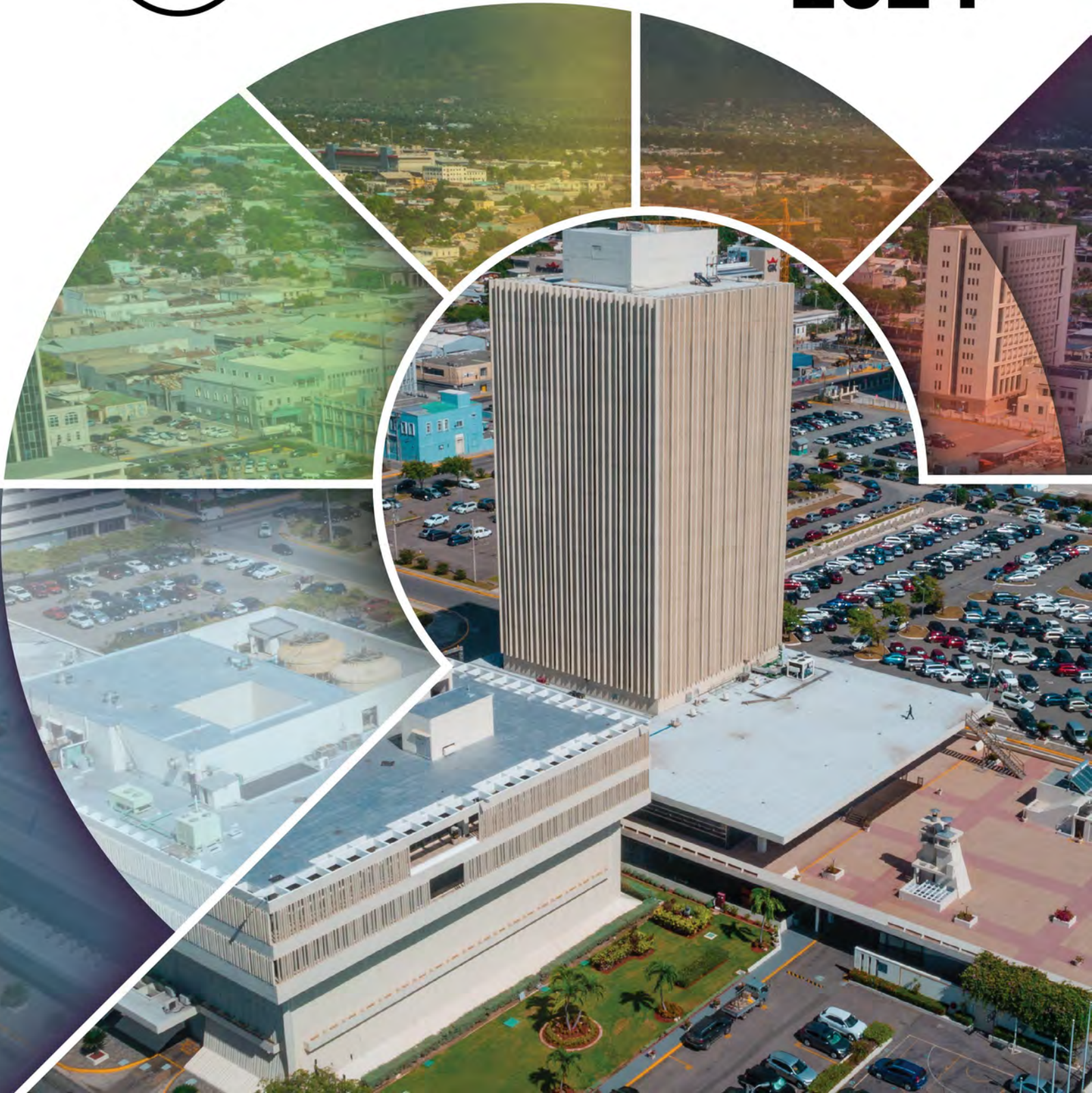




ANNUAL REPORT

2024





ANNUAL REPORT

2024

Report and Statement of Accounts for the
Year Ended 31 December 2024

© 2025 Bank of Jamaica
Nethersole Place
Kingston
Jamaica W.I.

Telephone: (876) 922 0750–9

Fax: (876) 967 4265

Email: library@boj.org.jm

Website: www.boj.org.jm

: [@CentralBankJA](https://twitter.com/CentralBankJA)

Facebook: [@CentralBankJA](https://www.facebook.com/CentralBankJA)

YouTube: [Bank of Jamaica](https://www.youtube.com/BankofJamaica)

ISSN 0067 3668



Bank of Jamaica Annual Report and Financial Statements
for the year ended 31 December 2024,
prepared pursuant to subsection 44(1) of the Bank of Jamaica Act.

This publication available on the BOJ website
(<https://boj.org.jm/boj-publications/annual-publications/>).

Printed in Jamaica

PREFACE

This Annual Report reviews the operations of the Bank of Jamaica which include monetary policy, financial system stability, payment system oversight, currency and financial market operations.

In keeping with the Bank's continued engagement with stakeholders, the Annual Report also provides a summary of the Bank's strategic plan, governance, communications, outreach and financial inclusion activities.

Information in this new design is presented in an easy-to-flow format with stylized highlights and pictures. In addition, the icon on the right has been embedded in some sections of the Annual Report. This new feature is a guide to links to related topics, publications, statistics and videos on the Bank's website and social media channels.



As is customary, the Report includes the Bank's audited financial statements as at the end of the calendar year.



OUR MISSION

To formulate and implement monetary and regulatory policies to promote price and financial system stability by being a trusted organisation with motivated and professional employees working for the benefit of the people of Jamaica.

OUR VISION

The world's leading central bank contributing to the development of Jamaica.



GOVERNOR

BANK OF JAMAICA
NETHERSOLE PLACE
P.O. Box 621
KINGSTON, JAMAICA, W.I.

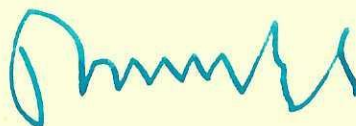
28 March 2025

The Honourable Fayval Williams, MP
Minister of Finance and the Public Service
Ministry of Finance and the Public Service
30 National Heroes Circle
Kingston 4

Dear Minister Williams:

In accordance with section 44(1) of the Bank of Jamaica Act, 1960, I have the honour of transmitting herewith the Bank's report for the year 2024 and a copy of the statement of the Bank's accounts as at 31 December 2024 duly certified by the auditors.

Yours sincerely,



Richard Byles



BOARD OF DIRECTORS



Richard Byles
Governor & Chairman



Wayne Robinson
Deputy Chairman



Christine Clarke



Andrea Coy



Serge Trevor Alleyne



Richard Powell



E. George Roper

MANAGEMENT COMMITTEE

as at 31 December 2024



(Left to Right) Jide Lewis, Deputy Governor & Deputy Supervisor; Natalie Haynes, Deputy Governor; Celeste McCalla, Deputy Governor & General Counsel; Richard Byles, Governor & Chairman; Wayne Robinson, Senior Deputy Governor; E. George Roper Deputy Governor; Robert Stennett, Deputy Governor.



COMMITTEE OF ADMINISTRATION



E. George Roper
Deputy Governor/Chairman



Sherene Bailey
Head, Financial Stability



Artwell Bernard
*Chief Information Officer/Division Chief,
Information Technology & Records
Management*



Calvin Brown
*Division Chief,
Human Resources*



Andrea Clarke
*Chief Strategy Officer,
Strategic Planning and Project
Management Centre*



Noel Greenland
*Executive Director,
Communications*



Victor Henry
*Division Chief,
Facilities Management & Protective Services*



Decoda Martin
*Acting, Chief Prudential Officer,
Financial Institutions Supervisory*

COMMITTEE OF ADMINISTRATION

Cont'd



Chevanese Morais
*Division Chief,
Banking & Currency Operations*



Novelette Panton
*Division Chief,
Payment System and
Money Services Oversight*



Carey-Anne Williams
*Division Chief,
Research & Economic Programming*



Ian Williams
*Financial Controller/Division Chief,
Finance*



OTHER SENIOR MANAGEMENT



Wainet Fearon
*Division Chief – Bank Examination, Financial
Institutions Supervisory Division*



Angela Foote
*Chief Audit Executive
Internal Audit Division*



Avlana Johnson
*Deputy General Counsel,
Legal*



Prudence Serju-Thomas
*Deputy Division Chief, Monetary Policy
Development and Research, Research &
Economic Programming Division*



James Robinson
*Deputy Division Chief – Regulation and
Policy, Financial Institutions Supervisory
Division*



Odean White
*Chief Risk Officer, Corporate Risk
Management*



Gerron Thomas
*Deputy Division Chief, Regulatory
Compliance & Market Conduct, Financial
Institutions Supervisory Division*



Eliud George Ramocan
Head, Cyber Risk



BANK OF JAMAICA
PRINCIPAL OFFICERS
As at 31 December 2024

GOVERNOR & SUPERVISOR

Richard Byles

SENIOR DEPUTY GOVERNOR

Wayne Robinson

DEPUTY GOVERNORS

Jide Lewis (Deputy Supervisor of Banks)	– Financial Institutions Supervisory Division
Celeste McCalla (General Counsel)	– Corporate Secretary and Legal Services Division
E. George Roper	– Finance, Technology & Administration Division
Natalie Haynes	– Financial Markets and Payments Systems Division
Robert Stennett	– Research & Economic Programming & Financial Stability Division

DIVISION CHIEFS

Decoda Martin (Acting Chief Prudential Officer)	– Financial Institutions Supervisory Division
Calvin Brown	– Human Resources Division
Wainet Fearon	– Financial Institutions Supervisory Division
Chevanese Morais	– Banking & Currency Operations Division
Carey-Anne Williams	– Research & Economic Programming Division
Novelette Panton	– Payment System and Money Services Oversight Division
Victor Henry	– Facilities Management and Protective Services Division
Artwell Bernard	– Information Technology & Records Management Division
Ian Williams (Financial Controller)	– Finance Division
Angela Foote (Chief Audit Executive)	– Internal Audit Division

2024 STRATEGIC HIGHLIGHTS

- Bank of Jamaica continued to execute its “Mission Excellence” strategy during 2024 which focused on the achievement of the Bank’s primary mandate - which is to maintain price and financial system stability – as well as digital and culture transformation.
- Bank of Jamaica remained resolute in its commitment to achieving its mandate of price and financial system stability. Domestic inflation continued to decelerate from its peak of 11.8 per cent in April 2022 to 5.0 per cent at end-2024, firmly within the Bank’s target of 4.0 to 6.0 per cent. The financial system also remained sound.
- During 2024, work advanced to implement the Twin Peaks Model of financial sector regulation and supervision in Jamaica. Examinations of selected entities within the financial sector were conducted jointly by BOJ and the FSC during the year, under a Twin Peaks Practice (TPP) project. A major achievement in 2024 under the TPP was the research, review and finalisation of the Minimum Automatic Banking Machine Service-Level Standards to strengthen consumer protection for customers.
- In June 2024, the Bank completed its risk-based supervision framework for remittance companies. This work will improve the efficiency and effectiveness of the supervision of this part of the financial sector.
- Meaningful progress was also made on the Implementation of a Special Resolution Regime (SRR) project. In June 2024, the SRR Bill was tabled before the Senate. This project is geared towards strengthening the country’s resolution framework for financial institutions by establishing a framework to make it feasible to resolve financial institutions that are no longer viable in a manner that does not cause severe disruption in the financial system.
- Significant progress was made on key projects being undertaken by BOJ to enhance competition within the banking system. During the year, a Consultation Paper related to the Electronic Know-Your-Customer (eKYC) project was circulated to the industry, responses were received and the concept for eKYC in Jamaica was formulated and presented to key stakeholders. As it pertains to the Account Portability project, a research paper with recommendations for the modality for account portability in Jamaica was far advanced at end-2024.
- During 2024, progress was made on a number of projects geared towards improving the efficiency and effectiveness of the Bank’s internal processes including the: (i) Human Capital Management (HCM) project; (ii) Key Information for Organisational Strategic Knowledge (KIOSK) project; and (iii) Business Process Inventory Management (BPIM) project.
- Bank of Jamaica drafted a new performance management framework during 2024. This framework plays a central role in the Bank’s culture transformation efforts as it is intended to provide a mechanism to facilitate performance improvement as well as promote greater alignment, transparency and fairness.

¹ See *Strategic Plan chapter for more details.*

724 STAFF MEMBERS



60 Persons
Recruited



1189 Members
BOJ Pension Fund



38 Persons
Exited

STAFF STATISTICS



94.5%
Retention Rate



8.0%
Promotion Rate

3.0%
Staff Earning
Higher Education
Qualification¹



2.1%
Resignations



160 Courses
Targeted Training Courses
Executed



5.4%
Turnover Rate



73% Achievement Rate

Business unit reviews completed in high-level organization structure review.

¹ Staff who earned higher qualifications during the review period to include Undergraduate and Post Graduate degrees



2024 at



POLICY RATE

6.00%

The key policy rate declined by 100 basis points to 6.00 per cent per annum during the latter part of the year.



INFLATION

5.0%

Throughout most of the year, annual headline inflation remained within the Bank's 4.0 – 6.0 per cent target range.



GROSS RESERVES

US\$5.6 billion

The country maintained a very strong reserve position, equivalent to 130.9% of the Assessing Reserve Adequacy (ARA) metric for FY2024/25.



UNEMPLOYMENT RATE

3.5%

At October 2024, Jamaica's unemployment rate was 3.5%.

a Glance



NO. OF DEPOSIT-TAKING INSTITUTIONS (DTIs)

11

The total number of licensed DTIs operating in Jamaica remained at 11, comprising 8 commercial banks, 1 merchant bank and 2 building societies.



ASSET QUALITY

2.5%

Asset quality, as measured by the ratio of total non-performing loans (past due 3 months and over) to total loans, remained 2.5 per cent at end-2024.



DEPOSIT DOLLARISATION RATIO

38.1%

(includes interest accrued on deposits)
With improved confidence in the Jamaica Dollar, the ratio of deposits held in foreign currency within the private sector declined to 35.5% at December 2024.



GDP GROWTH

0.9%

The economy declined by an estimated 0.9 per cent in calendar year (CY) 2024, largely reflecting the adverse impact of Hurricane Beryl and other adverse weather events on economic output.

TABELE OF **CONTENTS**

ABBREVIATIONS	
OVERVIEW BY THE GOVERNOR	
ROLE AND FUNCTIONS	1
GOVERNANCE	4
ADMINISTRATION	11
STRATEGIC PLAN	15

REVIEW OF ACTIVITIES:

20	MONETARY POLICY
29	FINANCIAL SYSTEM
49	PAYMENT SYSTEM
57	CURRENCY
60	FINANCIAL MARKET OPERATIONS
68	FINANCIAL INCLUSION
72	FINANCIAL DEEPENING

76 CORPORATE RISK MANAGEMENT

81	COMMUNICATIONS AND CORPORATE SOCIAL RESPONSIBILITY
----	---

1	APPENDIX: FINANCIAL STATEMENTS
---	---------------------------------------

ABBREVIATIONS

ABM	Automated Banking Machine
ACH	Automated Clearing House
ACL	Average Circulation Life
AML/CFT/CPF	Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation Financing
BCP	Business Continuity Plan
B-FXITT	BOJ Foreign Exchange Intervention and Trading Tool
BIS	Bank for International Settlement
BMI	Benchmark Investment
Bn	Billion
BOJ	Bank of Jamaica
bps	Basis points
BSJ	Bureau of Standards Jamaica
CAR	Capital Adequacy Ratio
CARICOM	Caribbean Community
CBDC	Central Bank Digital Currency
CD	Certificate of Deposit
CEO	Chief Executive Officer
CIP	Credit Information Provider
CPI	Consumer Price Index
DTIs	Deposit-taking Institutions
EPOC	Economic Programme Oversight Committee
ERPS	Electronic Retail Payment Services
FATF	Financial Action Task Force
FRC	Financial Regulatory Committee
FSSC	Financial System Stability Committee
FX	Foreign Exchange
FY	Fiscal Year
GDP	Gross Domestic Product
GFA	Gross Foreign Assets
GOJ	Government of Jamaica
HRD	Human Resource Development
HQLA	High Quality Liquid Assets
HWEG	Housing, Water, Electricity, Gas and Other Fuels
IMF	International Monetary Fund
JamClear®-CSD	JamClear® – Central Securities Depository
JamClear®-RTGS	JamClear® – Real Time Gross Settlement

JDIC	Jamaica Deposit Insurance Corporation
JMD	Jamaica Dollar
JMMB	Jamaica Money Market Brokers
LCR	Liquidity Cash Ratio
MaFI	Macro-Financial Index
Mn	Million
MiPI	Micro-prudential Index
MOFPS	Ministry of Finance and the Public Service
MPCC	Monetary Policy Consultation Clause
NIDS	National Identification System
NIR	Net International Reserves
NPL	Non-Performing Loans
NRA	National Risk Assessment
OMO	Open Market Operations
PD	Primary Dealers
POS	Point of Sale
PSE	Public Sector Entity
QIS	Quantitative Impact Study
RFI	Rapid Financing Instrument
RMB	China renminbi
RTGS	Real Time Gross Settlement
S&P	Standard and Poor's
SBA	Stand-by Arrangement
SC	Supervisory Committee
SDR	Special Drawing Rights
SGSC	Supervisory Guidance Steering Committee
SLF	Standing Liquidity Facility
US	United States
USA	United States of America
USD	United States dollar
UWI	University of the West Indies
VR	Variable Rate
WASR	Weighted Average Selling Rate
WATBY	Weighted Average Treasury Bill Yield
WGPSLAC	Working Group on Payment Systems for Latin America and the Caribbean
WTI	West Texas Intermediate (crude oil)
Y-O-Y	Year-over-Year

OVERVIEW BY THE GOVERNOR

Bank of Jamaica (BOJ) remained committed to its mandate of price and financial system stability throughout 2024. Domestic inflation became increasingly anchored within the Bank's target range of 4.0 to 6.0 per cent during the year, prompting a shift in the Bank's monetary policy stance to one of a gradual easing in the second half of the year. The performances of other key macroeconomic indicators were also generally positive. The financial system remained sound while the Bank of Jamaica's gross foreign reserves increased to a record high. However, real economic activity within the Jamaican economy is estimated to have contracted for the year, largely associated with the adverse impact of Hurricane Beryl in July 2024.

Annual headline inflation at December 2024 was 5.0 per cent, lower than the 6.9 per cent recorded a year earlier. Underlying (or core) inflation (which removes the impact of changes in food products and fuel prices from headline inflation) also decelerated to 3.9 per cent at December 2024 from 5.7 per cent a year earlier. The deceleration in headline inflation during 2024 was largely underpinned by the Bank's appropriate monetary policy posture and was supported by a relatively stable exchange rate, the non-recurrence of increases in some administered prices, falling international commodity prices and a moderation in inflation expectations.

Since June 2024, Bank of Jamaica, through its Monetary Policy Committee (MPC), shifted its monetary policy posture from the tight stance that had prevailed since October 2021, to one of gradual easing. This shift occurred in a context where inflation was generally contained within the inflation target range. The easing started with a gradual reduction of the Bank's absorption of liquidity from deposit-taking institutions (DTIs) through open market operations (OMOs), followed by four successive decisions of the MPC to reduce the policy rate. These decisions resulted in a cumulative reduction in the policy rate by 100 basis points (bps) to 6.0 per cent per annum. The Bank also continued its efforts to preserve relative stability in the foreign exchange market.

Further, for the review year, the interest rate corridor was narrowed from 300 basis points to 200 basis points. The Bank also resumed the offer of its 14-day repurchase auctions in December 2024. Going forward, the MPC indicated that future monetary policy adjustments will continue to depend on the trajectory of inflation relative to the inflation target range.

Real economic activity is estimated to have declined by 0.9 per cent in 2024, largely reflecting the adverse impact of Hurricane Beryl and other adverse weather/hydrological events on economic output. This estimated decline contrasted with growth of 2.6 per cent for 2023 and the increase of 5.2 per cent for 2022. The estimated decline for 2024 largely reflected contractions in most industries, including Construction, Agriculture, Forestry & Fishing, Manufacturing, Wholesale & Retail Trade, Real Estate, Renting & Business Activities and Other Services.

Bank of Jamaica's gross foreign assets (GFA) increased during 2024, relative to the previous year, remaining well above the level considered adequate. The increase in the GFA predominantly reflected net purchases from the private sector by BOJ, as well as increased inflows to the Government. The government-related inflows reflected receipts from the International Monetary Fund (IMF) under the Resilience and Sustainability Facility (RSF) in March and September 2024, along with proceeds from the sale of securitised future earnings of the Airports Authority of Jamaica.



Jamaica's sovereign credit ratings by the major credit rating agencies improved in 2024. This was driven by the Government's strong fiscal management, consistent achievement of its debt reduction targets and its programme of institutional strengthening. The country's resilience to economic shocks, including its hurricane response, along with expectations of GDP growth and improved budget balances in 2025 were also contributory factors to the improvements in debt ratings.

Despite the contraction in economic activity, Jamaica's financial sector remained stable throughout 2024. Deposit-taking institutions maintained capital adequacy ratios (CAR) above the regulatory benchmark and reflected broad resilience to hypothetical market, credit and liquidity risk shocks. Other key financial health indicators for DTIs, including liquidity, profitability and asset quality, remained generally stable. In addition, private sector credit continued to grow during the year, albeit, below pre-pandemic levels.

Significant work was carried out by both BOJ and the Financial Services Commission (FSC) towards implementing the Twin Peaks Model during the year. Under this framework, BOJ will be responsible for the prudential supervision of all financial institutions operating within Jamaica while the FSC will be responsible for the market conduct and consumer protection oversight of these same institutions. In preparation for Jamaica's transition to the Twin Peaks Model, the Bank and the FSC implemented a 'dress-rehearsal' of the Twin Peaks Model by commencing joint prudential and market conduct examinations in July 2024. This was aimed at enhancing collaboration between the agencies, aligning supervisory methodologies and streamlining sector oversight once the necessary legislation is passed.

In addition to the advancements on the Twin Peaks Model, the Bank made significant progress on key banking supervision initiatives to enhance financial system resilience. The development of drafting instructions for legislative changes for Phase I of the Basel III framework were in progress at the end of the year. Full engagement of the legislative process is slated for 2025. Phase II of the framework will focus on the Supervisory Review Process elements of the Basel III implementation plan while Phase III will address market disclosures and implementing additional capital and liquidity measures.

As part of its responsibility to ensure the safety and soundness of the financial system, the Bank published a number of revised regulatory standards for the financial sector during 2024. In April, the Minimum ABM Service-Level Standards were introduced, with DTIs given nine months to comply with the new guidelines. In addition, an updated Fitness and Propriety Standard was finalised in the June 2024 quarter. This standard introduced the concept of 'suitability', where substantial shareholders, directors, officers and other key employees of the entities regulated by the Bank must demonstrate the ability to meet time commitments and avert conflicts of interest as new key criteria for obtaining the fit-and-proper designation. The Standard of Sound Practice on Management of Cyber Risks was also finalised in September 2024, which mandated DTIs to adopt robust frameworks to mitigate cyber risks. A consultation paper on a revised Standard of Sound Practice for Effective Corporate Governance was released in December 2024. Once finalised, the standard will define the roles and responsibilities for Board directors and set expectations for developing a corporate governance framework for financial holding companies (FHCs) in line with international standards.

On 28 June 2024, the Financial Action Task Force (FATF) at the conclusion of its Plenary, removed Jamaica from its 'Grey List' of countries that are assessed as having strategic deficiencies in their Anti-Money Laundering (AML)/Combating the Financing of Terrorism (CFT)/Combating the Financing of the Proliferation of Weapons of Mass Destruction (CFP) regimes. As a result, Jamaica is no longer subject to the FATF's increased monitoring process. In 2024, the Bank also operationalised Phase II of its Risk-Based Supervisory (RBS) framework for the remittance sector. This RBS approach facilitated targeted AML/CFT/CFP monitoring through more efficient employment of the supervisory resources in assessing the compliance framework of each entity, in keeping with its inherent risk and implications for financial system stability.

Throughout 2024, Bank of Jamaica continued to fulfil its statutory obligation to satisfy the public's need for physical currency (banknotes and coins) as well as JAM-DEX® (the Central Bank Digital Currency (CBDC)). In this regard, during the year, the country continued its transition to a new polymer banknote series. The replacement of the old cotton-based notes advanced

during the year, with the proportion of both the volume and value of these banknotes in circulation declining substantially, relative to the prior year.

