716	418,978	527,380	1,298,626	653,765	3,055,465
Local Currency Assets						
Barbados Government T-Bills	-	-	207,220	-	-	207,220
Barbados Government Treasury Notes	-	-	-	108,051	-	108,051
Barbados Government Debentures	-	-	-	86,551	333,798	420,349
Government Advances	207,180	-	-	-	-	207,180
Other Assets	3,563	5	208	4,517	13,287	21,580
Total Local Currency Assets	210,743	5	207,428	199,119	347,085	964,380
Total Assets	367,459	418,983	734,808	1,497,745	1,000,850	4,019,845
Liabilities						
Notes and Coins in Circulation	1,175,140	-	-	-	-	1,175,140
Government Deposits	452,810	-	-	-	-	452,810
Deposits of Banks	2,942,837	-	-	-	-	2,942,837
Deposits of Financial Institutions	3,151	-	-	-	-	3,151
Other Deposits	290,286	-	-	-	-	290,286
Allocation of Special Drawing Rights	427,288	-	-	-	-	427,288
IMF Loan	-	-	64,270	176,741	-	241,011
Lease Liability	-	-	-	873	-	873
Other Liabilities	54,393	-	-	-	-	54,393
Total Liabilities	5,345,905	-	64,270	177,614	-	5,587,789

Notes to Financial Statements

December 31, 2025

(Expressed in BDS \$'000)

21. FINANCIAL RISK MANAGEMENT, continued,

Liquidity Risk, continued

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
Derivative Financial Instruments	241	-	-	-	-	241
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	5,424,889	-	61,202	221,983	7,650	5,715,724

Notes to Financial Statements

December 31, 2025

(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, 2025

(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, 2025:

	(Level 1)	(Level 2)	(Level 3)
Debt Securities at FVOCI	426,020	2,022,218	-
Equity Securities at FVOCI	-	-	313
Derivatives at FVTPL	33	-	-
	426,053	2,022,218	313

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)	-	-
	411,155	2,030,809	313

Fair value of financial instruments not carried at fair value

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

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

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

Local Securities

	2025		2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Barbados Government Debentures	420,349	429,093	421,786	463,577
Barbados Government Treasury Notes	108,051	111,056	192,627	197,529
	528,400	540,149	614,413	661,106



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