During 2024, the Bank remained resolute in ensuring safe and reliable Financial Market Infrastructures (FMIs). Notable achievements during the year included Merchant Strengthening initiatives through an internal JAM-DEX® point of sale (POS) (inline) pilot as well as preparatory work for a JAM-DEX® (online) pilot with a government entity. Additionally, the Bank boosted its system resilience with the installation of the JAM-DEX® Disaster Recovery site. Work also continued on the preparation of the bill to amend the Payment Clearing and Settlement Act (PCSA), 2010, aimed at enhancing the Bank's supervisory powers over Payment Service Providers (PSPs) and FMIs. The Bank also further advanced the project to adopt ISO 20022 in the JamClear® Systems and other retail payment systems. As part of Jamaica's financial deepening agenda, significant progress was made to facilitate the listing of Government of Jamaica (GOJ) domestically-issued securities on the Jamaica Stock Exchange (JSE) fixed income trading platform.

As it relates to its risk management framework, Bank of Jamaica continued to identify, measure, monitor and report on the risks inherent in its operations, even as the risk landscape continued to evolve during the year. These risks continued to be proactively managed within Board-approved risk tolerance levels during the year. Of note, the Bank completed a comprehensive review of its foreign reserves investment policy, aimed at managing risks in its investment portfolios and, in light of Jamaica's Data Protection Act (DPA) coming into full effect on 01 December 2023, implemented a robust data protection programme.

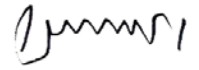
Throughout the year, the Bank's Board of Directors, its board committees and the various statutory committees effectively carried out their responsibilities to provide oversight of the strategy, policies and administration of the Bank, in line with its statutory mandate. All the stipulated number of meetings required by the Board of Directors and these committees were attained for the year and, in some instances, even exceeded.

Administratively, the Bank continued to place significant emphasis on strengthening its workforce to support the attainment of key strategic objectives. Specifically, in preparation for the impending transition to the Twin Peaks Model, focus was placed on organisational analysis, design and resourcing of the Bank's structure to facilitate the impending shift in its regulatory framework. This involved an increasing thrust to improve the competence of the Bank's workforce through further talent acquisition as well as increased professional development and training interventions for existing staff. A number of activities were also executed to foster improved staff engagement during the year.

The Bank continued to execute its 'Mission Excellence' strategic plan, during the year, in support of the achievement of its primary mandate of maintaining price and financial system stability. Concurrently, the Bank maintained its focus on digital and cultural transformation, aimed at ensuring that processes are upgraded to ensure efficiency and that the staff becomes fully engaged and consistently demonstrates the Bank's core values. Additionally, progress was made on a number of key projects aimed at enhancing the operational efficiency and effectiveness of the Bank's internal processes, including the Human Capital Management project as well as the Key Information for Organisational Strategic Knowledge (KIOSK) project – a centralised data repository that will function as the "single source of truth" for statistical data across the Bank. There was also meaningful progress on the Electronic Know-Your-Customer (eKYC) and Account Portability projects being undertaken by the Bank to enhance competition within the banking system. In order to drive further culture transformation, the Bank commenced the process of revamping its performance management framework to provide a mechanism for engendering performance improvement while promoting greater alignment, transparency and fairness.

In an effort to deliver on its mandate of promoting low, stable and predictable inflation while fostering stability in the financial system, the Bank continued to place significant focus on delivering clear and efficient communication of its policies and actions. Accordingly, during the year, various initiatives were implemented across diverse communication channels to augment the effectiveness of monetary policy. Additionally, the Bank continued to engage in community outreach and welfare programmes as well as undertook initiatives to support education, culture and the creative arts.

In conclusion, Bank of Jamaica is committed to maintaining a macroeconomic environment that is aligned with its mandate of ensuring price and financial sector stability. Accordingly, the Bank will continue its surveillance of global and domestic developments and take appropriate actions, as needed, to ensure the achievement of this mandate. I wish to thank the members of the Board of Directors, statutory committees, management and staff for their continued hard work and unwavering commitment to excellence as the Bank seeks to become the world's leading central bank, contributing to the development of Jamaica.



Richard Byles



HON. NOEL N. NETHERSOLE
MINISTER OF FINANCE 1955-1959


During His Term Of Office He Laid The
Foundations For The Establishment
Of The Bank Of Jamaica

ROLE AND FUNCTIONS

Bank of Jamaica, established by the Bank of Jamaica Act (1960), is responsible for the implementation of sound, consistent monetary policy, and ensuring financial system stability through robust supervisory and regulatory policies. Under the Bank of Jamaica (Amendment) Act, 2020, the principal objectives of the Bank was sharpened to be the maintenance of price stability and financial system stability with the primary objective being the maintenance of price stability.

Our Mission Statement



To formulate and implement monetary and regulatory policies to promote price and financial system stability by being a trusted organisation with motivated and professional employees working for the benefit of the people of Jamaica. 

Monetary Policy

Bank of Jamaica conducts monetary policy with the aim of achieving a target for inflation of 4.0 to 6.0 per cent. In formulating monetary policy to achieve this target, the Bank takes into consideration all prevailing and prospective developments in the macroeconomy, fiscal operations and external sector as well as relevant market information. A decision to change the stance of monetary policy is reflected, *inter alia*, in changes in the rate offered to deposit-taking institutions on overnight placements with the Bank. Monetary policy decisions are taken by majority vote by the five-member MPC.

Financial System Stability

BOJ has supervisory and regulatory oversight of commercial banks and other licensed DTIs. As such, the Bank routinely monitors these institutions' compliance with all the relevant legislation and regulations to ensure the highest level of prudence and integrity in their management. The Bank's overall responsibility for financial stability is supported by micro- and macro-prudential assessments, which are underpinned by the results from early warning systems and risk models.

The Bank undertakes the role of supervisory and financial system stability oversight in collaboration with the Financial Services Commission (FSC) and the Jamaica Deposit Insurance Corporation (JDIC) through four statutory committees: the Supervisory

Committee (SC), the Financial System Stability Committee (FSSC), the Financial Regulatory Committee (FRC) and the Financial Policy Committee (FPC).

Other Responsibilities

In addition to the primary mandate of maintaining price stability and financial system stability, the Bank is responsible for:

- oversight of Jamaica's payment, clearing and settlement systems and the foreign exchange market;
- the issue and redemption of currency;
- the provision of banking services to the Government and commercial banks as well as fiscal agency services to the Government; and
- the management of the external reserves of Jamaica.

Developments in 2024

During 2024, work advanced to implement the Twin Peaks Model of financial sector regulation and supervision in Jamaica. Under this model, BOJ will be responsible for prudential supervision of all financial institutions operating within Jamaica while the FSC will be responsible for market conduct and consumer protection oversight of the same set of institutions. The legal work required to bring into effect this new regulatory model progressed in 2024 with the drafting of the submission to Cabinet.



[Monetary Policy](#) [Financial System Stability](#)

GOVERNANCE



HON. NOEL N. NETHERSOLE
MINISTER OF FINANCE 1984-1987

GOVERNANCE

The Bank of Jamaica (Amendment) Act, 2020, stipulates that the Governor is the Chief Executive Officer of the Bank as well as the Chairman of the Board of Directors. Other Directors of the Board include the Senior Deputy Governor, a Deputy Governor appointed by the Governor General in Council and five

independent directors appointed by the Governor General in Council. The Board of Directors is responsible for the oversight of the Bank's strategy, policies and administrative affairs while also ensuring that the statutory committees carry out their functions in accordance with their mandate.

Provisions under BOJ (Amendment) Act, 2020

The Bank of Jamaica Act, as amended in 2020 (and which amendment took effect in 2021), stipulates that the Governor, who is appointed for a period of five years and is eligible for reappointment, is the Chief Executive Officer of the Bank as well as Chairman of the Board of Directors. The other Directors of the Board are: the Senior Deputy Governor; a Deputy Governor appointed by the Governor General in Council on the recommendation of the Board; and five independent directors appointed by the Governor General in Council. The Governor, Senior Deputy Governor and the Deputy Governor are ex-officio members of the Board.

Under the Bank of Jamaica (Amendment) Act, 2020, the Board term for the independent directors is 10 years with appointments staggered so that the term of only one Board position expires every two years. The initial appointments were staggered at ten, eight, six, four and two years, respectively, with the directors so appointed being eligible for

reappointment following the expiry of their respective terms for a further term of 10 years. The provisions of the amended law allow for longer board terms and continuity across political cycles. Under the amended law, an employee of Government, a statutory body or authority, an Executive Agency or Government company does not qualify for appointment to the Board.

Additionally, the oversight responsibilities of the Board were strengthened to include oversight of the statutory committees of the Bank to ensure that these committees are effectively discharging their statutory mandates while not interfering with their decision-making functions.

During 2024, sittings of the Board, Board Committees and Statutory Committees continued to be held virtually with the concurrence of members. One in-person meeting of the Monetary Policy Committee was held in December 2024.

Board of Directors

Under the Bank of Jamaica (Amendment) Act, 2020, the Board is comprised of eight members: three ex-officio members and five appointed members.

- **Membership**

At 31 December 2024, the ex-officio members of the Board of Directors were: Governor Richard Byles (Chairman), Senior Deputy Governor Dr Wayne Robinson and Deputy Governor Edmond George Roper. The five appointed members of the Board

were: Dr Christine Clarke, Mrs. Andrea Coy, Mr. Richard Powell, Dr Serge Trevor Alleyne and Mr Richard Pandohie. Dr Alleyne was appointed to the Board effective 15 January 2024 to 14 April 2023. Mr. Richard Pandohie, who was appointed to the Board of Directors, effective 31 January 2023 to 15 April 2025, resigned from the Board effective 30 May 2024. The Bank expressed its appreciation to Mr. Pandohie for his valuable contribution to the Board over the period of his tenure. At 31 December 2024, there was one vacancy on the Board consequent upon the resignation of Mr. Pandohie.

- **Board of Directors' Meetings**

The Board held 11 meetings in 2024, exceeding the legal stipulation for the Board to meet at least 10 times annually (see **Table 1**).

- **Committee Meetings of the Board**

There are three standing committees of the Board: the Audit and Risk Committee, the Budget Committee and the Human Resource Development (HRD) Committee. These committees have terms of reference, approved by the Board, outlining their respective responsibilities.

The Audit and Risk Committee was chaired by Dr Christine Clarke with the other members being Mrs. Andrea Coy and Dr Serge Trevor Alleyne. Dr Alleyne was appointed to the Committee with effect from 28 February 2024. The Committee also included a fourth member, Mr Richard Pandohie, who resigned during the year. The Committee, which is required to meet at least four times per year, met seven times in 2024.

The Budget Committee was chaired by Mr. Richard Powell. The other members of the Committee were Dr Wayne Robinson and Dr Serge Trevor Alleyne. Dr Alleyne was appointed to the Committee effective 28 February 2024. This committee met twice in 2024, satisfying the minimum requirement.

Mrs. Andrea Coy chaired the HRD Committee with the other member being Mr. Richard Powell. Mr. Richard Pandohie was also a member of the Committee until his resignation. This Committee is required to meet quarterly or more often, as necessary. Seven meetings were held during 2024 (see **Table 1**).



BOJ Staff participating in the 2024 Health and Wellness fair

Table 1: Board of Directors' Meetings and Board Committee Meetings for 2024

Committee	Chair	Mandate	No. of meetings
Board of Directors	Governor Richard Byles	The Board is responsible for strategy, policies, general oversight and administration of the affairs of the Bank. In carrying out these functions, the Board provides oversight of the performance of the Bank and the Governor. It is provided by the Bank of Jamaica Act that in carrying out its responsibilities the Board is required to oversee the general functions of the statutory committees of the Bank (save and except for the decisions made by said committees) in order to ensure that said functions are carried out in accordance with their statutory mandate.	11
Audit and Risk Committee	Christine Clarke	The Committee assists the Board in executing its mandate to provide effective independent oversight of the Bank's financial reporting process, system of internal controls, internal audit, external audit, the enterprise risk management functions and compliance with relevant laws and regulations.	7
Budget Committee	Richard Powell	This Committee is responsible for monitoring and reviewing the Capital and Recurrent budgets of the Bank. In addition, the Committee may meet, at the request of the Board, to review the outturn against budget.	2
Human Resource Development Committee	Andrea Coy	The Committee has the responsibility for reviewing, monitoring and making recommendations to the Board on the human resources strategy and policies.	7

Statutory Committees

The statutory committees of the Bank are: the Supervisory Committee (SC), established by the Banking Services Act of 2014; the Financial System Stability Committee (FSSC), established by the 2015

amendment to the Bank of Jamaica Act; and the Monetary Policy Committee (MPC) and Financial Policy Committee (FPC), established by the 2020 amendment to the Bank of Jamaica Act which was

brought into effect on 16 April 2021. There is also the Financial Regulatory Committee (FRC), which is a committee of regulators established to facilitate the exchange of regulatory information. The establishment of the FRC was recognised in statute

through amendments to the Bank of Jamaica Act that were effected with the passage and promulgation of the Banking Services Act (BSA). Meetings of these statutory committees were chaired by the Governor (see **Table 2**).

Table 2: Statutory Committees Meetings for 2024

Committee	Mandate	No. of meetings
Supervisory Committee	The SC provides prudential regulation and supervision of deposit-taking institutions, their financial groups and holding companies.	7
Financial System Stability Committee	The FSSC identifies systemic threats to the financial system and recommends and assists with engaging mitigating measures.	4
Monetary Policy Committee	The MPC determines the monetary policy of the Bank through its consideration of the results of research and analysis relevant to financial markets, the domestic economy and the international economy.	23
Financial Policy Committee	The Committee is responsible for financial policies of the Bank including those related to prudential supervision and macro-prudential policy (financial system stability). The FPC is also responsible for matters relating to the payments and settlements systems, credit reporting and other financial policy matters for which the Bank is given responsibility.	6
Financial Regulatory Committee	The FRC facilitates information-sharing, coordination and cooperation among regulatory authorities.	7

● **Supervisory Committee**

The Banking Services Act, 2014, section 6(1), established the SC as the final decision-making authority in the prudential regulation and supervision of DTIs and the financial groups of which they are a part. In that regard, the SC is responsible for functions set out at section 7(1) of the BSA, which include making determinations on the granting, refusal and revocation of licences, among other matters. The SC is empowered to ratify, veto or vary supervisory determinations and accept or reject recommendations made via the Bank's Supervision department. The establishment of this committee strengthened the accountability, transparency and general governance structure of the Bank's regulatory framework.

There are five members of the SC, three of whom are ex-officio and two persons external to the Bank and

appointed by the Governor General in Council for a period of five years. The Governor is the Supervisor as provided by the Bank of Jamaica Act. Ex-officio members are the Supervisor, the Deputy Supervisor and a member of the senior executive staff of the Bank who has responsibility for the Bank's financial stability oversight. At 31 December 2024, the members of the SC were Governor Richard Byles, who is the Supervisor of banks, financial holding companies and other specified financial institutions, Senior Deputy Governor Dr Wayne Robinson, Deputy Supervisor Dr Jide Lewis, Ms. Shirley-Ann Eaton and Professor David Tennant. Under the BSA, the SC is empowered to meet at such times as may be necessary or expedient for the transaction of business. Accordingly, the SC held seven meetings during 2024.


- **Financial System Stability Committee**

The FSSC provides support to the Bank in respect of the identification and mitigation of systemic threats to the financial system. The functions of the FSSC are outlined at section 34M of the Bank of Jamaica (Amendment) Act, 2015. For 2024, the activities of the FSSC largely focused on: (i) undertaking assessments in relation to developments in the financial system and international markets as well as the links between the financial sector and developments in other sectors of the Jamaican and the global economies; (ii) giving oversight to the design and conduct of periodic stress tests regarding plausible systemic threats to the stability of Jamaica's financial system; and (iii) recommending policies to the FPC to assist with the fulfilment of the Bank's financial system stability mandate.

There are eight members of the FSSC: six ex-officio members and two members appointed by the Minister of Finance and the Public Service on the recommendation of the Governor. The ex-officio members of the Committee are the Governor, the Senior Deputy Governor or other Deputy Governor or senior officer of the Bank with assigned responsibility for the Bank's financial system stability mandate, the Financial Secretary, the Deputy Supervisor, the Executive Director (ED) of the Financial Services Commission and the Chief Executive Officer (CEO) of the Jamaica Deposit Insurance Corporation (JDIC).

At 31 December 2024, the members were Governor Richard Byles, Senior Deputy Governor Dr Wayne Robinson, Deputy Supervisor Dr Jide Lewis, Financial Secretary Darlene Morrison, Lieutenant Colonel (Lt Col) Keron Burrell (who was seconded from Bank of Jamaica to the FSC as ED, effective 31 January 2023) Ms. Antoinette McKain (CEO of JDIC), Mr. David Marston and Dr Lavern McFarlane. Four meetings of the FSSC were held during 2024.



The FSSC provides support to the Bank in respect of the identification and mitigation of systemic threats to the financial system. 

- **Monetary Policy Committee**

The MPC was established by the Bank of Jamaica (Amendment) Act, 2020. The Act states that the principal objectives of the Bank shall be the maintenance of price stability and financial system stability, with the primary mandate being the maintenance of price stability. In this regard, the MPC has the responsibility for determining the monetary policy of the Bank. As stated by the Act, in carrying out its functions, the MPC is required to achieve and maintain price stability as defined by the inflation target set by the Minister of Finance and the Public Service.

There are five members of the MPC, three ex-officio members and two members external to the Bank and appointed by the Governor General in Council. The appointed members were each appointed for a five-year term, effective 16 April 2021. The three ex-officio members are the Governor (Chairman), the senior executive responsible for monetary policy and another senior executive appointed by the Board. At 31 December 2024, the ex-officio members were Governor Richard Byles, Senior Deputy Governor Dr Wayne Robinson and Deputy Governor Robert Stennett. The appointed members were Dr Nadine McCloud and Mr. David Marston. During the year, 23 meetings of the MPC were convened to discuss several issues critical to monetary policy and the monetary policy transmission mechanism.

- **Financial Policy Committee**

The FPC was established by the Bank of Jamaica (Amendment) Act, 2020, and is charged with the responsibility for determining the financial policies of the Bank, that is, those policies that govern the conduct and promote the proper functioning of the financial system. Additionally, the FPC has responsibility for decisions on all issues related to financial policy including: (i) prudential supervision and macro-prudential policy; (ii) financial policies related to the regulation of remittances and cambios; (iii) payments and settlements systems; (iv) credit reporting; and (v) other financial policy matters for which the Bank is given responsibility.

The FPC is comprised of six members; two appointed members external to the Bank and four ex-officio

members. The appointed members were each appointed by the Governor General in Council for a five-year term, effective 16 April 2021. The four ex-officio members are the Governor (Chairman), the Senior Deputy Governor, the senior executive of the Bank responsible for the financial stability oversight function or, where such person is either the Governor, Senior Deputy Governor or Deputy Supervisor, such other senior executive of the Bank determined by the Board, and the Deputy Supervisor. At 31 December 2024, the members were Governor Richard Byles, Senior Deputy Governor Dr Wayne Robinson, Deputy Supervisor Dr Jide Lewis, Deputy Governor Natalie Haynes, Mrs. Myrtle Halsall and Professor David Tennant. Under the BOJ (Amendment) Act, 2020, the FPC is mandated to hold a minimum of four meetings per year. During 2024, six meetings were held.

- **Financial Regulatory Committee**

The FRC (formerly the Financial Regulatory Council) is an inter-agency committee of regulators, which was established in 2000 for the purpose of cooperation and information exchange. The FRC's operations were set out in a Memorandum of Understanding (MOU) in

2000 but was updated on 14 March 2018. The committee was given a statutory basis by the 2014 amendment to the Bank of Jamaica Act which was consequentially amended with the passage and promulgation of the BSA. Under the MOU, each member agrees to facilitate information-sharing, coordination and cooperation with a view to: (i) facilitating a member's effective performance of their statutory duties; (ii) minimizing opportunities for regulatory arbitrage; (iii) adequately preparing for intervention and other regulatory actions; and (iv) reducing the regulatory burden, among other objectives. In general, objectives focus on those policies and procedures appropriate to the strengthening and regulation of the financial system.

There are four ex-officio members of the FRC: the Governor (Chairman); the Financial Secretary; the CEO of the JDIC; and the Executive Director of the FSC. At 31 December 2024, these persons were Governor Richard Byles, Ms. Darlene Morrison, Ms. Antoinette McKain and Lt Col Keron Burrell. The FRC is statutorily required to meet at least seven times each year. During 2024, seven meetings were held.

The Supervisory Appeals Board (SAB)

The Supervisory Appeals Board was established by section 27 of the BSA to hear appeals made by persons aggrieved by a decision of Bank of Jamaica's SC or the Supervisor (the BOJ Governor) on certain specified matters, namely:

- (i) decisions as to whether a person is fit and proper;
- (ii) objections as to whether an external auditor is an eligible auditor or any decision for removal of an external auditor; and

- (iii) questions of compliance with a code of conduct.

The SAB was first operationalised in 2021. With the resignation and expiration of the appointments of a number of its members in 2022 and 2023, respectively, the Bank awaits information regarding the appointment of persons to the SAB. Once operationalised, the draft Supervisory Appeals Board Rules and Process would be one of the first matters to be considered and approved by SAB.

Executive Compensation

The Bank's Executive Management comprises the Governor, Senior Deputy Governor and five Deputy Governors. These officers were appointed under fixed-term contracts as provided for under the Bank of Jamaica Act.

The salary and allowances of Executive Management for the year ended 31 December 2024 are described below:

- (iv) Salary Range of Executive Management
 - \$22 288 936.44 – \$43 301 625.36

(v) Allowances – Deputy Governors

- \$2 497 120.99 – \$7 054 662.25

Members of the Executive Management team are eligible for benefits available to other members of staff, inclusive of health insurance, life insurance and staff loans. At end-2024, the Senior Deputy Governor and four of the Deputy Governors were members of the non-contributory pension scheme sponsored by the Bank. The Governor and one Deputy Governor were paid a gratuity in lieu of pension benefits.

The Governor is entitled to be provided with an official residence maintained by the Bank or an allowance and reimbursements in lieu thereof. He is also eligible for reimbursement of prescribed overseas medical insurance premium.

The Governor and the Deputy Governors are provided with motor vehicles or compensation in lieu of a motor vehicle.

Non-Executive Directors of the Board who are also non-ex-officio members are paid an annual retainer and per meeting fees as approved by the Minister of Finance and the Public Service. These Directors are not eligible for staff-related benefits.

Appointed members of the statutory committees who are also non-executive and non-ex-officio members are also paid an annual retainer and per meeting fees as approved by the Minister of Finance and the Public Service. This applies to all statutory committees of the Bank, namely the SC, the FSSC, the MPC and FPC. Statutory Committee members are not eligible for staff-related benefits.

ADMINISTRATION



HON. NOEL N. NETHERSOLE
MINISTER OF FINANCE 1984-1987



Senior Deputy Governor Wayne Robinson crowns 2024 Miss BOJ winner
Diana Spencer

ADMINISTRATION

In 2024, there was significant emphasis on the delivery of key strategic objectives, which include organisational analysis, design and resourcing of the Bank's revised organisational structure, in preparation for the introduction of the Twin Peaks Model. Recognising the critical need to increase the competence of the workforce, emphasis was placed on expanding capabilities through talent acquisition as well as professional development of existing staff within the divisions to be impacted by this

transition. Employee engagement remained paramount and a variety of interventions were executed to increase engagement of staff. Additionally, progress in several key strategic initiatives advanced significantly including, but not limited to: (i) the implementation of the Human Capital Management System Project; (ii) the Enhanced Performance Management Programme; and (iii) the Culture Transformation Programme.

Workforce strengthened to support strategic imperatives

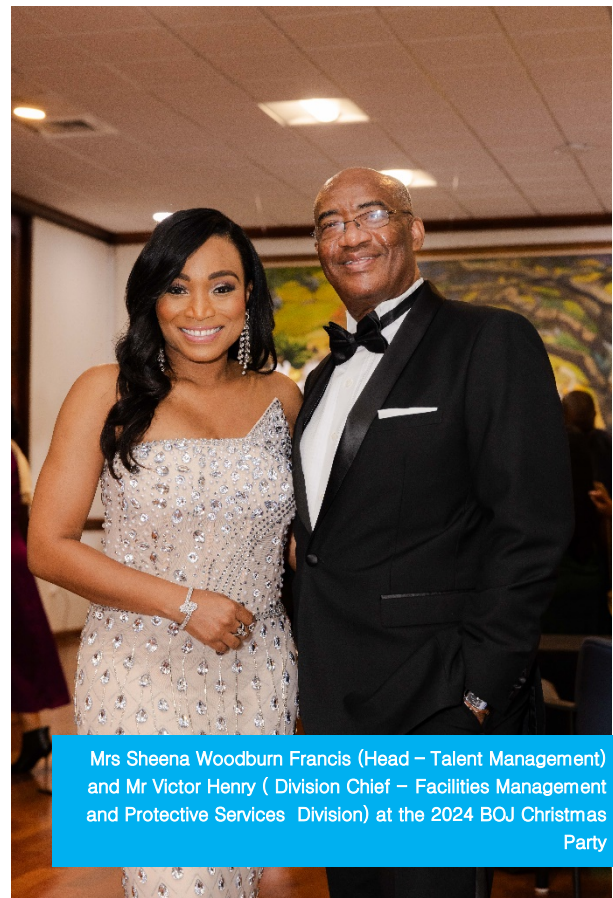
At 31 December 2024, the Bank's staff complement was 724, comprising of 522 permanent staff and 202 staff on fixed-term contracts undertaking various projects. During the year, 60 persons were recruited while 38 staff exited the organisation.

Organisational reviews driving transformation

The Bank's organisational development programme continued to focus on strengthening the effectiveness and efficiency of the organisational arrangements. This was done through diagnostic assessments, revision of operating models, organisational structures and leveraging the use of technology. Of significance, the Bank concluded and approved the organisation development review of the Financial Stability Department and implemented the new Information Technology and Records Management Division (ITRMD) structure. The implementation of these organisational reviews will strengthen the operationalisation of the financial stability mandate and increase the effectiveness and efficiency of the ITRMD.

Additionally, four reviews were completed, which directly support the Bank's supervision of financial institutions. The reports from these reviews will be

subject to the outcome of the high-level review of the Bank's structure. At end-2024, the completed reviews resulted in a 73.0 per cent achievement rate against a target of 80.0 per cent of all business units reviewed.



Mrs Sheena Woodburn Francis (Head – Talent Management) and Mr Victor Henry (Division Chief – Facilities Management and Protective Services Division) at the 2024 BOJ Christmas Party

Learning and development initiatives supported major strategic imperatives

During 2024, the Bank prioritised the development of leadership acumen among all people leaders, upskilling and retooling staff to deliver on current mandates as well as the new responsibilities anticipated from impending changes. This focus underscored the Bank's commitment to fostering a resilient and future-ready workforce.



Deputy Governor Jide Lewis at 'Alter Ego' – a staff engagement fun day on the north coast

A total of 160 training and development interventions were executed in 2024. The training interventions reflected greater focus on the Bank's strategic and national imperatives to ensure that team members were equipped with the relevant knowledge, skills and abilities to effectively supervise the wider financial services sector, given the pending transition to the Twin Peaks Model.

Of significance, the Bank continued its partnership with the Said Business School of Oxford University to design, develop and deliver a bespoke leadership programme. Another key initiative was a collaboration with the Central Banking Institute (CBI) to design and deliver a capacity-building programme in preparation for the supervision of the non-DTI sector.

Employee relations climate remained stable

The industrial relations climate remained stable during 2024. Negotiations with staff representative groups regarding improved wages and benefits were successfully completed and agreed increases were implemented. During the year, significant consultations were undertaken with staff and staff representatives on a variety of matters.

BOJ Pension Fund membership remained robust

Membership in the BOJ Pension Fund was 1 189 at 31 December 2024. This comprised 517 active members, 513 pensioners, 110 deferred pensioners and 49 beneficiaries (46 spouses and 3 dependent children). Of the 517 active members, 249 or 48.2 per cent were vested.

STRATEGIC PLAN



HON. NOEL N. NETHERSOLE
MINISTER OF FINANCE 1984-1987

STRATEGIC PLAN

Bank of Jamaica continued to make significant strides in executing its “Mission Excellence” strategy in 2024. The three areas of focus remained: (i) supporting the achievement of the Bank’s mandate, which is to maintain price stability and financial system stability; (ii) digital

transformation, which is geared towards upgrading processes to improve efficiency; and (iii) culture transformation, which is geared towards ensuring that the entire BOJ team is engaged and demonstrates the Bank’s core values on a consistent basis.

Strategic Priority 1: Supporting the Mandate

Twin Peaks Model

During 2024, work advanced to implement the Twin Peaks Model of financial sector regulation and supervision in Jamaica. Under this model, BOJ will be responsible for prudential supervision of all financial institutions operating within Jamaica while the FSC will be responsible for market conduct and consumer protection oversight of the same set of institutions.¹ The legal work required to bring into effect this new regulatory model progressed in 2024 with the drafting of the submission to Cabinet.

In addition, joint examinations of selected entities within the financial sector were conducted by BOJ and the FSC under a Twin Peaks Practice (TPP) project. This project will intensify the collaboration on regulatory matters that already exists between both regulators. In addition, the TPP project will build the capacity of the supervisory teams across both regulators in the context of future supervisory mandates under the Twin Peaks Model. A major achievement in 2024 under the TPP was the research, review and finalisation of the Minimum Automatic Banking Machine Service-Level Standards to strengthen consumer protection for customers.

Electronic Know-Your-Customer and Account Portability projects

Significant progress was made on key projects being undertaken by BOJ to enhance competition within the banking system: the Electronic Know-Your-Customer (eKYC) project and the Account Portability project.² The eKYC project is geared towards enabling near-instantaneous customer identity verification to reduce the time and effort associated with opening accounts at financial institutions. The Account Portability project builds on the eKYC project and is geared towards making it easier for customers to move their existing accounts from one financial institution to another.

“Joint examinations of selected entities within the financial sector were conducted by BOJ and the FSC under a Twin Peaks Practice (TPP) project.”

¹ The Twin Peaks Model represents a significant shift from the current sector-by-sector-based approach, in which BOJ has oversight of DTIs and the FSC has oversight of non-bank financial institutions.

² The Bank seeks to increase competition in the banking system so as to strengthen the monetary transmission mechanism.

During the year, a Consultation Paper related to the eKYC project was circulated to the industry, responses were received and the concept for eKYC in Jamaica was formulated and presented to key stakeholders. As it pertains to the Account Portability project, a research paper with recommendations was far advanced at end-2024.

Special Resolution Regime project

During the year, meaningful progress was made on the Implementation of a Special Resolution Regime (SRR) project. This project is geared towards strengthening the country's resolution framework for financial institutions. The SRR will establish a framework to make it feasible to resolve financial institutions that are no longer viable and have such resolutions done in a manner that does not cause severe disruption in the financial system.

In June 2024, the SRR Bill was tabled before the Senate.

Risk-Based Supervision Framework

The Bank completed its risk-based supervision framework for remittance companies in June 2024. Using this framework, each remittance company was assigned a risk rating to determine the scope and frequency of on-site inspections. This work is aimed at improving the efficiency and effectiveness of the supervision of this part of the financial sector.

Bank of Jamaica Staff

To ensure that the Bank is in a position to effectively undertake its mandate, continued focus was placed on attracting and retaining a competent cadre of central bankers during the year. Following a review of the Bank's compensation philosophy in 2022, a predetermined phased process saw team members' basic salaries moving to the 70th percentile of the market in 2024. The Bank's management is committed to reviewing compensation on an annual basis and making the relevant recommendations in accordance with policy.



Governor Richard Byles and the Hon. Fayval Williams (Minister of Finance and the Public Service) during her visit to the Bank

Strategic Priority 2: Digital Transformation

JAM-DEX®

The roll-out of the country's Central Bank Digital Currency, JAM-DEX®, continued in 2024, although not at the desired speed. Progress was made on activities to allow JAM-DEX® to be accepted at point-of-sale (POS) machines, but the number of entities onboarded as external wallet providers was unchanged at three at the end of the review year.³

Key Projects to enhance Operational Efficiency

During 2024, progress was made on a number of projects geared towards improving the efficiency and effectiveness of the Bank's internal processes:

- o *Human Capital Management (HCM) project*

The HCM system will replace disparate human resources (HR) related systems and, amongst other things, provide data analytics to enhance HR decision-making. Implementation of the HCM project began during the year.

- o *Key Information for Organisational Strategic Knowledge (KIOSK) project*

Under this project, a centralised data repository will be implemented that will function as the "single source of truth" for statistical data across the Bank. During 2024, the process to select the vendor that will provide the system was completed.

- o *Business Process Inventory Management (BPIM) project*

This system will assist the Bank in optimizing and managing its business processes. During

the year, progress was made in the process to select an appropriate system vendor.

- o *Enterprise Document and Records Management System (EDRMS) project*

Unfortunately, the EDRMS project, which involved implementing a system to improve the management of the Bank's records, had to be terminated during the year due to a range of issues. However, given the importance of such a project to the Bank's digital transformation agenda, a new version of the project will be initiated in short order.



Governor Richard Byles

³ The entities onboarded as external wallet providers are National Commercial Bank (NCB), JN Bank and Sagicor Bank.

Strategic Priority 3: Culture Transformation

Performance Management Framework

Bank of Jamaica drafted a new performance management framework during 2024. This framework will play a central role in the Bank's culture transformation efforts as it is intended to provide a mechanism for greater focus on performance improvement as well as promote greater alignment, transparency and fairness.

Employee Engagement

The Bank maintained its focus on employee engagement throughout 2024. Amongst other things,

team members were recognized for their contributions during Employee Recognition Week, feted at a Fun Day and transported into the "Roaring 20s" at the annual end-of-year party, which included the Miss BOJ pageant.

In 2025, the Bank will continue to undertake activities to foster a robust culture that will support the achievement of its mandate and help to realize its vision of becoming the world's leading central bank, contributing to the development of Jamaica.



2024 Miss BOJ contestants performing

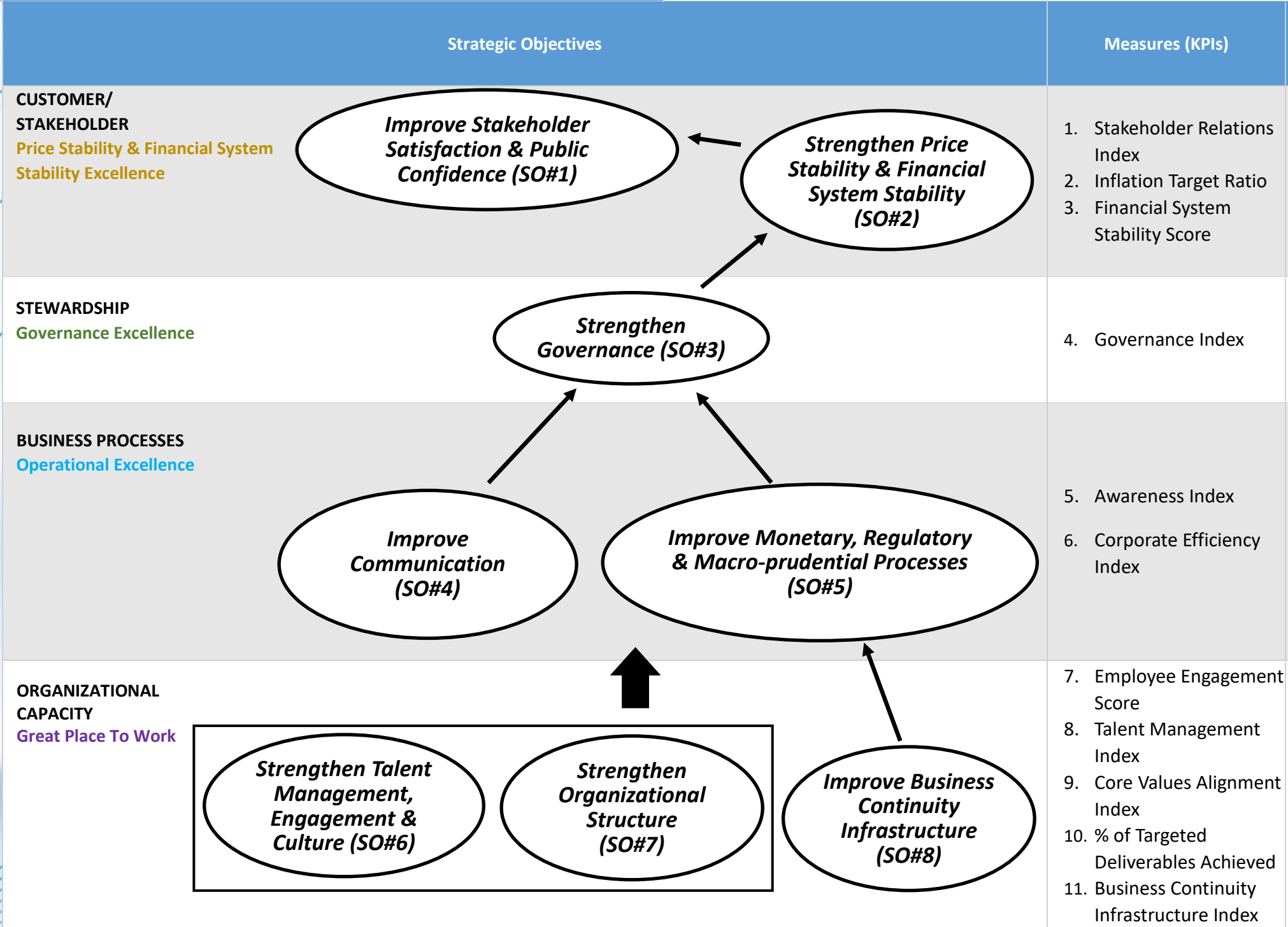


CORPORATE STRATEGY

2021

Tagline: Mission Excellence

Vision	The world's leading central bank contributing to the development of the Indian economy		
Mission	To formulate and implement monetary and regulatory policies to promote price stability and financial system stability		
Strategic Themes	Operational Excellence	Great Place to Work	
Strategic Results	Timely, accurate, reliable and cost-effective performance in accordance with agreed benchmarks.	A safe, comfortable and appealing work environment with attractive rewards and competitive compensation, employee wellbeing and professional development opportunities.	



Core Values :

Fairness

Equity

Transparency

Excellence

STRATEGY MAP

– 2024

...Resilience & Innovation

nt of Jamaica.

nd financial system stability by being a trusted organization with motivated and professional employees working for the benefit of the people of Jamaica.

Work	Governance Excellence	Price Stability & Financial System Stability Excellence
ork environment with on that promotes the ent of employees.	Strong and effective structures, systems and processes that support delivery of the highest standards of accountability, transparency, equity and fairness.	The agreed price stability and financial system stability development objectives are achieved.

Targets	Strategic Initiatives			
	Support Mandate	Digital Transformation	Culture Transformation	
70%				
90%				
28.0 (upper limit)				
80%				
80%	<ol style="list-style-type: none"> 1. Twin Peaks 2. Enhancing Banking System Competition* 3. Strengthen Monetary Policy Tools* 4. Enhanced Communication Programme* 5. Special Resolution Regime (SRR) 6. Enabling Regulatory Framework for PSPs 7. RBS Framework for MSBs 	<ol style="list-style-type: none"> 9. National Roll-out of CBDC 		
75%	8. Organizational Structure – Phase I	<ol style="list-style-type: none"> 10. Human Capital Management (HCM) System 11. Business Continuity Infrastructure Programme 12. Enterprise Document & Records Management System (EDRMS) 13. Information Data Governance (KIOSK)* 14. Business Processes Inventory 	<ol style="list-style-type: none"> 15. Enhanced Performance Management Programme 16. Culture Transformation Programme 	
80%	* Projects under the Monetary Policy Transmission Programme			
Baseline Score				
100%		* Project under the Monetary Policy Transmission Programme		
80%				
Confidentiality	Honesty	Integrity	Respect	Team Work

MONETARY POLICY



HON. NOEL N. NETHERSOLE
MINISTER OF FINANCE 1983-1989

ERECTED BY THE PEOPLE OF THE ISLAND OF TONGA
IN RECOGNITION OF HIS CONTRIBUTION
TO THE DEVELOPMENT OF THE NATION



The Hon. Fayval Williams (Minster of Finance & the Public Service) meets with BOJ executive management team during her visit to the Bank

MONETARY POLICY

Domestic inflation became increasingly anchored within the Bank's target range of 4.0 to 6.0 per cent during 2024, closing the year at 5.0 per cent. This represented a deceleration from 6.9 per cent at December 2023, continuing a downward trend since 2022. Notably, inflation was maintained within the Bank's target range on nine occasions throughout the review year, a marked improvement from the three occasions in the previous year.

The downward trend in inflation in 2024 was largely facilitated by the Bank's appropriate monetary policy posture and was supported by a relatively stable exchange rate, moderating inflation expectations, the non-recurrence of increases in some

administered prices and falling international commodity prices.

Against this background, commencing in June 2024, the Bank shifted its monetary policy posture to one of gradual easing. This shift involved: (i) a gradual reduction in the absorption of Jamaica Dollar liquidity via the use of open market operations; (ii) lowering the policy rate to 6.0 per cent; and (iii) maintaining relative stability in the foreign exchange market. The MPC noted that future monetary policy adjustments would depend on the trajectory of inflation relative to the inflation target range.

BOJ loosened its monetary policy stance in 2024

In the context of a general fall in the annual point to point inflation rate during 2024, Bank of Jamaica shifted its monetary policy posture from the tight stance, beginning in June 2024 to one of gradual easing. This easing posture started with a gradual reduction of BOJ's absorption of liquidity from DTIs through open market operations with the objective of facilitating: (a) the channelling of additional credit to the productive sector; and (b) gradual rate reductions in the money market. This was followed by four successive decisions of the MPC to reduce the policy rate. In this regard, there was a cumulative reduction in the policy rate by 100 basis points to 6.0 per cent per annum. The last decision was announced on 20 December 2024. Further, the Bank's interest rate corridor was narrowed from 300 basis points to 200 basis points. In that regard, effective 23 December 2024, the rate on the Bank's Standing Liquidity Facility was 8.0 per cent per annum. On 23 December 2024, the Bank also

resumed the offer of its 14-day repurchase auctions.¹

Chart 1: Policy interest rates
(percentage rate)



Source: BOJ

Inflation fell within the Bank's target for most of 2024

Annual inflation fell within the Bank's target of 4.0 to 6.0 per cent on nine occasions during the review year. The three breaches that occurred were to the upper bound of the inflation target, reflecting the

¹ The Bank had suspended the offer of its 14-day repurchase operations in October 2021 in an effort to manage the volume of Jamaica Dollar liquidity in the financial system.

impact on agricultural prices of adverse weather conditions, the upward adjustment in the national minimum wage and the impact of an increase in public passenger vehicle (PPV) fares in October 2023. In addition, there were higher restaurant costs during the year.

Notwithstanding these impulses, inflation trended downward during the year from 6.9 per cent at December 2023 to 5.0 per cent at December 2024 (see **Chart 2**). The deceleration in inflation in 2024 was largely facilitated by the Bank’s appropriate monetary policy posture and was supported by a relatively stable exchange rate, the non-recurrence of increases in some administered prices and falling international commodity prices, particularly for grains and, to a lesser extent, crude oil and liquid natural gas (LNG).

Underlying (or core) inflation (which removes the impact of changes in food products and fuel prices from headline inflation) was 3.9 per cent at December 2024, a deceleration from 5.7 per cent in December 2023. The slowdown in core inflation primarily reflected moderating second-round effects from imported inflation and the impact of tight monetary policy. Inflation expectations (measured through a survey of business firms) also continued to moderate following the peak of 13.1 per cent in June 2022. In the survey at December 2024, businesses’ expectations for inflation 12-months ahead was 7.2 per cent, compared to 8.0 per cent in the December 2023 survey.

Chart 2: Inflation fell within target for majority of 2024 (annual per cent)



Source: STATIN, BOJ

West Texas Intermediate (WTI) crude oil prices averaged \$75.78 per barrel in 2024, down from \$77.62 per barrel in 2023. This decline primarily reflected the impact of excess oil production in the US, which manifested itself in a rise in oil inventory. The decline also reflected weak demand, particularly from China. Similarly, LNG prices also fell to an average of US\$2.42 per million British Thermal Units (BTU) in 2024 from an average of US\$2.67 per million BTU in the previous year.

Average grains prices declined by 21.6 per cent in 2024, relative to the average in 2023. The reduction was associated with lower prices for corn (24.6 per cent annual decline), wheat (17.2 per cent annual decline) and soybean (22.6 per cent annual decline). The moderation in average grains prices was supported by: (i) ample grains supplies from key exporting countries, such as the USA and Russia, due to beneficial weather conditions; (ii) reduced production and transportation costs due to lower crude oil prices; (iii) competition from cheaper grains prices in the Black Sea region; and (iv) weak demand from China.

Money Market rates generally converged to the policy rate

In the context of the Bank’s loosened policy stance, there were declines in selected market interest rates during 2024 (see **Chart 3**). Specifically, at December 2024, the average 30-day, overnight and inter-bank private money market rates were 6.20 per cent, 5.76 per cent and 6.75 per cent, respectively, representing declines of 205 bps, 201 bps and 144 bps, relative to December 2023. Similarly, the average yield on the BOJ’s 30-day Certificates of Deposit (CDs) declined by 340 basis points to 6.58 per cent in December 2024, relative to the average yields in December 2023. Further, the weighted average yields on all GOJ Treasury Bills declined during 2024, with the GOJ 180-day tenor recording a decline of 228 bps to 6.17 per cent at December 2024.

Chart 3: Interest rate corridor and market rates (per cent)



Source: BOJ

The weighted average lending rate on bank loans to the private sector at December 2024 was, however, 12.35 per cent, reflecting an increase of 5 bps, relative to December 2023. Similarly, the weighted average deposit rate was 2.71 per cent at December 2024, an increase of 24 bps, relative to December 2023. The increase in the weighted average deposit rate largely reflected an uptick of 25 bps to 1.71 per cent in demand deposit rates in December 2024, relative to December 2023. Notably, however, there was a decline of 45 bps in time deposit rates while the savings deposit rate was largely unchanged.

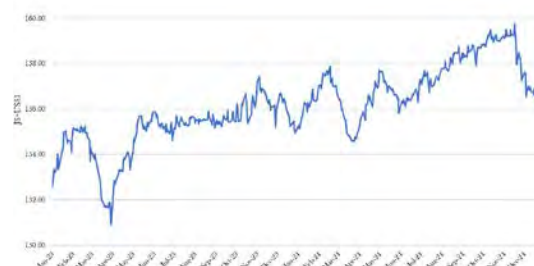
The foreign exchange rate exhibited relative stability in 2024

Throughout 2024, the foreign exchange market remained fairly stable, notwithstanding a mild uptick in the pace of depreciation in the exchange rate. The Jamaica Dollar depreciated on an annual average basis by 1.4 per cent against the US dollar compared to an annual average depreciation of 0.5 per cent for 2023. The Bank continued to moderate excess volatility in the exchange rate as a part of its strategy to lower inflation expectations and contain inflation firmly within its target range.

The relative stability in the foreign exchange market during the review year occurred in the context of adequate foreign exchange inflows associated with tourism and remittance inflows as well as measures

implemented by the Bank to attenuate episodic demand pressures. BOJ provided approximately US\$1.1 billion to the system through Bank of Jamaica Foreign Exchange Intervention and Trading Tool (B-FXITT) sale operations and direct sales to key entities.² Of note, the Bank purchased approximately US\$2.3 billion from the system via surrenders from Authorised Dealers and cambios.

Chart 4: Continued flexible cycles in the USD/JMD exchange rate



Source: BOJ

... but economic activity contracted in 2024

Real economic activity is estimated to have declined by 0.9 per cent in 2024, largely reflecting the adverse impact of Hurricane Beryl on economic output. This estimated decline was in contrast to growth of 2.6 per cent and 5.2 per cent in 2023 and 2022, respectively (see **Chart 5**).

The estimated decline for 2024 largely reflected contractions in Construction, Agriculture, Forestry & Fishing, Manufacturing, Wholesale & Retail Trade, Real Estate, Renting & Business Activities and Other Services.

The decline in Construction was underpinned by a fall in the building construction and civil engineering groups. Building construction is estimated to have fallen, given a decline in the sales of construction materials, while the fall in civil engineering activities was predicated on lower GOJ capital expenditure. For Agriculture, the contraction in value-added was attributed to the passage of Hurricane Beryl and, to

² The Bank augmented US dollar liquidity to the market through B-FXITT sales and direct sales to key entities amounting to US\$1.1 billion and US\$35.0 million, respectively.

a lesser extent Tropical Storm Rafael, as well as continuous rainfall between September and December 2024. For Manufacturing, the estimated contraction was predicated on the disruptions caused by Hurricane Beryl, a one-month plant closure of the domestic refinery due to fire-related damages and maintenance activities at the cement plant which restricted cement production.

The impact of the estimated declines in these industries were, however, partly offset by estimated growth in Transport, Communication & Storage, Finance & Insurance Services and Mining & Quarrying. The value added of the Tourism industry is estimated to have generally remained in line with levels recorded for 2023, despite reduced airport visitor arrivals due to the impact of unfavourable

weather, adverse travel advisories and reduced airline seats in the industry.

Chart 5: The Jamaican economy contracted in 2024
(percentage change in GDP)



Source: STATIN, BOJ

Other Economic Achievements in 2024

Unemployment recorded historic low in 2024

Labour market conditions improved throughout 2024. This improvement was evidenced by a continuous reduction in the unemployment rate between the January 2024 and October 2024 labour market surveys. Notably, the unemployment rate recorded a historic low of 3.5 per cent in the October 2024 survey.³

● Fiscal Management

The GOJ's budget for FY2024/25 was in support of the achievement of fiscal and primary balances consistent with a downward trajectory of the debt/GDP ratio of no more than 60.0 per cent of GDP by end-March 2028.⁴ The budget included expenditure for the new public sector compensation restructure as well as spending on critical areas such as, social protection, health and capital

investment. Of note, the GOJ implemented the final phase (third-year) of the compensation review.

With respect to the Government's social assistance programmes, these included the Programme of Advancement Through Health and Education (PATH), the National Drought Mitigation Initiative and the Social Housing Project. Capital investment programmes included healthcare infrastructure projects, the Southern Coastal Highway Improvement Project and the Montego Bay Perimeter Road, the Shared Prosperity Through Accelerated Improvement to our Road Network (SPARK) initiative, police and education infrastructure improvements. There were also significant investments by self-financing public bodies in housing, water, ports and energy.

The First Supplementary budget, tabled on 08 October 2024, reflected revisions to both revenues and expenditure. Specifically, there were

³ The definition of the labour market indicators was revised in the January 2024 survey to incorporate recommendations from the International Conferences of Labour Statisticians (ICLS). The revisions included: (1) changes to the reference week, minimum age limit, definition of unemployment, among other factors; and (2) three conditions; (i) absence of employment; (ii) active job-

seeking; and (iii) availability for work. As a consequence, the labour market outturns for 2024 cannot be compared with prior year outturns.

⁴ The focus of the budget is to achieve targeted fiscal and primary balances of 0.3 per cent of GDP and 5.6 per cent of GDP, respectively, under the Approved Budget.

improvements in tax and non-tax revenues. The higher non-tax revenue mainly reflected the execution of a transaction involving the securitisation of future revenue streams.⁵ With regard to tax revenue, the improvement was influenced by increases in several tax types, particularly income & profit taxes, due mainly to retroactive payments under the final phase of the GOJ's compensation review.

The higher revenues (tax and non-tax) facilitated an increase in expenditure, primarily within programmes, compensation of employees and debt service payments. The higher programme spending was due mainly to response and recovery efforts associated with the significant damage from Hurricane Beryl, which necessitated additional funding for infrastructure repairs, disaster management and social support programmes. Greater spending on compensation of employees and debt payments reflected higher costs associated with wage settlements under the new public sector compensation system and increased payments on the domestic debt.

A Second Supplementary Budget was tabled on 26 November 2024. This budget reflected an adjustment in subjects, departments, agencies, and other public bodies, while the overall budgeted Revenue & Grants and expenditure were unchanged.⁶

Central Government operations for April to December 2024 resulted in a fiscal deficit of 0.8 per cent of GDP, in comparison to the budgeted deficit of 1.3 per cent of GDP.⁷ The outturn reflected higher than budgeted expenditure partly offset by higher than budgeted Revenue & Grants. The higher than budgeted expenditure was primarily attributed to

higher programme spending and domestic interest costs, partly offset by lower capital expenditure. The higher programme spending stemmed from recovery efforts due to the impact of Hurricane Beryl while the increase in interest costs reflected higher premiums on domestic bonds. The lower capital spending reflected a slower pace of execution on projects.

Notably, the higher Revenues & Grants emanated mainly from non-tax revenue while tax revenue was lower than budget. With regard to non-tax revenue, the higher than budgeted inflows were largely attributable to the securitisation of future revenue streams of the Airport Authority of Jamaica. The deterioration in tax revenues emanated from the production & consumption and international trade categories, reflecting lower inflows from GCT (local), SCT (local) and travel tax.⁸

Jamaica's sovereign ratings improved in 2024

For 2024, Jamaica's sovereign credit ratings from major credit rating agencies improved. On 05 March 2024, Fitch Ratings upgraded Jamaica's long-term foreign and local currency issuer default ratings to 'BB-' from 'B+' while maintaining a "positive" outlook. The agency's outlook reflected the country's substantial progress with debt reduction, supported by a robust fiscal framework and a firm political commitment to achieving primary surpluses. The agency noted that the debt-to-GDP had fallen consistently over the last decade except for a COVID-19-related spike in 2020. In addition, the agency cited the significant strength of Jamaica's governance indicators above the "BB" median in support of its rating.

⁵In September 2024, the GOJ raised approximately \$70.0 billion through a securitisation of future revenue streams of the Airport Authority of Jamaica by issuing bonds backed by anticipated collections from the Norman Manley International Airport. This transaction is part of the government's strategy to attract investment and strengthen the financial markets.

⁶The Second Supplementary Estimates for FY2024/25 reflected changes arising from the reassignment of subjects and entities effective 30 October 2024. The Skills and Information portfolios, previously under the Office of the Prime Minister, were transferred to the Ministry of Education, Skills, Youth, and Information. This

reorganisation impacted the Office of the Prime Minister, the Jamaica Information Service (JIS) and the Ministry of Education and Youth.

⁷For comparison, BOJ's estimated GDP is \$3 199.4 billion compared to the GDP of \$3 289.8 billion in the Approved Budget.

⁸The reduced inflows from GCT (local) was due to higher refunds while the below budget inflows from SCT (local) was attributable to lower production at the refinery. With regard to the lower travel tax, this reflected the impact of lower tourism arrivals.

On 24 September 2024, Standard & Poor's Global Ratings affirmed Jamaica's long-term foreign and local currency issuer default ratings at 'BB-' and revised its outlook on Jamaica from "stable" to "positive". The agency's outlook reflected the view that Jamaican institutions were becoming stronger, resulting in better public finances, increased economic stability and enhanced resilience to shocks. The agency noted that it expects renewed GDP growth and improved budget balances in 2025.

On 23 October 2024, Moody's Investors Service affirmed Jamaica's long-term foreign and local currency ratings at 'B1' positive outlook.

“On 05 March 2024, Fitch Ratings upgraded Jamaica's long-term foreign and local currency issuer default ratings to 'BB-' from 'B+' while maintaining a “positive” outlook.”

Outlook

Inflation forecast to remain within the target range over the next two years

Bank of Jamaica's most recent macroeconomic assessment indicated that annual headline inflation will largely remain within the Bank's inflation target range over the next two years. This projection is primarily predicated on the impact of a fall in imported inflation, mainly emanating from lower oil and grain prices as well as a stabilisation in the private sector's expectations of future inflation. In addition, the projection envisaged a rebound in agricultural supplies following the adverse weather conditions in 2024. There is, however, an upside risk to the inflation projection in the context of the uncertainty associated with the potential changes to economic policies among Jamaica's main trading partners. The timing and the extent of the policy changes are highly uncertain.

At its meeting in December 2024, the MPC stated that the policy stance was judged to be appropriate

and that the scope for further policy easing would depend on the trajectory of inflation relative to the inflation target range. Further, despite the positive trends in inflation, the Bank recognises that consumer prices in Jamaica are still high. In this context, the MPC reaffirmed its commitment to its primary mandate of maintaining low, stable and predictable inflation.

Positive near-term outlook for growth

Over the near-term, real GDP is anticipated to grow primarily due to a rebound in Agriculture from the adverse impact of Hurricane Beryl. In addition, growth in Hotels & Restaurants and its allied industries is expected to be bolstered by a modest increase in foreign national arrivals. The forecast for growth in economic output is also based on expected expansions in Mining & Quarrying, Manufacturing and Electricity & Water Supply.



Links to more information

▶ Releases

- [Quarterly Monetary Policy Report](https://boj.org.jm/boj-publications/quarterly-reports/)
<https://boj.org.jm/boj-publications/quarterly-reports/>
- [Credit Conditions Survey Report](https://boj.org.jm/boj-publications/survey-reports/)
<https://boj.org.jm/boj-publications/survey-reports/>
- [Inflation Expectations Report](https://boj.org.jm/boj-publications/survey-reports/)
<https://boj.org.jm/boj-publications/survey-reports/>
- [Monetary Policy Announcement Schedule](https://boj.org.jm/core-functions/monetary-policy/policy-schedule/)
<https://boj.org.jm/core-functions/monetary-policy/policy-schedule/>
- [Pres Conference Speeches](https://boj.org.jm/news/boj-speeches/)
<https://boj.org.jm/news/boj-speeches/>
- [Press Conference Presentations](https://boj.org.jm/boj-publications/quarterly-reports/)
<https://boj.org.jm/boj-publications/quarterly-reports/>
- [Inflation Performance](https://boj.org.jm/statistics/real-sector/inflation/)
<https://boj.org.jm/statistics/real-sector/inflation/>

▶ Additional Resources

- [Objective of Monetary Policy](https://boj.org.jm/core-functions/monetary-policy/what-is-monetary-policy/)
<https://boj.org.jm/core-functions/monetary-policy/what-is-monetary-policy/>
- [The Inflation Target](https://boj.org.jm/core-functions/monetary-policy/what-is-inflation/the-inflation-target/)
<https://boj.org.jm/core-functions/monetary-policy/what-is-inflation/the-inflation-target/>
- [Decision Process](https://boj.org.jm/core-functions/monetary-policy/monetary-policy-decision-making/)
<https://boj.org.jm/core-functions/monetary-policy/monetary-policy-decision-making/>
- [Jamaica and the IMF](https://www.imf.org/en/Countries/JAM)
<https://www.imf.org/en/Countries/JAM>

LET'S
TALK ABOUT
INFLATION

Bank of Jamaica
is committed to
keeping inflation
**low, stable and
predictable** at
between 4% to 6%





**2024 Global Finance
Central Banker Report
Cards Award**

Governor Richard Byles was awarded an “A-” grade in the Global Finance Central Banker Report Cards 2024.

Global Finance’s Central Banker Report Cards assess the performance of the governors of nearly 100 countries, territories and districts, as well as the European Union, the Eastern Caribbean Central Bank, the Bank of Central African States and the Central Bank of West African States on a scale of A to F.

Grades are based on an “A+” to “F” scale for success in areas such as inflation management, foreign exchange strategy and interest rate policy (“A” represents an excellent performance, down through “F” for outright failure).

About Global Finance

Global Finance, founded in 1987, has a circulation of 50,000 and readers in 193 countries, territories and districts. Global Finance’s audience includes senior corporate and financial officers responsible for making investment and strategic decisions at multinational companies and financial institutions.



FINANCIAL SYSTEM



HON. NOEL N. NETHERSOLE
MINISTER OF FINANCE 1984-1989



Monetary Policy CONFERENCE



Governor Richard Byles, Deputy Governor Jide Lewis and Deputy Governor Natalie Haynes at a Quarterly Monetary Policy press conference

FINANCIAL SYSTEM

Notwithstanding the downturn in economic activity, domestic financial conditions remained stable during 2024. In particular, the Bank's composite measure of financial stability and key indicators of financial health, including capital adequacy, liquidity, profitability and asset quality, remained well within prudential norms. This stability occurred within a context of the

general moderation in inflation, easing monetary policy conditions as well as the improved fair valuation of financial assets. Furthermore, stress tests, which assesses the ability of financial institutions to withstand hypothetical macro-financial shocks, continued to signal resilience.

Deposit-Taking Institutions

DTIs assets continued to grow in 2024, albeit at a slower pace

The assets of the DTIs grew during 2024, albeit, a slower pace than 2023.¹ This moderation in the growth of DTIs assets occurred amidst a slowdown in real sector activity and a moderation in inflation. Specifically, DTI sector assets grew by 3.9 per cent (\$104.2 billion) in 2024, slower than the growth of 9.1 per cent (\$222.9 billion) during 2023. The growth in assets during 2024 was mainly reflected in loans and cash and bank balances, while there was a contraction in investments.

During the year, the DTI sector continued to hold assets predominantly in domestic currency, which accounted for 86.6 per cent of total assets. Domestic currency denominated assets grew by 5.2 per cent (\$90.2 billion) in 2024, slower than the previous year's increase of 13.1 per cent (\$200.7 billion). Growth in domestic assets was predominantly reflected in an increase of 7.3 per cent (\$85.5 billion) in loans and advances as well as an expansion of 1.7 per cent (\$4.0 billion) in investments. Foreign currency denominated assets grew by 1.5 per cent (\$14.0 billion), relative to growth of 2.4 per cent (\$22.2 billion) in the previous year.² The growth in foreign currency assets primarily reflected an increase of 9.0 per cent (\$21.9

billion) in cash and bank balances as well as an expansion of 1.8 per cent (\$4.5 billion) in loans and advances. The impact of these impulses was partially offset by a decline of 2.2 per cent (\$8.4 billion) in foreign currency denominated investments.

The growth in DTIs' assets continued to be primarily funded by customer deposits in 2024. Total deposits increased by 6.3 per cent (\$116.4 billion) during the year, slower than the growth of 10.6 per cent (\$178.2 billion) in the previous year. Borrowings, inclusive of repurchase agreements, declined by 9.4 per cent (\$30.9 billion), compared with growth of 3.5 per cent (\$11.0 billion) in the previous year. Shareholders' equity grew at a slower pace of 4.7 per cent (\$15.7 billion), compared with growth of 7.2 per cent (\$22.4 billion) for 2023.

The number and composition of supervised DTIs operating in Jamaica at end-2024 remained at 11, comprising eight commercial banks, two building societies and one merchant bank (see **Tables 3 and 4**).

“Total deposits increased by 6.3 per cent (\$116.4 billion) during the year, slower than the growth of 10.6 per cent (\$178.2 billion) in the previous year.”

As a result, the DTI sector recorded revaluation gains of \$14.1 billion on its stock of foreign currency assets, compared with revaluation gains of \$17.8 billion during 2023.

¹ Data for previous periods may have been revised given the resubmission of prudential information by DTIs.

² During 2024, the Jamaica Dollar vis-à-vis the US Dollar depreciated on an annual point-to-point basis by 1.0 per cent.

Table 3

MARKET COMPOSITION (Number of Licensed Deposit-taking Entities)				
Supervised Entities	2021	2022	2023	2024
Commercial Banks	8	8	8	8
Merchant Banks	1	1	1	1
Building Societies	2	2	2	2
Total	11	11	11	11

Source: BOJ

* The proposal by the Minister of Finance and the Public Service for the assumption by Bank of Jamaica of full supervisory responsibility for credit unions, which numbered 24 as at 31 December 2024, will result in a significant expansion of the supervised deposit-taking population.

Table 4

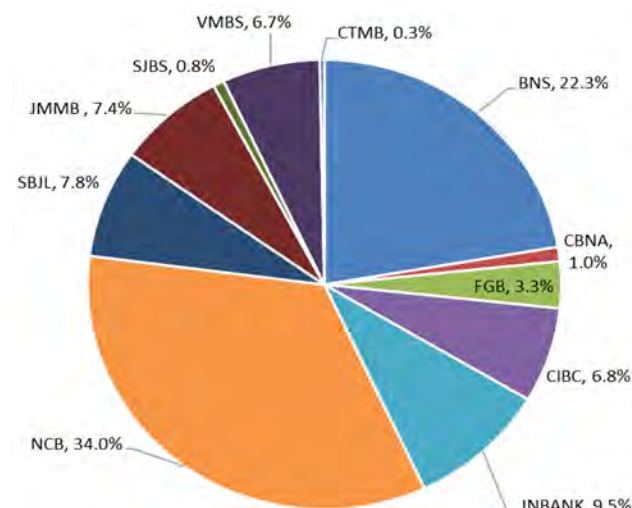
LICENSED DEPOSIT-TAKING INSTITUTIONS As at 31 December 2024	
Commercial Banks	<ul style="list-style-type: none"> • Bank of Nova Scotia Jamaica Limited • Citibank N.A. • CIBC Caribbean Bank (Jamaica) Limited • First Global Bank Limited • JMMB Bank Limited • JN Bank Limited • National Commercial Bank Jamaica Limited • Sagicor Bank (Jamaica) Limited
Merchant Bank	<ul style="list-style-type: none"> • Cornerstone Trust and Merchant Bank Limited
Building Societies	<ul style="list-style-type: none"> • Victoria Mutual Building Society • Scotia Jamaica Building Society

Source: BOJ

* Effective 10 September 2024, FirstCaribbean International Bank Jamaica Limited (FCIB) changed its legal name to CIBC Caribbean Bank (Jamaica) Limited (CIBC).

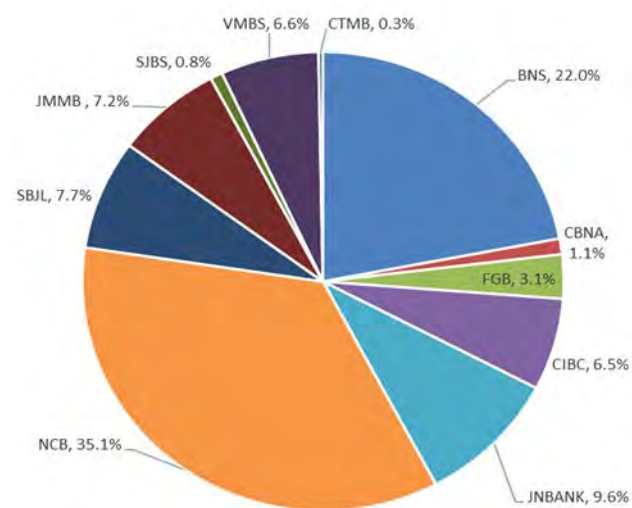
In terms of market share, the five largest DTIs held 81.0 per cent of total system assets at end-2024, similar to that recorded at end-2023. Although generally unchanged, the market share of the DTI sector reflected the impact of successful growth initiatives by a few medium-sized DTIs while larger licensees assumed more conservative positions for asset growth in light of the macroeconomic conditions (see **Charts 6 and 7**).

Chart 6: Market Share of Licensees in the DTI sector as at 31 December 2024



Source: BOJ

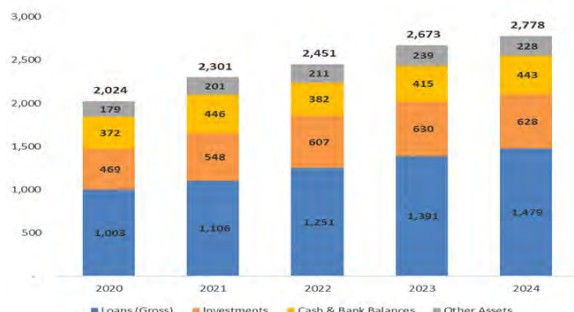
Chart 7: Market Share of Licensees in the DTI sector as at 31 December 2023



Source: BOJ

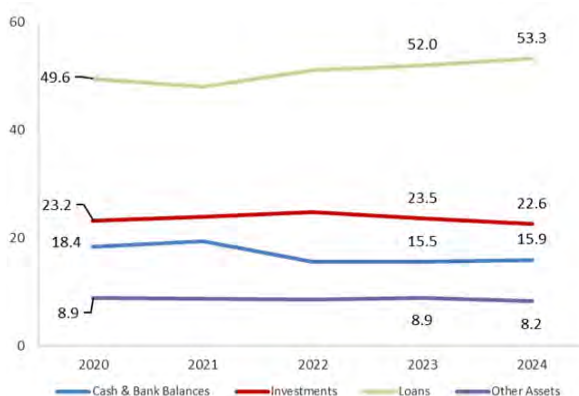
Chart 8a: Dollar Value Contribution of Assets as at 31

December 2020 – 2024



Source: BOJ

Chart 8b: Percentage Share of System Assets 31 December 2020 – 2024



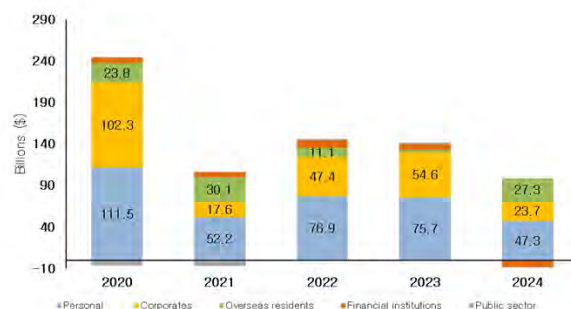
Source: BOJ

Growth in loans moderated during the year, notwithstanding the Bank’s shift towards an easing policy stance

In a context of the slowdown in the growth in nominal economic activity, growth in loans and advances, net of provisions for loan losses, slowed to 6.4 per cent (\$88.4 billion) during 2024, from an expansion of 11.2 per cent (\$140.1 billion) for 2023. By customer group, the slowdown in loan growth was predominantly recorded in the personal loans segment, which expanded by 6.5 per cent (\$47.3 billion), compared with an increase of 11.5 per cent (\$75.7 billion) in 2023. This slowdown in growth in

personal loans was mainly reflected in lower demand and instalment credit to non-business customers. Similarly, the growth in corporate loans slowed to 4.6 per cent (\$23.7 billion), from an increase of 11.9 per cent (\$54.6 billion) in the previous year. In contrast, growth in loans to overseas residents accelerated to 21.7 per cent (\$27.3 billion) in 2024, from 2.3 per cent (\$2.8 billion) in 2023, largely reflecting increased mortgage and instalment loan disbursements (see **Chart 9**).

Chart 9: Dollar Value Annual Change in Loans by Customer Group



Source: BOJ

The growth in total loans for the year predominantly reflected an expansion of 7.3 per cent (\$85.5 billion) in domestic currency loans, relative to the previous year’s increase of 13.2 per cent (\$136.8 billion). Foreign currency loans also increased by 1.8 per cent (\$4.5 billion), albeit, slower than growth of 2.0 per cent (\$4.7 billion) in 2023.

Notwithstanding the reduced flow of credit to the market, total loans as a share of total assets expanded to 53.3 per cent at end-2024 from 52.0 per cent at end-2023, as licensees reduced their investments holdings (see **Chart 8b**).

Licensees reduced their investment holdings while cash and balances increased during the year

For 2024, the investment holdings of DTIs contracted by 0.3 per cent (\$1.9 billion), relative to growth of 3.7 per cent (\$22.7 billion) for 2023. The contraction in investments, for the review year,

largely reflected a decline of \$10.5 billion in other foreign currency securities (mainly overseas corporate bonds) as well as declines of \$5.6 billion and \$2.6 billion in GOJ Global Bonds and foreign currency BOJ securities, respectively. The proceeds from the maturity of these securities were partially used to increase holdings of foreign government securities by 5.6 per cent (\$10.1 billion). The net acquisitions of foreign government securities (mainly US Treasury Bills) reflected recent and projected reductions in the policy rates of global central banks, resulting in higher bond values. Notably, licensees increased their holdings of domestic currency BOJ securities and repurchase agreements by 3.2 per cent (\$3.2 billion) and 15.2 per cent (\$2.6 billion), respectively.

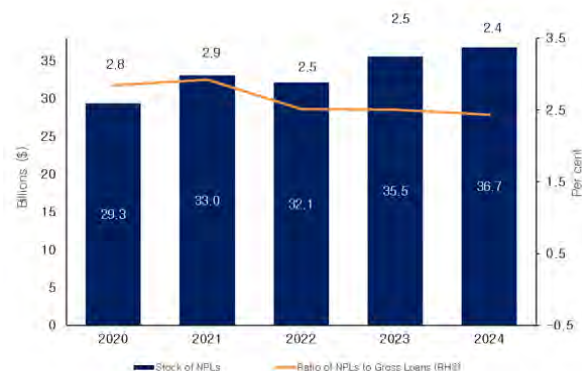
Excess liquidity from the sale and maturity of securities was also channelled into holdings of cash and bank balances. These cash and bank balances increased by 6.8 per cent (\$28.3 billion) in 2024, albeit, slower than the growth of 8.6 per cent (\$32.7 billion) in 2023. The increase in cash and bank balances for 2024 primarily reflected higher placements with overseas banks, cash reserves and current account balances at the BOJ. The impact of these placements was partially offset by a contraction in notes and coins. Higher cash balances also occurred amidst a general reduction in credit supply to the market as DTIs assumed a more risk-averse lending position as a consequence of the higher credit risk associated with some borrowers.

Asset quality remained favourable

Asset quality, as measured by the ratio of total non-performing loans (NPLs) (past due 3 months and over) to total loans, improved slightly to 2.4 per cent at end-2024, from 2.5 per cent at end-2023. The improvement in asset quality reflected a slowdown in the pace of growth in the stock of NPLs in 2024, relative to the previous year, largely due to the regularisation of some delinquent loans at several licensees (see **Chart 10**).³

The higher stock of NPLs for 2024 was mainly observed in the personal loans category. NPLs within this category increased by 6.0 per cent (\$1.5 billion) compared with growth of 12.5 per cent (\$2.7 billion) in 2023.

Chart 10: Stock of NPLs with Ratio of NPLs to Gross Loans



Source: BOJ

Notably, past-due loans (PDLs) (past due 1 month to 3 months) increased by 15.2 per cent (\$6.8 billion) during 2024, slightly slower than the growth of 15.8 per cent (\$6.1 billion) in the previous year. Consequently, the ratio of PDLs to total loans increased to 3.4 per cent at end-2024 relative to 3.1 per cent at end-2023. The higher stock of past due credits was primarily reflected in growth of 20.8 per cent (\$2.1 billion) and 6.0 per cent (\$1.6 billion) in PDLs for overseas residents and local individuals, respectively. There were also higher PDLs within some corporate facilities, specifically professional services (\$3.2 billion) and tourism (\$0.9 billion).

DTIs' provisioning levels contracted due to the write-back of provisions to profits following NPL recoveries. Resultantly, loan loss provisions declined by 1.3 per cent (\$0.6 billion), in contrast to the prior year's growth of 7.0 per cent (\$2.8 billion). Consequently, the sector's coverage of NPLs, measured by the ratio of loan loss provisions to NPLs, contracted to 113.5 per cent, from the previous year's position of 119.0 per cent.

³ The stock of NPLs grew by 3.4 per cent (\$1.2 billion) to \$36.7 billion in 2024. This compared to an increase in NPLs of 10.6 per cent (\$3.4 billion) to \$35.5 billion in 2023.

Capital levels remained adequate

Notwithstanding continued fair value losses, the continued generally high interest rate environment as well as the ongoing transition of the sector to the revised capital framework, regulatory capital of the DTI sector improved by 1.2 per cent (\$2.9 billion) for 2024. This outturn was in comparison to growth of 12.0 per cent (\$27.3 billion) in 2023. Capital levels were strengthened via internal transfers of profits to reserve funds as well as the down streaming of capital from the parent companies of some licensees. Resultantly, at end-2024, both the Primary Ratio and Capital Adequacy Ratio (CAR) for the sector remained comfortably above their respective statutory minima of 6.0 per cent and 10.0 per cent with outturns of 9.3 per cent and 14.3 per cent, respectively. At the institutional level, all licensees recorded capital ratios above minimum statutory requirements.

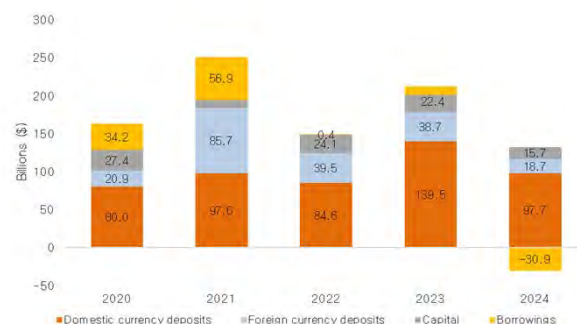
Funding was largely supported by increased deposits as there was reduced appetite for borrowings

In 2024, customer deposits, the primary means of funding DTIs' assets, recorded growth of 6.3 per cent (\$116.4 billion), albeit, lower than the previous year's growth of 10.6 per cent (\$178.2 billion). This deceleration in deposit growth was attributed to a slowdown in domestic currency deposits, which grew by 8.4 per cent (\$97.7 billion) in 2024, relative to an increase of 13.7 per cent (\$139.5 billion) in 2023. These lower deposit flows during the year occurred in the context of the slowdown in nominal GDP growth.

Borrowings (including securities sold under repurchase agreements) declined by 9.4 per cent (\$30.9 billion) during 2024, following growth of 3.5 per cent (\$11.0 billion) in the previous year. The reduction in the utilisation of wholesale funding occurred as some licensees repaid costly foreign currency borrowings. These foreign currency borrowings declined by 11.5 per cent (\$17.7 billion) in 2024, relative to the decrease of 7.8 per cent (\$13.1 billion) the previous year. There were also declines of 8.8 per cent (\$11.3 billion) and 2.9 per cent (\$1.3 billion) in domestic borrowings from local

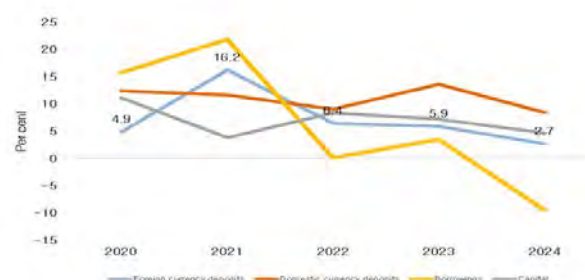
banks and securities under repurchase agreement, respectively (see **Chart 11a** and **11b**).

Chart 11a: Annual Dollar Value Change in Funding Sources



Source: BOJ

Chart 11b: Rate of Growth in Funding Sources



Source: BOJ

Liquidity levels remained sufficient to meet short-term obligations

At end-November 2024, all licensees reported liquidity coverage ratios (LCRs) above the minimum requirement of 100.0 per cent of high-quality liquid assets (HQLAs) to net cash outflows (NCOFs) for the aggregated Jamaica Dollar equivalent of NCOFs in all currencies. These LCRs ranged from a low of 132.6 per cent to a high of 849.9 per cent. Consequently, the system remained resilient with adequate liquidity levels in 2024.

DTIs remained profitable during the year

Pre-tax profits for the DTI sector amounted to \$54.1 billion, for 2024, higher than the \$52.2 billion recorded for 2023. However, in a context where the

growth in operating income outpaced the growth in pre-tax profits, the profit margin for the system declined slightly to 18.3 per cent in 2024 from 18.7 per cent in 2023. In addition, the sector's return on equity declined to 15.8 per cent in 2024 from 16.1 per cent in the prior year. Conversely, the net interest margin for the sector increased to 6.3 per cent from 5.9 per cent in 2023, mainly due to higher interest revenues from increased holdings of income-earning assets (see **Table 5**).

Table 5

SELECT PROFITABILITY INDICATORS					
%					
31 December 2020 – 2024					
	2020	2021	2022	2023	2024
Return on Equity	9.2	16.6	15.0	16.1	15.8
Return on Assets	1.3	2.2	1.9	2.0	2.0
Profit Margin	13.6	21.5	19.3	18.7	18.3
Net Interest Margin	5.9	5.4	5.5	5.9	6.3

Source: BOJ

During the year, interest income grew by 14.0 per cent (\$23.0 billion) and emanated mainly from higher non-mortgage facilities (\$15.9 billion), investments (\$2.8 billion), mortgages (\$2.8 billion) and placements with BOJ (\$0.7 billion). This growth in interest income was mainly associated with an expansion in DTIs' loan portfolio as well as income from investment holdings, combined with generally higher interest rates. Meanwhile, non-interest income declined by 5.0 per cent (\$5.8 billion) for 2024. This contraction was largely driven by declines of 47.7 per cent (\$6.0 billion) and 227.5 per cent (\$5.4 billion) in dividend income and trading profits on securities, respectively. The impact of these impulses was partially offset by increased income from fees and other charges on card services (particularly credit cards), given increased loan activity, automated banking machines (ABM) and point-of-sale (POS) usage during the year (see **Chart 12a** and **Table 6**).

Chart 12a: Composition of Annual Operating Income

Source: BOJ

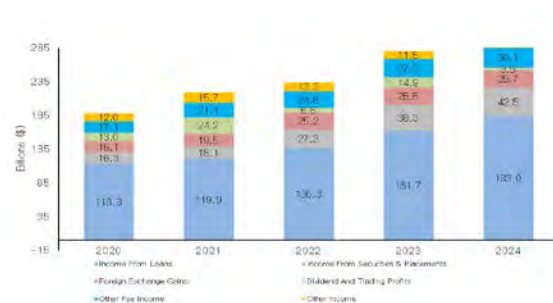


Table 6

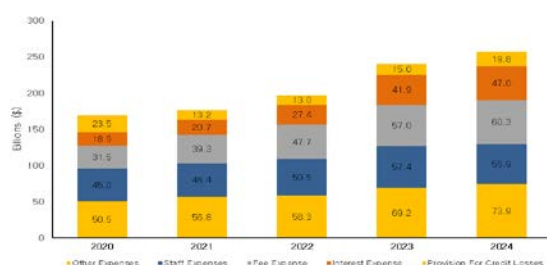
COMPOSITION OF ANNUAL TOTAL INCOME					
% of Total Income					
31 December 2020 – 2024					
	2020	2022	2022	2023	2024
Income from Loans	60.3	54.8	58.4	57.9	61.7
Of which, Interest					
Income from Loans	49.8	43.6	45.1	45.2	48.9
Fee	10.5	11.3	13.3	12.7	12.9
Income from Securities & Placements	8.7	8.3	11.7	13.7	14.3
Other Fee Income	9.1	9.7	10.6	9.8	10.1
Foreign Exchange Gains	8.6	8.9	10.8	9.1	8.7
Dividend Income	4.0	8.0	1.9	4.5	2.3
Securities Trading Gains	2.9	3.1	0.9	0.8	-1.1
Other Income	6.4	7.2	5.7	4.1	4.0
Total Interest Income	58.5	51.8	56.8	58.9	63.2
Total Non-Interest Income	41.5	48.2	43.2	41.1	36.8

Source: BOJ

Non-interest expenses, the main driver of operating costs, grew by 5.7 per cent (\$11.3 billion) during 2024, compared with growth of 17.1 per cent (\$29.0 billion) during 2023. The growth in non-interest expenses for 2024 reflected increased provisions for loans and security losses (\$4.8 billion), fees (\$4.4 billion), other sundry charges (\$2.1 billion) and depreciation expenses (see **Chart 12b**). DTIs also recorded an increase of 12.2 per cent (\$5.1 billion) in interest costs, albeit, well below growth of 52.8 per cent (\$14.5 billion) during 2023. The increase in interest expenses during the year was largely reflected in higher expenditure on both time deposits (\$3.7 billion) and borrowed funding (\$0.5 billion).

Accordingly, operational efficiency improved to 76.2 per cent in 2024 from 77.3 per cent in 2023.⁴

Chart 12b: Composition of Annual Operating Expense



Source: BOJ

Financial Holding Companies

As at end-2024, BOJ licensed seven financial holding companies since the enactment of the Banking Services Act (BSA)(Financial Holding Companies)(Licensing Application Form) Rules, 2019, which is critical in facilitating the Bank's consolidated regulation and supervision of financial groups (see **Table 7**).

Table 7

LICENSED FINANCIAL HOLDING COMPANIES

As at 31 December 2024

- NCB Financial Group Limited
- JN Financial Group Limited
- JMMB Financial Holdings Limited
- Sagicor Group Jamaica Limited
- VM Financial Group Limited
- Scotia Financial Group Limited
- GK Financial Group Limited

Source: BOJ

Credit Union Sector

Further consolidation in the credit union sector

During 2024, the number of credit unions in the sector declined to 24 from 25, due to the merger of Community and Workers of Jamaica Co-operative Credit Union Limited and COK Sodality Co-operative Credit Union Limited, effective 01 December 2024. In addition, credit union members accessed services through a reduced branch network of 104 branches and sub-branches at end-2024, compared to 105 at end-2023. Further consolidation in the sector is anticipated as Gateway and EduCom Co-operative Credit Unions are slated to merge in February 2025. The Department of Co-operatives and Friendly Societies (DCFS), the regulator of the sector, has indicated that other merger discussions are taking place among other credit unions as part of efforts to improve resilience in the sector.

Bank of Jamaica continued its oversight of the sector through ongoing monitoring and assessment of the readiness of the larger credit unions for licensing until the passage of the Credit Unions (Special Provisions) Act (CUSPA). The Bank also conducted an Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation Financing (AML/CFT/CPF) risk assessment of the sector, in keeping with its responsibilities as the Competent Authority under the Proceeds of Crime Act (POCA). During the period, the Bank also intensified its engagement with the DCFS, continued the development of guidelines on key supervisory matters and collaborated with key stakeholders to advance the finalisation of the draft legislation for the sector.

Continued growth in assets fuelled by loans

For 2024, total assets of the credit union sector recorded growth of 10.2 per cent (\$18.3 billion) to \$198.8 billion, higher than the expansion of 9.3 per

⁴ Operating efficiency is measured by the ratio of non-interest expenses to gross income. The lower the ratio, the more efficiently gross income is used to cover operational costs.

cent (\$15.4 billion) recorded for 2023.^{5,6} Asset growth was mainly reflected in the loan portfolio, which continued on an upward trajectory, notwithstanding competitive pressures in the market as well as the implementation of more rigorous loan underwriting standards by credit unions. During the review period, credit union loans grew by 12.6 per cent (\$15.4 billion) to \$137.4 billion, in comparison to growth of 12.2 per cent (\$13.3 billion) in 2023. Liquid funds held with the Jamaica Co-operative Credit Union League Limited (the League) increased by 11.9 per cent (\$1.7 billion) to total \$15.9 billion, during the review year, buoyed by the liquidation of investments, which declined by 8.7 per cent (\$2.4 billion) to \$24.7 billion.⁷ It is expected that these liquid funds will be redeployed to fund future loan growth.

Loans remained the dominant asset category, accounting for 69.1 per cent of total assets at end-2024, higher than the 67.6 per cent recorded at end-2023. During the review year, NPLs grew by 1.3 per cent (\$0.1 billion) to \$3.9 billion at end-2024. The increase in the quantum of NPLs was largely attributed to the migration of members of a few credit unions as well as the impact of inflation on disposable income. Notwithstanding, there was an improvement in credit quality in 2024, as the ratio of NPLs to total loans declined to 2.9 per cent at end-2024 from 3.2 per cent a year earlier. Loan loss provisions however, dipped by 16.0 per cent (\$0.7 billion) to \$3.4 billion at end-2024, resulting in a significant decline in the coverage of NPLs to 87.9 per cent at end-2024 from 106.0 per cent at end-2023.

The capital base for the sector increased by 7.1 per cent (\$1.4 billion) to \$21.3 billion during the year. This compared to growth of 2.0 per cent (\$0.4 billion) to \$19.9 billion in the previous year. However, given the greater than proportionate growth in assets of 10.0 per cent, the primary ratio

declined to 10.9 per cent at end-2024, from 11.3 per cent at end-2023. Asset growth continued to be funded mainly by saving deposits, which increased by 10.1 per cent (\$14.2 billion) to \$153.2 billion in 2024, albeit, lower than the growth of 11.5 per cent (\$14.5 billion) in 2023.

For the 2024 financial year, credit unions' surplus increased by 58.4 per cent (\$1.1 billion) to \$2.9 billion, relative to growth of 16.6 per cent (\$0.3 billion) to \$1.8 billion in 2023. The improved profitability was primarily due to an increase in total revenue of 2.0 per cent (\$0.4 billion) to \$20.3 billion, coupled with a contraction in expenses of 3.5 per cent (\$0.6 billion) to total \$17.5 billion. Growth in total revenue was largely driven by an increase of 5.5 per cent (\$0.8 billion) in interest income on loans to total \$15.0 billion. This was partially offset by a decline in non-interest income of 7.7 per cent (\$0.2 billion) to \$2.5 billion.

The contraction in total expenses during the year was largely driven by a decrease in overhead expenses of 2.6 per cent (\$0.4 billion) to \$14.8 billion. This outturn was mainly due to a fall-off in provisioning charges (\$0.5 billion) and administrative expenses (\$0.2 billion), tempered by an increase in staff expenses (\$0.3 billion). Interest expenses also fell by 8.3 per cent (\$0.2 billion) to \$2.7 billion. Given the contraction in operating expenses, overhead efficiency improved to 84.2 per cent at end-2024 from 89.8 per cent at end-2023.

For 2024, there were improvements in the profitability indicators of the sector, as reflected in increases in the net profit margin, return on equity and return on assets to 14.3 per cent, 9.3 per cent and 1.6 per cent, respectively. These outturns were in comparison to 9.2 per cent, 6.3 per cent and 1.1 per cent in 2023. Net interest margin declined to 9.0 per cent at end-2024 from 9.3 per cent a year earlier, reflecting a faster pace of increase in earning assets relative to net interest income.

⁵ Based on prudential data as at December 2024 for most credit unions. Prudential data as at November 2024 was brought forward for one small credit union which had not yet submitted prudential returns at December 2024.

⁶ Data for previous periods may have been revised given the resubmission of prudential information by credit unions.

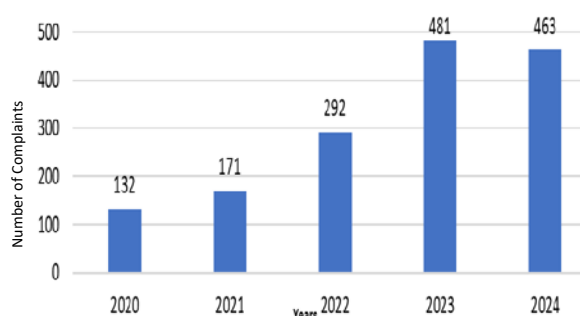
⁷ The Jamaica Cooperative Credit Union League Limited (the League) is a cooperative society owned by credit unions, which provides financial, technical support and other services to the credit union sector.

Customer complaints declined during the year

During 2024, BOJ received 463 complaints in respect of its licensed DTIs, which represented a decline of 3.7 per cent in complaints compared to the 481 reported for 2023 (see **Chart 13**). The account-related category continued to reflect the largest share of overall complaints, accounting for 41.0 per cent in 2024, from 35.0 per cent in 2023. Complaints in this category were largely related to challenges associated with the increased use of electronic banking channels. The fraud/impropriety category was the second largest group with 103 complaints in 2024, relative to 147 complaints reported in 2023 (see **Chart 14**). The decline in this category was mainly attributed to significant efforts by BOJ in its supervision of licensees' AML/CFT/CPF framework.

BOJ continued to facilitate the resolution of complaints submitted during the review year. However, the preliminary data pertaining to the resolution of complaints recorded a decline in the resolution rate to 57.4 per cent at end- 2024, from 83.4 per cent at end-2023.^{8,9}

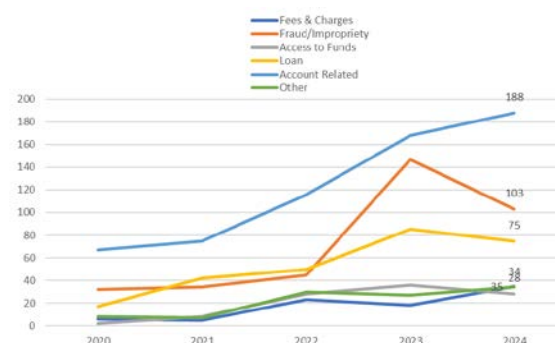
Chart 13: Trends in Complaints Data



Source: BOJ

⁸ This information is subject to revision as updated information becomes available from the DTIs.

Chart 14: Complaints by Category



Source: BOJ

Credit reporting participation by Credit Information Providers (CIPs) grew in 2024

Bank of Jamaica continued to be responsible for the oversight of the credit reporting framework in Jamaica, pursuant to its designation as the Supervising Authority under the Credit Reporting Act (CRA). In 2024, there was an increase in the number of CIPs pulling and submitting data as well as increases in credit reports and free reports issued to the sector by the three credit bureaus (see **Tables 8 and 9**).

Table 8

Licensed Credit Bureaus	
	Date Licensed
EveryData Jamaica Ltd (formerly Creditinfo Jamaica Limited)	March 2012
CRIF Information Bureau Jamaica Limited	April 2012
Credit Information Services Limited	August 2014

Source: BOJ

• Market Activity

During 2024, the use of credit reports by lenders in the financial system increased by 5.2 per cent (23 710 reports) to 476 178, relative to the previous year. The number of “consumer free reports” issued in 2024 increased by 34.8 per cent (4 255 reports) to 16 478, relative to 2023. Additionally, there was

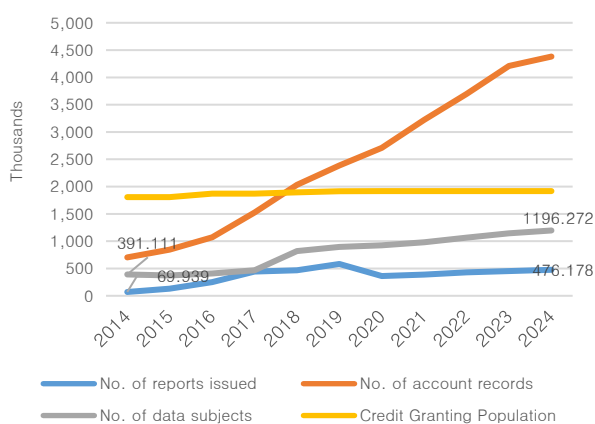
⁹ Resolution rate refers to the rate at which DTIs have successfully responded to and concluded a matter with the customer.

an increase of 4.4 per cent in the number of subjects in the database of the credit bureaus to 1 196 272, covering approximately 62.4 per cent of Jamaica's adult population.¹⁰ During the year, there was also an increase of 6.9 per cent (291 938) in the number of account records to 4 500 884, relative to 4 208 946 in 2023.

The number of CIPs pulling data in 2024 increased by eight to 90 while CIPs submitting data declined by two to 63. There was an increase of 21 CIPs signed to credit bureaus in the year to 143 (see **Table 9**). This was influenced by the passage of the Microcredit Act and the subsequent onboarding of licensed microfinance entities. In addition, the CIP hit rate (percentage of CIPs using credit bureau services) declined by 2.7 percentage points to 87.5 per cent in 2024.

During the review year, Creditinfo Jamaica applied for and received permission from BOJ to change its name to EveryData Jamaica Ltd. CRIF information Bureau appointed a new General Manager, Mr Robert Gordon. In addition, Credit Information Services Limited (CIS) informed BOJ of its intention to exit the credit reporting space.

Chart 15: Credit Reporting Activities 2014 – 2024



Source: BOJ

¹⁰ Jamaica's most recent adult population aged 18 – 74 years estimate by the Statistical Institute of Jamaica at 2019 is 1 917

• Consumer Complaints

Pursuant to Section 16(1) of the CRA, a consumer who disputes the accuracy or completeness of any information disclosed by a credit bureau in relation to that consumer may make a complaint in person or in writing to the credit bureau. The credit bureau shall, as soon as it is reasonably practicable, and in any event not later than 14 days after the complaint is made, take steps to correct or complete the information as the case may require, in order to ensure the accuracy and completeness thereof (Section 16(2)(a)). Where a consumer is dissatisfied with any step taken by the credit bureau, the consumer may complain in writing to the Supervising Authority within 30 days after receiving the report of his complaint from the credit bureau (Section 16(3)(a)).

During 2024, no complaints were escalated to the Supervising Authority. Further, in 2024, credit bureaus reported receiving 3 164 consumer complaints, a decline of 37.4 per cent (1 892) when compared to 2023. These complaints represented less than 1.0 per cent of the total credit reports issued in the year.

Table 9

CREDIT REPORTING STATISTICS 2022 – 2024					
	2022	2023	Change	% Change	2024
Activity Indicators					
No. of CIPs signed with credit bureaus	122	122	21	17.2%	143
No. of CIPs submitting data to credit bureaus	60	65	-2	-3.1%	63
No. of CIPs pulling data from credit bureaus	79	82	8	9.8%	90
No. of reports issued during the year (inclusive of free reports)	428 616	452 468	23 710	5.2%	476 178
No. of consumers free reports issued per section 15(3) of the CRA	9 899	12 223	4 255	34.8%	16 478
No. of account records in database of the credit bureau with the largest number at year-end	3 696 296	4 208 946	172 649	6.9%	4 500 884
No. of data subjects in database of the credit bureau with the largest number at year end	1 066 325	1 145 635	50637.00	4.4%	1 196 272

^{1/}2023 excludes data for one credit bureau (approximately less than 1 per cent of market)

Source: BOJ

556:

https://statinja.gov.jm/Demo_SocialStats/PopulationStats.aspx

Microcredit Sector

At end-2024, 169 applications for licensing under the Microcredit Act were received by the Bank. The applications reflected aggregated loans amounting to \$46.0 billion, equivalent to approximately 1.5 per cent of the country's GDP.¹¹ During the year, BOJ issued an additional 32 microcredit licences, increasing the total licensees to 65, covering almost 94.0 per cent of the sector's assets. The names of the licensees can be found on the Bank's website at the following link: <https://boj.org.jm/core-functions/financial-system/microcredit-regulation/>.

During 2024, a number of key initiatives relating to the microcredit sector were accomplished including:

- (i) second-round sectoral risk rating, in support of risk-based supervision and the country's National Risk Assessment;
- (ii) completion of two risk-based on-site examinations in the sector;
- (iii) training of the microcredit licensees in risk-based supervision and implications of the National Risk Assessment; and
- (iv) quarterly meetings with the industry through the Microcredit Association's Joint Advocacy Committee.

Box 1: Update on Twin Peaks Practice (TPP) Project

Joint Prudential & Market Conduct Supervision (BOJ/FSC)

Bank of Jamaica and the Financial Services Commission commenced joint prudential and market conduct examinations in July 2024, as a "dress rehearsal" for Jamaica's transition to the Twin Peaks Model of financial regulation. The exercise was preceded by the following key activities:

- (i) the Bank's update to Parliament on 11 July 2024 regarding the use of joint examinations by BOJ and the FSC; and
- (ii) formal notification to the financial sector regarding the planned activities.

During 2024, the joint team completed the examination of both an insurance entity and a large DTI. The examination of a securities entity also started during the year and is slated for completion in the March 2025 quarter. The TPP process, which is expected to continue with the examination of other entities in 2025, requires both organisations to collaborate in a structured way to facilitate a seamless transition of the financial sector to the new supervisory model once the legislation is passed. The process is also geared towards facilitating the alignment of the risk-based supervisory methodology and supervisory procedures being utilised by both agencies and is expected to fast-track the transition of sector-specific knowledge between the agencies.

Key takeaways from the TPP initiative underscored the importance of ongoing industry engagement to support a smooth transition, continuous training and capacity building for BOJ and FSC employees. There is also a need for the enhancement of technological solutions to strengthen the effectiveness and efficiency of regulatory processes.

¹¹ Aggregated loans are used as a proxy for market share.



Deputy Governor Jide Lewis speaking at the Consolidated Supervision and Risk Integration Seminar in April 2024

Box 2: Current Priorities in Banking Supervision

Introduction

In 2024, Bank of Jamaica continued to strengthen its regulatory and supervisory framework in alignment with international best practices. One key initiative was the implementation of Phase I of the Basel III Framework, which is aimed at enhancing the financial system's resilience by ensuring that DTIs meet capital requirements consistent with international standards. The Bank's preparation of drafting instructions is ongoing, with expectation to engage the legislative process in 2025.

Key developments in the implementation of the Bank's Basel III programme in 2024

The implementation of the Bank's Basel III Programme was separated into three distinct phases, each corresponding to a pillar under Basel III. Phase I of the programme involved implementing the minimum capital requirements for credit, market and operational risk components as well as a revised definition of regulatory capital. Phase II will focus on implementing Pillar II, which will involve Supervisory Review Process (SREP) elements of the Basel III implementation plan. The final phase will focus on Pillar III of the Basel framework vis-à-vis market disclosures, consulting on and implementing additional capital and liquidity measures and the Net Stable Funding Ratio (NSFR).

(i) Implementation of the Minimum Capital Requirements

DTIs have been required to conduct parallel reporting of their capital positions since the September 2022 quarter. This process was originally scheduled to conclude in the June 2023 quarter. However, the parallel reporting period was extended and will continue until the codification of the Standard of Sound Practice on the Minimum Capital Requirements under Pillar I of the Basel III Framework is enacted into regulation.

(ii) Modification to the Liquidity Coverage Ratio Standards

The Bank is far advanced in developing guidelines regarding the usability of high-quality liquid assets (HQLA) under the Bank's Liquidity Coverage Ratio (LCR) framework. Notably, these guidelines will not replace the requirements specified in the LCR Standard but are intended to supplement the prescribed requirements.

Review and update of Standards of Sound Practice

(i) Updated Standard of Sound Practice for Fitness and Propriety

In the June 2024 quarter, the Bank finalised the updated Standard of Sound Practice of Fitness and Propriety.¹² Previously, the Standard was updated and published in July 2017.

The revised Standard provides licensees with comprehensive guidelines on the minimum criteria to be considered when assessing the fitness and propriety of substantial shareholders, directors, officers and other key employees of these entities. The July 2017 version of the Standard of Sound Practice emphasised that the minimum criteria for fitness and propriety included probity, financial soundness and competence. However, the revised Standard introduces the concept of 'suitability', which underscores that relevant persons demonstrate the ability to meet time commitments and avert conflicts of interest. Therefore, to qualify as 'fit

¹² The updated document can be found at the following link: <https://e2gobqetsqs.exactdn.com/wp-content/uploads/2024/07/Standard-of-Sound-Practice-on-Fitness-Propriety-Jun2024.pdf>

and proper', the individual must satisfy competence, probity, financial integrity, time commitments and conflicts of interest requirements.

(ii) Minimum Automated Banking Machines Service-Level Standards for DTIs

The Bank published the Minimum Automated Banking Machines Service-Level Standards to strengthen Consumer Protection for Customers of DTIs in April 2024.¹³ DTIs were granted nine months to comply with the guidelines, which set baseline standards for the operation of ABMs by DTIs in Jamaica. These guidelines form part of the Bank's impetus to promote fairer treatment and enhanced protection for financial consumers.

(iii) Standard of Sound Practice on Management of Cyber Risks

The Standard of Sound Practice on Management of Cyber Risks was finalised by the Bank in September 2024. The published Standard provides licensees with minimum standards and guidelines for managing cyber risks. Licensees must ensure an effective framework is in place to manage the cyber risk exposures inherent in their day-to-day operations.¹⁴

(iv) Revised Standard of Sound Practice for Effective Corporate Governance of DTIs and FHCs

In the December 2024 quarter, the Bank released a consultation paper on the Standard of Sound Practice for Effective Corporate Governance. Once finalised, the revised Standard will replace the previous version issued in July 2008. Key updates include a new section defining independent directors and outlining their minimum roles and responsibilities. Additionally, the Standard will introduce expectations for developing a corporate governance framework for FHCs. The updated Standard is part of the Bank's strategic initiative to ensure that guidelines and standards for the financial sector remain aligned with current international standards.

Framework for Consolidated Supervision

Key on the Bank's agenda for 2025 is continuing work on a prudential framework for consolidated supervision. The workstream will include the development of a framework for assessing the adequacy of financial groups' capital and liquidity as well as standards of sound practice on attendant risks.

In 2023, the Bank consulted with the industry regarding prudential returns for FHCs. The prudential returns covered matters relating to income, expenditure, large exposures, related party exposures, liquidity gaps and past-due and non-performing assets, among other relevant areas of interest. The consultation process concluded in December 2024. Consequently, the FHCs are expected to commence reporting prudential returns in March 2025.

Prudential Standards/Consultation Papers

(i) Consultation Paper on the Special Resolution Regime for Financial Institutions in Jamaica

A consultation paper on the proposed Special Resolution Regime was published and circulated to the industry

¹³ This document can be found at the link: <https://boj.org.jm/wp-content/uploads/2024/04/Minimum-Automated-Banking-Machines-Service-Level-Standard--02-April-2024.pdf>

¹⁴ This document can be found at the link: <https://boj.org.jm/wp-content/uploads/2024/09/Standard-of-Sound-Practice-Management-of-Cyber-Risks.pdf>

for feedback in 2023. Stakeholders were allowed to provide input and raise questions on the proposed framework. The Bank addressed the most common queries and feedback, after which a Frequently Asked Questions (FAQ) document was shared with banks and non-banking financial institutions in September 2024.

(ii) Consultation Paper on e-KYC data sharing

A consultation paper on the proposed e-KYC data sharing framework was circulated to banks and non-banking financial institutions for feedback in 2024. This consultative process is ongoing, allowing stakeholders to provide feedback on the circulated document.

Supervision of Money Service Businesses (Cambios and Remittance Service Providers)

Bank of Jamaica continued to effect measures focused on strengthening the legal and regulatory framework for money service businesses (MSBs) and improving compliance with international standards during 2024. These measures included, *inter alia*, drafting of proposed amendments to the Bank of Jamaica Act (BOJA), the operationalisation of Phase II of the risk-based approach (RBA) to the supervision of MSBs and the development of enhanced minimum requirements for Nominated/Compliance Officers.

Amendments to the Bank of Jamaica Act

During 2024, the Bank made significant progress to amend the BOJA, to strengthen statutory oversight of money service businesses, with the Cabinet's approval of the proposed amendments. Drafting instructions were subsequently submitted to the Chief Parliamentary Counsel in December 2024. The amended BOJA will enable Jamaica to achieve full compliance with Financial Action task Force (FATF) Recommendation 14, as the legislation will:

- (i) Provide the Bank with the remit or powers to confront and penalise unlicensed Money or Value Transfer Services (MVTs) as well as licensees who facilitate dealings with unlicensed MVTs by:
 - Creating new offences to restrict persons not licensed to operate a

MVTs from using any name, designation, trademark or advertisement that implies or leads the public to believe that the person is a licensed or approved MVTs provider; and

- Granting the Bank power to, by itself or through an agent, obtain a search warrant to enter premises where the Bank has reasonable grounds to believe a person is carrying on the business of a MVTs without approval.

- (ii) Increase the penalties for non-compliance as the current monetary sanctions are not deemed to be dissuasive.

Risk-Based Supervision

The Bank operationalised Phase II of its Risk-Based Supervisory (RBS) framework for the remittance sector during 2024. A key element of the framework was that the supervisory process for remittance companies was informed by the risk-rating assigned to each entity, which determines the scope of on-site examinations. The RBS approach for remittance companies continued to be bolstered by thematic studies on the sector.

In this regard, the RBS approach was fully adopted for remittance companies in 2024, signifying a shift

in the way MSBs are monitored and regulated.¹⁵ This RBS approach replaced the previous compliance-based approach where all MSBs were subject to the same level of scrutiny of their operations annually, irrespective of size, market activity, payment methods and organisational structure.

The RBS approach facilitates targeted Anti-Money Laundering (AML)/Combating the Financing of Terrorism (CFT)/Combating the Financing of the Proliferation of Weapons of Mass Destruction (CFP) monitoring, through more efficient employment of supervisory resources in assessing the compliance framework of each entity, in keeping with its inherent risk and implications for financial system stability.

During the review year, the Bank continued to rely on both in-house supervision and on-site examinations to evaluate the AML/CFT/CFP compliance frameworks of MSBs, as a condition for maintaining their licences. The in-house monitoring operations entailed, *inter alia*, ongoing review of the MSBs' transaction monitoring systems and their compliance with the requirements for licensing.

Minimum Requirements for Compliance Officers

The Bank, in enhancing its regulatory framework to foster financial system stability, issued regulatory guidance to MSBs – *Guidance on Minimum Standards for Compliance Officers*. This was considered necessary to bolster the capacity of MSBs to implement an effective AML/CFT/CFP regime in keeping with FATF Recommendation 18, which relies heavily on the appointment of a duly qualified Compliance Officer. The Guidance demonstrated the steps being taken by the Bank to mitigate risks to the financial system, as part of preparations being made for the next National Risk Assessment (NRA).

Money Service Business Applications

¹⁵ The adoption of the RBS framework for remittance companies followed the operationalisation of the risk-based approach for supervising cambios in 2023.

During 2024, the Bank processed 210 applications for MSBs. This figure included 15 applications for which processing had commenced in 2023 and an additional 195 new applications, which were submitted by eight remittance entities and 10 cambios during the year. The processing of 20 applications was discontinued by the Bank due to the failure of the applicants to satisfy the Bank's eligibility requirements and a further 18 were withdrawn by the applicants. Of the remaining 172 applications which met the criteria for processing, 89 were approved while 83 were being processed at end-December 2024.

• Cambios

There were 44 cambio entities in operation at end-2024, compared to 46 at end-2023, in a context where two entities voluntarily surrendered their licences. During the year, operations were discontinued at 12 locations, while authorisation was granted for the commencement of cambio operations at eight new locations. The number of cambio locations, therefore, declined to 138 at end-2024 from 142 at end-2023 (see **Table 10**).

Table 10

Status of Cambio Licences as at 31 December		
	2023	2024
New Locations Licensed	5	8
Locations Closed	5	12
Locations Suspended	0	0
Total Active Locations	142	138
Total Active Entities	46	44

Source: BOJ

• Remittance Service Providers

At end-2024, the number of Primary Agents in operation remained at nine (see **Table 11**). During the year, 67 new remittance licences were issued while 83 were voluntarily surrendered, bringing the total number of licences issued to 842 at end-2024, relative to 858 at end-2023.

Table 11

Status of Remittance Licences as at 31 December		
	2023	2024
New Locations Licensed	39	27
Locations Closed	32	49
Locations Suspended	0	0
Total Active Locations	514	492
New Licences Issued	132	67
Licences Relinquished/Revoked	46	83
Total Licences in Operation	858	842
No. of Primary Agents in Operation	9	9

Source: BOJ


The largest corridor of remittance flows to Jamaica for 2024 continued to be the United States of America, with flows from this source accounting for 68.5 per cent of total flows. Other source countries which contributed significantly to remittance inflows during the review year were the United Kingdom, Canada and the Cayman Islands, which contributed 10.9 per cent, 9.8 per cent and 6.4 per cent, respectively.

Financial Legislation

Pending legislation and amendments to legislation include, but are not limited to:

- The Bank of Jamaica (Amendment) Bill;
- The Payments, Clearing and Settlements Bill;
- The Financial Institutions Resolution Bill;
- The Co-operative Societies Amendment Bill; and
- The Credit Unions (Special Provisions) Bill.

Details on these pending amendments and developments of subsidiary legislation can be found here: [Financial System Legislation](#).

 **Additional Resources**

[Supervision of Cambios and Remittance Companies](https://boj.org.jm/core-functions/financial-system/cambios-remittance/)
https://boj.org.jm/core-functions/financial-system/cambios-remittance/

[Credit Reporting Oversight](https://boj.org.jm/core-functions/financial-system/credit-reporting/)
https://boj.org.jm/core-functions/financial-system/credit-reporting/

[Supervision of Deposit-Taking Institutions](https://boj.org.jm/core-functions/financial-system/deposit-taking-institutions/)
https://boj.org.jm/core-functions/financial-system/deposit-taking-institutions/

Financial Stability Developments in 2024

Risks to financial stability eased in 2024 supported by the moderation in inflation and interest rates

The Bank's composite indicator of macro-financial conditions improved at end-September 2024, relative to end-2023 and was well below the financial crisis threshold. This improvement reflected declining debt levels, lower inflation

volatility and a slow rebound of the domestic stock market.¹⁶ Notwithstanding the positive conditions, the adverse impact of Hurricane Beryl during 2024 resulted in lower GDP growth for the year.

Routine stress tests simulated using hypothetical market, credit and liquidity shocks suggested that the banking sector remained resilient at end-2024.^{17,18} This was reflected in the CARs of DTIs

¹⁶ BOJ's Macro Financial Index (MaFi) monitors macro-economic indicators via a non-parametric approach to signal banking sector vulnerability. The signal is based on the value of various indicators, which are computed based on the number of standard deviations of each indicator from its 'tranquil period' mean value. The tranquil period refers to an eight-quarter period of relative stability that precedes the beginning of a signaling window. The scores range from 0 to 5 with a score of 5 representing the most severe signal. Banking sector vulnerability at a point in time is determined by the

trend in the aggregate score (or index) over the previous eight quarters (signaling window).

¹⁷ The assessment includes the first three quarters of the calendar year, rather than the full calendar year, based on available data.

¹⁸ The objective of stress testing by BOJ is to determine the impact of extreme but plausible shocks to various risk factors, such as credit quality, foreign exchange rates, domestic interest rates and liquidity on the capital adequacy ratios of the DTIs.

remaining above the 10.0 per cent prudential minimum benchmark. This resilience was attributed to the strong capital base maintained by the institutions. In addition, throughout 2024, there was a trend increase in the levels of buffer capital held by DTIs.

An assessment of DTIs' credit risk showed that the ratio of NPLs to total loans remained fairly stable and well below the prudential benchmark during 2024. In addition, credit risk stress test results showed that DTIs were generally resilient to hypothetical increases in NPLs, ranging from 10.0 to 50.0 per cent, at end-December 2024.

Likewise, liquidity stress test results suggested broad resilience to hypothetical, large withdrawal of deposits. Specifically, it would require a 50.0 per cent withdrawal of deposits for the CAR of the overall DTI sector to fall below the statutory requirement of 10.0 per cent at end-December 2024. This outturn declined marginally when compared to end-December 2023.¹⁹

With respect to market-related shocks, at end-2024, the banking system demonstrated general resilience to foreign exchange risks. The DTI

sector's CAR remained robust in response to hypothetical and plausible shocks to the value of the

local currency. Interest rate stress tests results also indicated that the DTI sector was robust to significant hypothetical increases in interest rates on both domestic and foreign rate-sensitive assets and liabilities at end-2024.

Simultaneous hypothetical increases in interest rates, currency depreciation, credit quality deterioration and deposit outflow resulted in the aggregate post-shock CAR remaining above the prudential minimum benchmark at end-2024.²⁰



Related Reports

[Financial System Stability Annual Report](https://boj.org.jm/boj-publications/annual-publications/)

<https://boj.org.jm/boj-publications/annual-publications/>

[Highlights of Macro-prudential Report](https://boj.org.jm/boj-publications/quarterly-reports/)

<https://boj.org.jm/boj-publications/quarterly-reports/>

Outlook

The financial sector to remain stable

The broadly favourable macroeconomic environment, supported by domestic inflation being generally contained within the target range as well as the Bank's looser monetary policy stance, will facilitate continued asset growth within the DTI sector, albeit at a moderate level. In addition, the financial sector is expected to remain sound, liquid and profitable, bolstered by the Bank's continued oversight of the system.

For 2025, BOJ, in collaboration with the FSC, will continue the buildout of the Twin Peaks Model to include further execution of joint examinations of select financial institutions. These structured examinations will prepare both entities and the financial sector for the full implementation of this new model. The Bank will also continue to review, update and develop prudential regulations, standards of sound practice as well as supervisory manuals and guidelines that will support the implementation of the model.

¹⁹ The shock for December 2023 was revised to 51.0 per cent.

²⁰ The aggregate stress test assumptions include: increases of 100 bps and 100 bps in interest rates on domestic currency investment assets & liabilities and other assets & liabilities, respectively; increases of 100 bps and 10 bps in interest rates on foreign currency investment assets & liabilities and other assets &

liabilities, respectively; 10.0 per cent depreciation in the JMD/USD exchange rate; 100.0 per cent of past due performing loans (1 month to under 3 months) becoming non-performing and 10.0 per cent reduction in deposits.

PAYMENT SYSTEM



HON. NOEL N. NETHERSOLE
MINISTER OF FINANCE 1984-1987



Dr Novelette Pantan (Division Chief – Payment System and Money Services Oversight Division) at a quarterly monetary policy press conference

PAYMENT SYSTEM

During 2024, Bank of Jamaica continued to ensure safe and reliable financial market infrastructures (FMI)s). These FMI)s performed efficiently and effectively during the year. Notable achievements included JAM-DEX® activities, such as Merchant Strengthening initiatives through the facilitation of an internal JAM-DEX® POS (inline) pilot. Preparatory work for a JAM-DEX® (online) pilot with a government entity also progressed. The Bank also boosted its system resilience with the installation of

the JAM-DEX® Disaster Recovery site. During the year, work continued on the preparation of the bill to amend the Payment Clearing and Settlement Act, 2010, aimed at enhancing the Bank’s supervisory powers over Payment Service Providers (PSPs) and FMI)s. In addition, the Bank further advanced the project to adopt ISO 20022 in the JamClear® Systems and other retail payment systems.

JamClear®-RTGS utilisation increased in 2024

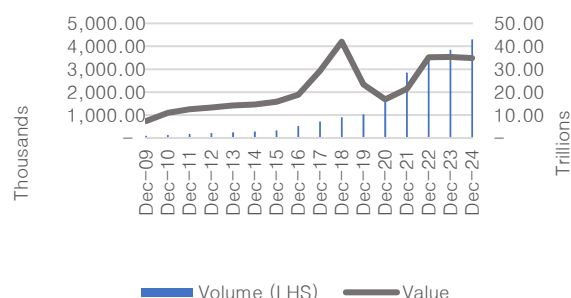
For the review year, JamClear®-RTGS processed 4 304 512 transactions (representing settlement of USD and JMD payments).¹ System utilisation reflected an increase in JMD volume by 11.8 per cent (455 457 transactions) to 4 301 738 transactions (see **Chart 16**). Growth in the JMD volume was largely attributed to an increase of 11.6 per cent in the number of participant payments on behalf of households and corporate clients.

Notwithstanding the increase in the volume of transactions, JMD transaction values declined by 1.4 per cent (\$488.9 billion) to \$34.9 trillion. This decline largely reflected a 6.6 per cent (\$1.2 trillion) reduction in securities settlement transactions initiated by JamClear®-CSD participants.²

At end-2024, the total volume of USD transactions processed in JamClear®-RTGS amounted to 2 774, a decline of 18.9 per cent (648 transactions). The lower volume largely stemmed from a 49.2 per cent decline in CSD transfer transactions. In contrast, total USD transaction values in the JamClear®-RTGS increased by 50.9 per cent (US\$1.6 billion) from US\$3.3 billion at December 2023 to US\$4.9 billion at December 2024 (see **Chart 17**). This

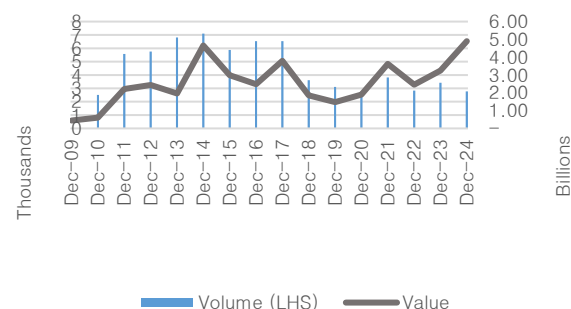
outturn reflected an increase of 62.8 per cent (US\$1.7 billion) in participant payments.

Chart 16: JamClear®-RTGS Transaction Activities (JMD)



Source:BOJ

Chart 17: JamClear®-RTGS Transaction Activities (USD)



Source:BOJ

¹ JamClear®-RTGS facilitates real-time gross settlements of large value and time critical payments.

² JamClear®-CSD (Central Securities Depository) provides the authentic record of ownership of BOJ and GOJ securities. It

brings significant efficiencies to the processes for issue, management and redemption to the domestic fixed-income securities market.

Increase in volume of electronic retail payment systems

For 2024, utilisation of electronic retail payment systems increased relative to the previous year.³ Total volume of retail payment transactions processed for the period amounted to 157.8 million, valued at \$4.5 trillion. This outturn reflected an increase of 5.3 per cent (7.9 million) in the volume of transactions. However, there was a decline of 0.5 per cent (\$22.5 billion) in the value of these transactions, relative to 2023. The growth in volumes mainly reflected an increase in the number of debit card transactions.

At December 2024, the number of debit cards in circulation increased by 4.3 per cent to 3.9 million, relative to December 2023. For 2024, DTIs settled approximately 57.3 million debit card transactions on their proprietary systems, which represented an increase of 15.9 per cent (7.8 million), relative to 2023.⁴ However, the value of these transactions declined by 41.6 per cent (\$517.7 billion) to \$726.8 billion, relative to 2023.⁵

Jamaica Dollar denominated credit cards in circulation at December 2024 amounted to 430 900, representing an increase of 5.4 per cent when compared to the outturn at December 2023. For the calendar year, the number of credit card transactions processed on the proprietary systems of DTIs was 31.4 million, valued at \$1.3 trillion. This outturn represented a decline of 14.4 per cent (5.3 million) in the volume of transactions. However, there was an increase of 30.2 per cent (\$302.5 billion) in the value when compared to the outturn for 2023.

Total transactions of 17.9 million valued at \$257.2 billion were processed at ABMs through the MultiLink network during 2024. The volume of transactions processed increased by 3.0 per cent (52 912) while

transaction values were higher by 12.2 per cent (\$28.0 billion), relative to the outturn for 2023.

At December 2024, there were 31 836 Point of Sale terminals, reflecting an increase of 10.2 per cent in comparison to 28 899 terminals at December 2023. The total volume of transactions processed on MultiLink POS terminals for 2024 increased by 11.9 per cent (3.4 million) to 31.9 million in comparison to 2023. Concurrently, the value of POS transactions increased by 9.7 per cent (\$20.5 billion) to \$231.1 billion, relative to 2023.

An overall decline in cheques processed through the Automated Clearing House

The total number of cheques processed through the Automated Clearing House (ACH) during 2024 was 2.8 million, valued at \$477.0 billion. These outturns reflected declines of 11.2 per cent (349 452) and 7.8 per cent (\$40.3 billion) in volume and value of transactions, respectively, when compared to 2023. The decline in cheques processed can be attributed to changes in customers' and financial institutions' behaviour. Specifically, there was greater utilisation of electronic payment solutions as well as improved adherence to the ACH value threshold of \$1.0 million.⁶ Over the review period, the average transaction value of cheques processed in the ACH increased by 3.9 per cent to \$172 910.83 when compared to \$166 425.37 for the comparable period in 2023.

Foreign currency cheques cleared for 2024 through the Manual Clearing House declined by 13.8 per cent in value when compared to 2023. Cheques denominated in US dollars amounted to US\$1 181.2 million over the review period and accounted for 99.3 per cent of the total foreign currency cheques cleared.

³ Electronic Retail Payment Systems comprise DTI proprietary systems, MultiLink and ACH.

⁴ Proprietary system is any combination of processes, tools or network owned by DTIs and are used to process payment instruments e.g. debit cards, credit cards, etc.

⁵ This significant change was primarily due to a revision in the data submitted by the DTIs for 2023

⁶ The ACH Value Threshold is a strategy implemented by the Bank to reduce the value of transactions processed through the Automated Clearing House \geq \$1 million to better manage systemic risk.

Volume of bill payment transactions increased in 2024

Total bill payments for 2024 amounted to approximately 28.4 million transactions, valued at \$695.3 billion. This outturn reflected growth of 24.7 per cent (5 631 453) in the volume of transactions

and an increase of 23.1 per cent (\$130.6 billion) in the value of transactions relative to 2023. The dominant method for bill payment for the period was via savings/deposit accounts, which accounted for 39.1 per cent of the total volume and 59.4 per cent of the total value of bill payments.

Achievements in 2024

Upgraded JamClear® -Systems

During the review year, the activities regarding the modernization of the Bank's JamClear® Systems were as follows:

- (i) Technical fixes for upgrades to the JamClear® Foreign Exchange Trading Platform (FXTTP) were deployed for testing during the second half of 2024 to include:
 - sundry fixes to attain improved efficiencies in the day-to-day operation of the trading system; and
 - revisions to requirements for reporting trades done with clients to enhance the market intelligence toolkit for the foreign exchange market.

By end-2024, the test reviews were 90.0 per cent completed, given unexpected outcomes in some aspects of the fixes that were provided.

- (ii) The modernization of the JamClear® CSD was focused on the fixes required to facilitate the listing of GOJ domestically-issued securities on the JSE fixed income trading platform. This listing is an essential component of Jamaica's Financial Deepening agenda (see **Financial Deepening**).

BOJ continued to work closely with the MOFPS in advancing the legislative process for the amendments to the Payment Clearing and Settlement Act.

Development of an enabling regulatory framework for Payment Service Providers

In 2024, the Bank continued to work closely with the MOFPS in advancing the legislative process for the amendments to the Payment Clearing and Settlement Act (PCSA). Notably, in the June 2024 quarter, the Bank received the first draft of the PCSA amendment Bill and the second version of the draft bill was received in the December 2024 quarter.

Enhanced efforts to migrate to ISO 20022 MX standard by end-November 2025

The ISO 20022 MX messaging standard is a multi-part International Standard for the processing of payment messages promulgated by the International Organization for Standardization (ISO). Payment systems worldwide are required to be in adherence with this standard by November 2025. Of note, the Society for Worldwide Interbank Financial Telecommunications (SWIFT) has been phasing in ISO 20022 MX messages since March 2023 and the goal is for full adoption and implementation by November 2025. In this regard, the Bank's JamClear® systems must conform to SWIFT messaging standards and guidelines by the stipulated deadline.

Consequently, during the review period, the Bank continued to lead in coordinating Jamaica's migration from the SWIFT Message Type (MT) messaging standard to the ISO 20022 MX messaging standard. Subsequent to the stipulated migration date, financial institutions will no longer be able to send or receive cross border payments using the SWIFT MT messaging standard. The adoption of the ISO 20022 MX standard is aimed at improving payment

processing efficiency and promoting interoperability among financial institutions, financial market infrastructures and end-users.

In advancing the ISO 20022 MX initiative, in 2024, and to ensure that stakeholders were kept abreast of developments and requirements, the Bank employed a two-pronged approach of hosting in-person training and virtual workshops for all JamClear® RTGS, Payment Originator and Gateway participants. These workshops were completed in the first half of the year.

Thereafter, in August 2024, the Bank successfully upgraded the JamClear-RTGS® platforms to facilitate

compliance with the new ISO 20022 MX standard. Of note, the hybrid approach will facilitate both messaging standards until end-November 2025.

In furthering its efforts to ensure a smooth transition to the new ISO 20022 MX messaging standard, in October 2024, the Bank administered another survey to JamClear®-RTGS participants to gauge their level of readiness to transition. The survey results indicated that while all participants were not yet ready, they are expected to be ready to transition by November 2025.

Fintech Regulatory Sandbox Development and CBDC (JAM-DEX®)

Testing continues in the BOJ Fintech Regulatory Sandbox

The Fintech Regulatory Sandbox (Sandbox) continued to serve as a structured platform to test, refine and safely launch innovative financial technology. During the review period, a key milestone was the revision of the Sandbox guidelines to offer greater clarity on the expectations for entities seeking admission to test in the Sandbox.

During 2024, the Bank received six applications from six entities. These applications increased the total number to 46 from 40 since the establishment of the Sandbox in March 2020. At end-2024, 23 applications were approved for testing in the Sandbox, comprising mobile wallets, debit card and prepaid card solutions. By year-end, entities were at different stages of testing their respective products/services.

At end-2024, total JAM-DEX® minted by the Bank remained at \$276.0 million.

Central Bank Digital Currency national roll-out in 2024

In 2024, the Bank completed year three of its five-year National Roll-Out plan for JAM-DEX®. The following project milestones were achieved during the year:

- (iii) A JAM-DEX® Merchant Strengthening initiative was executed in the form of a pilot that will facilitate JAM-DEX® transactions at POS devices aimed at expanding the solution to Wallet Providers with compatible devices;
- (iv) Installation of the JAM-DEX® Disaster Recovery (DR) site in November 2024;
- (v) Continued onboarding of Wallet Providers – National Commercial Bank Jamaica Limited in partnership with TFOB (2021) Limited continued to be the only Wallet Provider offering JAM-DEX® services to the public through the Lynk wallet.⁷ Three other commercial banks are at different stages with the launch of their digital wallets; and
- (vi) At end-2024, plans were far advanced with a Government entity to pilot selected services undertaken by the entity via the use of JAM-DEX® in 2025.

At end-2024, total JAM-DEX® minted by the Bank remained at \$276.0 million. A total of \$258.5 million

⁷ TFOB (2021) Limited is a fintech company that is a wholly owned subsidiary of NCB Financial Group Limited.

of JAM-DEX® was in circulation, with \$144.8 million (56.0 per cent) in the hands of the public and \$113.7 million (44.0 per cent) held by Wallet Providers in their respective digital vaults.

There were 282 274 JAM-DEX® registered wallet users totalled 282 274 at end-2024, an increase of 7.0 per cent relative to end-2023.



▶ **Additional Resources**

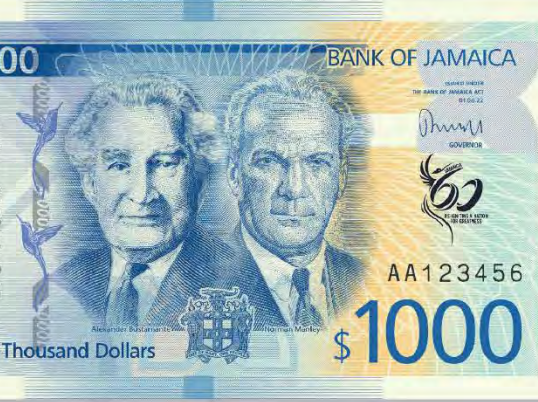
[Payment Systems Data Bulletin](#)

<https://boj.org.jm/boj-publications/boj-monthly-reports/>

CURRENCY



HON. NOEL N. NETHERSOLE
MINISTER OF FINANCE 1984-1987



CURRENCY

Throughout 2024, Bank of Jamaica continued to discharge its statutory obligation to fulfil the public's need for physical currency (banknotes and coins) as well as JAM-DEX®, the Central Bank Digital Currency. The year was also characterized by the

continuation of the country's transition to the new polymer banknote series. Consequently, both polymer and cotton substrates co-circulated during the year.

Continued transition to polymer banknotes

In 2024, BOJ managed the ongoing issuance of the new polymer banknote series, ensuring nationwide availability to replace the old cotton notes.

In this regard, the replacement of the cotton-based notes advanced during the review period, as evidenced by the changing composition of the currency circulation stock. In particular, polymer banknotes accounted for 92.9 per cent or \$259.2 billion of the value of all banknotes in circulation at end-2024, compared to 78.9 per cent or \$213.3 billion at end-2023. In terms of volume, polymer notes accounted for 71.9 per cent of all banknotes in circulation at end-2024, compared to 57.8 per cent at end-2023.

Consequently, the proportion of the value of cotton banknotes in circulation decreased substantially by 65.6 per cent to \$19.7 billion at end-2024 from \$57.2 billion at end-2023. The volume of cotton banknotes declined to 28.1 per cent of all banknotes in circulation at end-2024 from 42.2 per cent at end-2023.

Slowdown in growth in total currency in circulation

The total value of currency in circulation was \$286.4 billion at end-2024, comprising \$286.1 billion in physical currency (banknotes and coins) and \$0.3 billion in JAM-DEX®. This outturn represented a modest increase of 3.1 per cent, a sharp deceleration, compared to the growth of 18.6 per cent recorded for 2023.

While the growth of 3.1 per cent in currency in circulation in 2024 was in line with the increase

recorded in 2022, it remained well below the historical annual average growth of 13.9 per cent for the 10-year period prior to 2023.

Total value of currency issued declined significantly

The total value of currency issued (which includes banknotes, coins and JAM-DEX®) amounted to \$300.7 billion for the review year, representing a decline of 40.7 per cent, relative to the \$506.8 billion issued in the previous year. Of this total, banknotes accounted for \$299.0 billion, all consisting of polymer notes.

The value of banknotes issued in 2024 declined by 40.8 per cent, compared to the value for 2023. This outturn was primarily influenced by a normalisation of issue patterns, following the unusual spike in issues starting in mid-2023, due to the transition from the cotton-based notes in circulation to the new polymer notes.

Coins issued during 2024 were valued at \$1.6 billion, reflecting a slight increase of 2.0 per cent compared to the value issued in 2023. For the review year, JAM-DEX® issuance totalled \$1.2 million, relative to \$0.2 million in 2023.

Notable reduction in the value of currency redemption

In 2024, the value of all currency redeemed was \$291.9 billion, a decline of 36.9 per cent, relative to redemptions in the previous year. Banknote redemptions constituted \$290.7 billion of total redemptions, with polymer notes accounting for \$253.2 billion or 87.1 per cent of the value redeemed. The value of banknote redemptions declined by 37.1

per cent, compared to 2023, which was broadly consistent with the fall in the value of banknotes issued. This outturn was largely due to a slowing in the pace of the redemption of cotton banknotes in 2024, as a significant portion of these notes were redeemed in the previous year, given the introduction of the new polymer series.

In terms of volume, polymer notes accounted for 84.4 per cent of the number of banknotes redeemed during the year, while the cotton-based substrates accounted for 15.6 per cent.

Coin redemptions were valued at \$1.2 billion, representing an increase of 18.3 per cent, relative to 2023. There were no redemptions of JAM-DEX® during the review period.

Fewer banknotes processed in 2024

During 2024, approximately 239.8 million pieces of banknotes valued at \$310.4 billion were processed by the Bank's banknote processing machines. This outturn reflected a decline relative to the 297.5 million pieces of banknotes valued at \$372.7 billion which were processed in 2023. The decline in banknote processing was in keeping with the fall in redemptions observed for the year.

Fewer counterfeit attempts on polymer notes relative to cotton-based notes

Counterfeit data for 2024 showed that there were fewer attempts made at counterfeiting the polymer

notes relative to the attempts made at the cotton-based notes.

In particular, 19 counterfeit attempts valued at under \$0.1 million, were detected in respect of the polymer notes. However, 348 counterfeit notes valued at \$1.2 million, were detected in relation to cotton-based notes. The total value of all counterfeits detected during the year amounted to \$1.3 million. Of note, the \$5000 note was the most targeted denomination for both substrates.

In the previous year, 354 counterfeit notes valued at \$0.7 million were detected, all being derivatives of the cotton-based substrate. The \$1000 note experienced the most counterfeit attempts in that year.

Too early to accurately assess the durability of polymer banknotes

Although polymer banknotes have been in circulation for about 19 months at end-2024, this time period is too short to provide reliable data for the accurate assessment of average circulation life (ACL) of the polymer banknotes.



▶ Related Reports

[Jamaica's Central Bank Digital Currency \(CBDC\)](https://boj.org.jm/core-functions/currency/cbdc/)

<https://boj.org.jm/core-functions/currency/cbdc/>

[History of our Currency](https://boj.org.jm/core-functions/currency/history/)

<https://boj.org.jm/core-functions/currency/history/>

[Banknotes](https://boj.org.jm/core-functions/currency/bank-notes/)

<https://boj.org.jm/core-functions/currency/bank-notes/>

FINANCIAL MARKET OPERATIONS



HON. NOEL N. NETHERSOLE
MINISTER OF FINANCE 1984-1987



Deputy Governor Natalie Haynes (Financial Markets and Payments Systems Division) at the Bank's 'Empower Her' event

FINANCIAL MARKET OPERATIONS

Throughout 2024, BOJ's monetary policy stance, aimed at anchoring inflation within the Bank's target range of 4.0 to 6.0 per cent, continued to guide the Bank's liquidity management strategy. In the first half of the year, the Bank's open market operations (OMOs) were geared towards maintaining tight liquidity conditions and preserving stability in the foreign exchange market. Commencing in June 2024, the Bank shifted its monetary policy stance to a gradual easing with a measured reduction of BOJ's absorption of liquidity from DTIs through OMOs as well as four

consecutive reductions in the policy rate, while continuing to preserve relative stability in the exchange rate.

The Bank also continued to ensure that there was sufficient funding in the foreign exchange market through its Bank of Jamaica Foreign Exchange Intervention and Trading Tool. In addition, the Bank re-introduced its 14-day repurchase auction operations.

Domestic Market

BOJ's Jamaica Dollar liquidity management supported the monetary policy stance

The Bank utilised a combination of 30-day and longer-dated Certificates of Deposit in its liquidity management strategy. The demand for BOJ 30-day CD issuances remained healthy, with 49 of 52 auctions being oversubscribed. There was undersubscription of three 30-day auctions in the first half of 2024, when the Bank sought to further tighten Jamaica Dollar liquidity conditions in line with its policy stance at that time. For 2024, a total of \$1 746.7 billion was issued in 30-day CDs, compared to maturities of \$1 734.5 billion, resulting in a net absorption of \$12.2 billion. This outturn compared to a net absorption of \$46.3 billion for 2023, which reflected total issuances of \$1 381.6 billion and maturities of \$1 335.3 billion.

Additionally, the Bank issued three fixed-rate CDs (with an average tenor of two years), re-opened a USD-Indexed Note and issued a new USD-Indexed Note, which cumulatively absorbed \$120.6 billion from the system. Maturities on longer-dated BOJ

CDs amounted to approximately \$98.0 billion. Consequently, longer-dated BOJ CDs net absorbed \$22.6 billion for the year, in comparison to the net absorption of \$34.4 billion in 2023. The net absorption via BOJ operations, in 2024, occurred in a context of net maturities of \$39.5 billion from GOJ debt operations as well as foreign reserves accumulation.

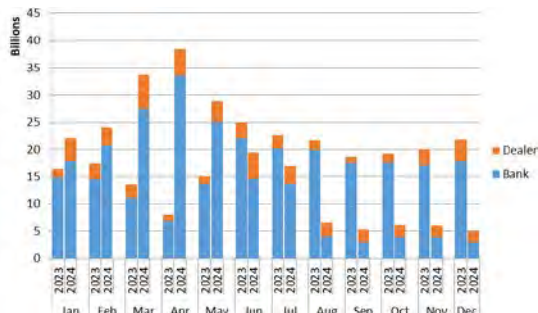
Daily overnight liquidity assurance continued to be provided via the overnight Standing Liquidity Facility, which offered unlimited liquidity support to DTIs. For the first half of the year, the facility was accessed 129 times, with a daily average of \$11.4 billion, which was in line with the tight liquidity conditions. Contrastingly, in the second half of the year, the facility was accessed only five times, with a daily average of \$3.9 billion. In comparison, for 2023, the SLF was accessed 231 times, with a daily average of \$4.1 billion. In line with its gradual monetary loosening stance in the latter half of 2024, effective 23 December 2024, the Bank re-introduced its 14-day repurchase auction operations.¹

¹ In October 2021, the Bank had suspended the offer of its 14-day repurchase operations given in an effort to manage the volume of Jamaica Dollar liquidity in the financial system.

Increased usage of Auto Repo facility

The Bank continued to provide intraday liquidity to eligible participants through the Auto Repo Facility during 2024. The facility was accessed 2 750 times by 15 participants during the review year, reflecting an increase in usage, relative to 2 251 times by 13 participants in 2023. Notwithstanding the increased access to the facility, the average value of intraday liquidity declined, largely due to activities during the latter half of the review year (see **Chart 18**). Lower access of the auto-repo facility during the second half of the year largely reflected buoyant Jamaica Dollar supply conditions emanating mainly from BOJ OMOs.

Chart 18: Comparison of Daily Average Liquidity Utilized – 2023 & 2024



Source: BOJ

Primary Dealers’ increased their participation in BOJ OMO instruments

The number of Primary Dealers (PDs) was unchanged at seven in 2024 relative to 2023. During the review year, PD’s participation in OMO issues increased by 69.4 per cent to average \$155.3 billion, relative to the average of \$91.7 billion in 2023. The PDs continued to exhibit strong demand for OMO instruments during the year, given limited BOJ and GOJ offers and their requirement to fulfil the minimum performance assessment score.

“Lower access of the auto-repo facility during the second half of the year largely reflected buoyant Jamaica Dollar supply conditions emanating mainly from BOJ OMOs.”



International Reserves

The gross reserves at end-2024 also represented approximately 29.4 weeks of projected goods and services imports

Jamaica strengthened its foreign reserve position

Bank of Jamaica recorded a significant increase in its net international reserve (NIR) position in 2024. The NIR ended the year at US\$5 583.7 million, reflecting an increase of US\$825.4 million, relative to end-2023. Gross reserves amounted to US\$5 632.9 million at end-2024, which represented 130.9 per cent of the IMF's Assessing Reserve Adequacy (ARA 100%) metric. The gross reserves at end-2024 also represented approximately 29.4 weeks of projected goods and services imports, compared to 23.9 weeks of imports at end-2023.

BOJ fully repays outstanding stock of borrowed reserves in the form of its foreign currency CDs

The outstanding stock of BOJ USD CDs, which stood at US\$84.8 million at end-2023, matured in July 2024. In keeping with the Bank's strategic commitment to reduce the share of borrowed reserves and to accumulate non-borrowed foreign currency reserves through market purchases of foreign currency, no new foreign currency CDs were issued during the review year. The majority of maturities, totalling approximately US\$62.4 million or 73.6 per cent of total maturities for the year, occurred in the March 2024 quarter (see **Table 12**).

¹The IMF's RSF is aimed at strengthening the country's physical and fiscal resilience to climate change, advancing decarbonization of the economy and managing transition risks.

Table 12

BOJ USD CERTIFICATES OF DEPOSIT: 2024		
Quarters	Maturing Amounts (US\$ mn)	Nominal Outstanding (US\$ mn)
March	62.4	22.4
June	0.0	22.4
September	22.4	0.0
December	0.0	0.0
TOTAL	84.8	0.0

Source: BOJ

Gross foreign assets grew year-over-year

During 2024, Jamaica's gross foreign assets (GFA) increased by US\$764.3 million to US\$5 632.9 million, relative to 2023. Growth in the GFA primarily reflected net foreign currency purchases by BOJ of US\$1 110.6 million, relative to US\$1 222.1 million in the previous year. The increase in the GFA also reflected the impact of increased foreign currency investment income and foreign currency inflows to the Government. These government-related foreign currency inflows mainly reflected receipts of US\$511.7 million (SDR 382.9 million) from the IMF under the Resilience and Sustainability Facility (RSF) in March and September 2024 as well as US\$447.8 million in proceeds from the sale of securitised future earnings of the Airports Authority of Jamaica.² The impact of these inflows on the GFA was partly offset by GOJ debt payments of US\$1 564.3 million.

Concurrent with the increase in the GFA, total foreign liabilities declined by US\$61.2 million to US\$49.2 million at end-2024. In the context of these developments, the NIR increased by US\$825.4 million to US\$5 583.7 million at end-2024.

During the year, the repayment of funds borrowed under the IMF's Rapid Financing Instrument (RFI) totalled US\$253.8 million (SDR 191.5 million).³ Additionally, in 2024, the repayments relating to the Extended Fund Facility (EFF) continued and amounted to US\$74.2 million (SDR 56.0 million).⁴ Consequently, for the review year, total repayments to the IMF amounted to US\$328.0 million (SDR 247.5 million) (see **Table 13**).

Table 13

SDR DISBURSEMENTS AND REPURCHASES/REPAYMENTS CALENDAR YEAR 2024				
MN				
Date	DISBURSEMENTS SDR	USD ^{1/} Equiv.	REPURCHASES SDR	USD ^{1/} Equiv.
March Qtr.	191.5	253.9	62.6	83.0
June Qtr.	0.0	0.0	65.0	85.9
September Qtr.	191.5	257.8	58.8	78.8
December Qtr.	0.0	0.0	61.1	80.3
TOTAL	382.9	511.7	247.5	328.0

^{1/} Based on the prevailing SDR =US\$ exchange rate.

Source: BOJ

Achievements in 2024

Bank approves its Strategic Asset Allocation process and operationalises the Yield Enhancement Sub Portfolio Tranche

In March 2024, the Bank updated its Foreign Reserves Investment Guidelines (IG). This update followed the revision of the Bank's Investment Policy Statement (IPS), in 2023, and the approval of revisions to the Strategic Asset Allocation (SAA) used in its foreign reserves investment management, in early-2024, to accommodate a slightly less risk-averse investment stance to a narrow segment of the foreign reserves portfolio, whilst still applying an overall conservative approach to managing the country's international reserves.⁵ In support of this moderated aversion to risk, the Bank's Board of Directors (Board) approved the creation of a Yield Enhancement Sub-Tranche (YEST), which is designed to enhance returns on investments, within tolerable risk limits, by onboarding new external fund managers and employing new investment strategies.

³ The Executive Board of the International Monetary Fund (IMF) approved a disbursement in the amount of SDR 382.9 million (about US\$520 million, 100 per cent of quota) for Jamaica under the Rapid Financing Instrument (RFI) in May 2020.

During 2024, four new external fund managers were approved by the Board. In addition, approximately 5.0 per cent of the Bank's investment portfolio was earmarked for the YEST by the Board, while the remaining segments of the portfolio were ring-fenced with the conventional parameters aligned to the risk-averse posture of the Bank.

Governance framework for foreign reserve management further enhanced

The review of the Bank's governance framework of its management of the foreign reserves continued in 2024 with an on-site mission from the World Bank's Treasury Management team. The purpose of this mission was to review and enhance the Bank's credit risk assessment methodology.

During the review year, approval was also obtained for the creation of a Foreign Reserves Monitor Dashboard. This portal will provide Executive Management, the Investment Committee and the operational department with real-time access to multi-

⁴ The EFF programme concluded in 2016. However, repayment of proceeds associated with the facility is scheduled to continue until September 2026.

⁵ The revised IPS and SAA process was aimed at exploring special alternative asset classes to provide higher portfolio returns without unduly compromising the risk tolerance of the Bank.

dimensional views of the Bank's foreign reserves portfolio on demand. The high-level user interface and robust business intelligence tools will also have the ability to drill down to receive granular information on diverse aspects of the portfolio.

Investment strategy geared towards portfolio optimisation

In 2024, the market for US stocks was bullish, underpinned by sustained US economic growth, strong corporate earnings, declining inflation and strategic interest rate cuts by the US Federal Reserve (Fed). Additionally, the ongoing surge in artificial intelligence drove significant gains for 'Big Tech' stocks for the second consecutive year, further propelling the overall financial market.

Meanwhile, bond investors experienced a more subdued performance with modest gains earned during the year. This subdued performance was in the context of the shift in the Fed's monetary policy stance, which contributed to a volatile year for fixed-income investments. Consequently, the most significant factors impacting the Bank's investment strategy, in 2024, were the 100 basis points decline in the US Fed Fund's interest rate during the second half of the year and the inverted US yield curve. These two developments reduced the incentive to buy longer-dated/higher duration bonds. Against this background, deposits were placed with counterparties at the shorter end of the yield curve, up to the maximum duration allowed by the IG, to capitalise on the expected declines in the US Fed Fund's rate.

From a tactical standpoint, the Liquidity Tranche received net additional infusion of funds during 2024. This resulted in two effects: (i) it increased liquidity; and (ii) it decreased the portfolio's total exposure to market risk by way of the resultant shortening of the duration.

During the second half of the year, a number of activities spiked market volatility, which supported the neutral stance adopted by the Bank for the remainder of the year. The longer end of the Investment Tranche asset classes experienced subdued returns as yields on the longer end of the curve (i.e. two to 10 years)

increased, compared to a year earlier. Of note, assets in the Liquidity and Investment Tranche sub-portfolios were allocated tactically to ensure capital preservation while providing competitive risk-adjusted returns.

Assets under management increased during 2024

For 2024, the Bank's foreign assets under management increased, when compared with the previous year. The Working Capital Tranche holdings were relatively unchanged year-over-year while there were increases in all other Tranches. The higher holdings of other Tranches, during the year, mainly reflected market purchases which influenced a net increase of US\$764.3 million in the gross foreign reserves to US\$5 632.9 million at end-2024. **Table 14** details the composition of the portfolio at 31 December 2024, relative to end-December 2023.

Table 14

Distribution of Foreign Assets For Years Ended 31 December 2024 and 2023				
Assets	2024		2023	
	US\$MN	Holdings	US\$MN	Holdings
Working Capital Tranche	850.0	15.1	849.8	17.5
Liquidity Tranche	2 505.5	44.5	2 299.4	47.2
Investment Tranche				
Capital Market Investments	355.7	6.3	354.7	7.3
External Funds	1 636.9	29.1	1 247.9	25.6
Total Funds Invested	5 348.1	94.9	4 751.8	97.6
International Monetary Fund Accounts	284.8	5.1	116.9	2.4
Total	5 632.9	100.0	4 868.7	100.0

Source: BOJ

Improvement in foreign investment income

The average income earning assets, for 2024, amounted to US\$5 067.0 million, representing an increase of US\$520.0 million (11.4 per cent), relative to 2023. At end-2024, total income, on an accrual basis, of US\$227.6 million was US\$51.6 million or 29.3 per cent higher than in 2023. This increased income occurred in the context of the average returns on the portfolio improving to 4.49 per cent per annum, in 2024, 0.62 percentage points higher than the figure for 2023 (see **Table 15**). The improved return for 2024 was largely influenced by the portfolio's higher average income earning asset base.

Table 15

Foreign Investment Income				
For Years Ended 31 December 2024 and 2023				
Assets	2024		2023	
	Earnings US\$MN	% of Earnings	Earnings US\$MN	% of Earnings
Working Capital Tranche	45.2	19.9	28.0	15.9
Liquidity Tranche	130.8	57.5	114.5	65.1
Investment Tranche				
Capital Market Investments	12.3	5.4	7.8	4.4
External Funds	36.5	16.0	21.4	12.2
SDR Holdings	2.8	1.2	4.3	2.4
Total	227.6	100	176.0	100
Average Income Earning Assets	5 067.0		4 547.0	
Rate of Return (%)	4.5		3.9	

Source: BOJ



Links to more information

- ▶ **Additional Resources**
 - [Official International Reserves Statistics](https://boj.org.jm/statistics/external-sector/official-international-reserves/)
<https://boj.org.jm/statistics/external-sector/official-international-reserves/>
 - [International Reserves Announcements](https://boj.org.jm/category/notices/)
<https://boj.org.jm/category/notices/>



“Centrally Speaking” episode with hosts Miss Anna-Kaye Smith and Ms Sheena Woodburn Francis

FINANCIAL INCLUSION



HON. NOEL N. NETHERSOLE
MINISTER OF FINANCE 1984-1989

FINANCIAL INCLUSION

Bank of Jamaica advanced its financial inclusion objectives through ongoing initiatives aimed at promoting financial literacy and inclusion during 2024. In that regard, the Bank’s financial literacy communication campaign continued to produce content tailored for both traditional and social media channels, enhancing public awareness and understanding of financial matters. The Bank also

continued its tracking, collating, measuring and reporting of key financial inclusion indicators to monitor progress and inform strategies. Additionally, the Bank actively participated in seminars and outdoor broadcasts addressing financial inclusion and literacy topics to bridge knowledge gaps and empower individuals to make informed financial decisions.

Achievements in 2024

Bank progresses its financial literacy communication campaign

During 2024, BOJ continued its engagement with financial institutions and the public on financial literacy concepts. The financial literacy communication programme focused on the following key messages:

- (i) how does simplified customer due diligence requirements make it easier to open an account at a DTI;
- (ii) the importance of saving and budgeting as part of smart financial management;
- (iii) managing the use of credit to build a strong credit profile;
- (iv) banking smarter with online banking and other digital financial services;
- (v) introduction to Bank of Jamaica’s regulated financial institutions; and
- (vi) effective goal-setting and financial planning for the future.

In 2024, the Bank, through its strategic social media partner, Adtelligent, a marketing and technology firm, continued the use of the series of memes, interactive puzzles and videos on financial inclusion and financial literacy messages. These were shared via the major social media platforms, including YouTube, Facebook, Instagram and X (formerly

Twitter). Additionally, Adtelligent was charged with improving website engagement for financial inclusion by developing a landing page for easily accessible content in one central location. This improvement was intended to boost viewership on the financial inclusion content and increase the engagement of the public, particularly the youth demographic. The development stage for this project was 05 March to 08 August 2024. Notably, the landing page was fully integrated with the BOJ website and went live on 09 August 2024. This strategy will focus on sharing important financial inclusion and literacy information aimed at achieving improved life outcomes.

Additionally, the Bank plans to further enhance the financial literacy campaign through the development of a series of commercials. The project is also being undertaken by Adtelligent. The production will be called “Common Cents with BOJ” and will facilitate financial literacy education by addressing general financial concerns as it relates to:

- (i) the lack of awareness of customer rights;
- (ii) the risks associated with accessing loans from unregulated financial institutions;
- (iii) the vulnerability of consumers to financial scams and fraud; and
- (iv) knowing which agency and the process to report consumer complaints.

This video production series will comprise of 12 episodes of real-life scenarios in four dynamic spaces (i.e. office, market, farm and salon/barber shop). In addition to this video series, the Bank is developing gamification content aimed at younger demographics to evaluate the knowledge and impact of its financial literacy programmes. These initiatives will run concurrently and were at an advanced stage of planning at the end of the review year, with implementation scheduled for early-2025.

In 2024, the Bank continued its partnership with schools through the Money Museum. This partnership included the hosting of over 170 students (Grade 7 cohort) and five teachers on 15 January 2024 from the Dunoon Park Technical High School. The event involved a tour of the Money Museum as well as a talk on financial inclusion topics, including budgeting, savings and goal-setting. Additionally, the children were encouraged to engage their parents or guardians to assist them in opening a bank account and to educate their household on financial literacy.



BOJ administered a Public Opinion Survey

Over the period 23 March to 26 June 2024, the Bank conducted a Public Opinion Survey through Market Research Services Limited to assess the impact of the various financial literacy programmes implemented by the Bank. The results revealed that 60.0 per cent of respondents were made aware of financial literacy content through television, highlighting that this medium remained a crucial channel for reaching a broad audience. Social media was the second-highest platform, with 38.0 per cent of respondents observing financial literacy content via this medium. This result highlighted the growing importance of digital channels for financial education.

¹ Fin Fest is held annually by the Jamaica Co-operative Credit Union League under the brand 'Credit Unions of Jamaica'.

The survey reported on the awareness of financial literacy content by demographics for the period December 2023 to May 2024. It was reported that awareness of financial literacy was relatively consistent among demographic groups. However, the 18 to 24 age group had the lowest level of awareness of the financial literacy content.

BOJ participates in the Credit Unions of Jamaica Financial Reality Fair 2024

In April 2024, BOJ partnered with the Credit Unions of Jamaica, the JSE, Tax Administration Jamaica (TAJ), Junior Achievement Jamaica and Cumax Wealth Management to host the Financial Reality Fair 2024 (Fin Fest).¹ The Fin Fest hosted 200 persons and was aimed at promoting financial inclusion, financial literacy as well as providing pertinent information and budgeting simulation opportunities to high school students across Jamaica. The event was both fun and informative. At the event students were exposed to real-life situations. They were taught how to create budgets and learned the importance of budgeting, saving and setting short- and long-term goals.

GOJ offered a cash incentive programme up to end-March 2024 to promote financial inclusion

To promote financial inclusion, the GOJ introduced a cash incentive programme in 2022, offering \$2 500 to individuals opening low-KYC bank accounts. The initiative targeted 100 000 recipients, however, only 72 813 individuals benefitted from the incentive. The programme was subsequently terminated at end-March 2024.

Update of National Financial Inclusion Strategy (NFIS) Impact Indicators

In 2024, the Bank continued to collate and publish select financial inclusion indicators under the themes – financial access and usage, financing for growth and financial resilience. Some of the indicators included:

- (i) the use of digital payments and access to credit for Medium, Small and Micro Enterprises (MSMEs);
- (ii) access to mortgages by households; and
- (iii) access to bank savings and loans services.



Fun Facts about Budgeting

Budgeting isn't about restricting yourself, but rather taking control of your finances and reaching your goals.

By creating a budget, you can:

- Prioritize your spending
- Track your income and expenses
- Make informed decisions
- Give yourself a financial roadmap to success





► Additional Resources:

- [Financial Inclusion Strategy](https://boj.org.jm/national-financial-inclusion-strategy/)
<https://boj.org.jm/national-financial-inclusion-strategy/>
- [Financial Inclusion Impact Indicators \(March 2024\)](https://boj.org.jm/wp-content/uploads/2024/06/Financial-Inclusion-Impact-Indicators-March-2024.pdf)
<https://boj.org.jm/wp-content/uploads/2024/06/Financial-Inclusion-Impact-Indicators-March-2024.pdf>
- [Financial Inclusion Impact Indicators \(June 2024\)](https://e2gobqetsqs.exactdn.com/wp-content/uploads/2024/09/Financial-Inclusion-Impact-Indicators-June-2024.pdf)
<https://e2gobqetsqs.exactdn.com/wp-content/uploads/2024/09/Financial-Inclusion-Impact-Indicators-June-2024.pdf>
- [Financial Inclusion Impact Indicators \(September 2024\)](https://boj.org.jm/wp-content/uploads/2024/12/Financial-Inclusion-Impact-Indicators-September-2024.pdf)
<https://boj.org.jm/wp-content/uploads/2024/12/Financial-Inclusion-Impact-Indicators-September-2024.pdf>
- [National Financial Inclusion Survey 2023](https://boj.org.jm/wp-content/uploads/2024/01/National-Financial-Inclusion-Final-Report-2023.pdf)
<https://boj.org.jm/wp-content/uploads/2024/01/National-Financial-Inclusion-Final-Report-2023.pdf>

**NATIONAL
FINANCIAL INCLUSION
STRATEGY**
Access for **ALL** 

**Start Today, Secure
Your Tomorrow**



FINANCIAL DEEPENING



HON. NOEL N. NETHERSOLE
MINISTER OF FINANCE 1984-1989



BOJ Staff participating in the 2024 Health and Wellness fair

FINANCIAL DEEPENING

Bank of Jamaica continued to lead the coordination and implementation of Jamaica's financial deepening agenda. During the year, the main priority was to advance the key project earmarked to improve price discovery and transparency in the

capital market. In that regard, the Bank collaborated with the Jamaica Stock Exchange, the FSC and the Ministry of Finance and the Public Service to execute various aspects of the project.

Achievements in 2024

Increasing Transparency and Price Discovery in Markets – facilitating increased utilization of a trading platform

During 2024, work advanced on the project to list and trade the GOJ domestically-issued securities on the JSE fixed income trading platform, that is, the NASDAQ Matching Engine (NME). An interface of the JamClear® CSD (the depository for all domestically-issued GOJ securities) and the JSE NME is required to allow for the trading of GOJ securities on the JSE platform. This project is an important element of continued market development in Jamaica. The main objective is to enable price discovery through an enhanced framework for secondary market trading of GOJ securities. This initiative should also foster greater transparency, promote greater market liquidity and information sharing as well as improve the efficiency of the capital market.

The MOFPS indicated its policy position by mandating the use of the JSE NME to trade GOJ securities. The legal framework to support this policy stance was also confirmed. Consequently, work began with various stakeholders in order to meet the technical and administrative requirements to support this mandatory policy stance.

The following key milestones were achieved during the year:

- (i) NASDAQ delivered an updated test environment to facilitate the

communication interface between the JSE NME and the JamClear® CSD. Consequently, during the June 2024 quarter, Montran (the developer of the JamClear® CSD) delivered the required suite of software modules for technical reviews;

- (ii) The testing of the system by the project teams (JSE and BOJ) began in the June 2024 quarter and was approximately 93.0 per cent complete by December 2024;
- (iii) Participants who were enrolled in both systems completed Phase I training and user acceptance testing; and
- (iv) The marketing plan was drafted and discussions held towards its finalisation and execution. Progress was also made with other administrative outputs such as, the operating procedures, rules and listing requirements.

At end-2024, the activities to support all eligible participants to be fully aligned to the MOFPS' mandatory policy stance was approximately 50.0 per cent complete.

CORPORATE RISK MANAGEMENT



HON. ROEL N. NETHERSOLE
GOVERNOR OF PHILIPPINES 1988-1992



Mr Odean White (Chief Risk Officer)

CORPORATE RISK MANAGEMENT

Bank of Jamaica continued to identify, measure, monitor and report on the risks inherent in its operations, even as the risk landscape continued to evolve and intensify during the year. As the Bank's risk framework matures and awareness amongst staff improves, it is anticipated that the benefits of sound risk governance and risk management practices will become increasingly evident Bank-wide. For calendar year 2025, the key areas of focus

will include the management of cybersecurity and human resource risks, in the context of the evolving cybersecurity threat landscape and the ongoing implementation of the Twin Peaks Model. Additionally, stakeholder engagement via active monitoring of divisional risk control self-assessments will remain pivotal in ensuring that the Bank's key risks are assessed and treated effectively in a timely manner over the short- to medium-term.

Achievements in 2024

Financial Risk Management

Bank of Jamaica continued to proactively manage its overall financial risk profile within established risk limits/tolerances. Notably, the Bank maintained its commitment to prudent management of the risks in its investment portfolios by way of a comprehensive review of its foreign reserves investment policy and its pension fund's Statement of Investment Policies and Principles (SIPP).

In keeping with continued uncertainties within the global financial markets, the Bank invited the World Bank to conduct a credit risk mission with BOJ during the December 2024 quarter. This mission was aimed at strengthening the Bank's foreign reserves risk management framework. The exercise served to enhance the capacity of BOJ staff in the development and implementation of an internal credit risk model, which is aligned to the Basel III framework. The mission was deemed a success, with participants gaining valuable insights in relation to the analysis, measurement, management and reporting of credit risk exposures.

Operational & Compliance Risks Management

The Bank's operational and compliance risks profile remained within the organisation's established risk appetite. Risk exposures continued to be identified,

assessed and reported to key internal stakeholders as per the Bank's Board-approved Enterprise Risk Appetite and Enterprise Risk Management Frameworks. Key activities that ensued during the year were as follows:

(i) Risk Control Self-Assessments (RCSA)

Periodic reviews of RCSA templates and accompanying treatment plans for business units Bank-wide were conducted throughout the year. Given the evolving risk landscape, risk owners continued to monitor and adjust their risk profiles to preserve adherence to the Bank's conservative risk appetite. Against this backdrop, the Bank's Annual Enterprise Risk Management Workshop was held in November 2024 to, *inter alia*, inform a scheduled update of the Enterprise Risk Register and treatment plan.

(ii) Anti-Bribery, Anti-Corruption and Anti-Money Laundering/Counter Financing Terrorism Risk Frameworks

The Bank's Anti-Bribery, Anti-Corruption (ABAC) and Anti-Money Laundering/Counter Financing Terrorism and Proliferation Financing (AML/CFT/CFP) risk frameworks were reviewed and

enhanced, in 2024, to ensure alignment with international standards. Further, work is in train to strengthen the relevant policies and procedures aligned to these frameworks.

(iii) Compliance Risk Management

Underscoring its commitment to ensuring compliance with legislative obligations, the Bank implemented a legislative compliance policy during the March 2024 quarter. This policy outlined expectations and responsibilities of business units and other key stakeholders in preserving the Bank's good standing with respect to legislative compliance obligations. In this regard, a Board-approved policies compliance index was developed and implementation is ongoing.

Strategic, IT & Business Continuity Risks Management

(i) Strategic Objectives/Initiatives

During 2024, the Bank's strategic risk profile remained within its established risk appetite. The Bank's overall performance in relation to its Tier 1 strategic objectives continued to be above its internal benchmark of 80 per cent. The key risk drivers were primarily related to factors that could negatively impact or constrain the timely delivery of project deliverables.

(ii) Information Technology (IT)/Cybersecurity Risk Management

The Bank's IT risk profile remained within tolerable thresholds in the context of minimal disruptions or downtime to real-time systems during the year. Additionally, the Bank conducted regular and automated monitoring of its systems to enable optimised performance.

Advanced technologies, such as artificial intelligence, as well as progressively sophisticated intrusion attempts by cyber criminals continue to make cyberspace increasingly risky. In this context,

the Bank strengthened its cyber risk framework to enhance its cybersecurity resilience and incident response capabilities. Further, the Bank continued to deploy a layered and systematic approach to cybersecurity, to include targeted training of staff in good cyber etiquette. This was to ensure its cybersecurity risk profile remained within the organization's established risk tolerance.

(iii) Business Continuity Risk Management

The Bank's business continuity risk profile remained within tolerable levels, as there was little to no disruptions to its normal operations, despite the adverse impact of weather-related events.¹ This resilient posture was validated by the continued adequacy of the Bank's business continuity arrangements, based on routine assessments conducted throughout the year. Notably, staff demonstrated sound knowledge of their assigned roles and responsibilities in the event of disruptions to normal operations. These outcomes bode well for the Bank's continued resilience to material disruptions going forward.

Privacy Risk Management

Privacy risk, which refers to the risk of non-adherence to local or relevant data privacy laws, was within the Bank's risk appetite in 2024. This occurred in the context of the Bank's efforts to advance the implementation of a robust data protection programme in light of Jamaica's Data Protection Act (DPA) coming into full effect on 01 December 2023. To drive the programme's implementation, the Bank's Privacy Office, under the leadership of the Chief Privacy Officer, along with the support of a data protection consultant and the Bank's Data Protection Officer, undertook several activities to ensure the organisation's full compliance with the DPA.

These activities included:

- Establishment of a Terms of Reference (TOR) for the Bank's Data Protection Programme Steering Committee;

¹ Normal operations at BOJ were disrupted for only one business day given the passage of Hurricane Beryl in July 2024.

- Review of relevant Bank policies and procedures to ensure alignment with DPA requirements;
- Publication of a Privacy Notice on the Bank's website;
- Implementation of procedures and mechanisms to treat with data privacy breaches and data subject access requests;
- Completion of data mapping exercises for key Bank processes and the development of a comprehensive personal data inventory for the Bank;
- Identification and assessment of the Bank's third-party personal data processors and initiating steps to monitor their data privacy safeguards (to include

development of a third-party management policy and third-party data privacy due diligence procedures); and

- Launch of a comprehensive data protection awareness campaign for all staff as well as a training programme for the 42 newly-appointed privacy champions across the Bank.

As the outcomes of these activities become increasingly entrenched within the organisation, the expectation is that Bank of Jamaica will progress further towards establishing an optimized data protection programme – one that will enable staff and key stakeholders to proactively identify and manage the Bank's key data privacy risk exposures.

COMMUNICATIONS & CORPORATE SOCIAL RESPONSIBILITY



HON. NOEL N. NETHERSOLE
MINISTER OF FINANCE 1984-1987



BOJ Staff and participants of the 2nd Regional Central Bank Communications Workshop for the Caribbean hosted by the Bank

COMMUNICATIONS AND CORPORATE SOCIAL RESPONSIBILITY

During 2024, clear and efficient communication remained a vital component of the Bank's proactive policy and moral suasion efforts to achieve its mandate of low, stable and predictable inflation and financial system stability. Accordingly, initiatives were executed across several communication channels during the review year to enhance policy effectiveness. In addition,

consistent with the Bank's long-held view that service to the community is important, BOJ continued to engage in several outreach programmes that support education, culture and creative arts. The Bank also continued to provide aid to vulnerable members of the society during 2024.

BOJ continued communication and engagement surrounding its mandate

- **Quarterly Monetary Policy Report Press Conference**

The Bank's scheduled quarterly press briefings as well as other special press briefings were executed in a hybrid format, utilising both in-person and virtual interfaces. Recordings of the quarterly press conferences were made available to the press and the general public via the Bank's YouTube channel. The press conferences were aimed at explaining the monetary policy decision, presenting brief analyses of recent economic developments and providing updates on the Bank's near- and medium-term forecasts of macroeconomic variables in the international and domestic economies.

BOJ's Quarterly Monetary Policy Report (QMPR) was made available at the press conferences. As customary, the QMPR discussed, in a non-technical manner, economic developments for the review quarter and provided forecasts of key macroeconomic variables, including inflation. The report was also made available on the Bank's website (see [Quarterly Monetary Policy Reports](#) and [Quarterly Press Conference Presentations](#)).

In an effort to broaden engagement with the public and business communities, particularly in the western-end of the island, the Bank hosted its third quarterly press briefing at the Montego Bay

Convention Centre on 21 August 2024. Following this press briefing, a luncheon was held with key members of the business community to discuss matters pertaining to the economy.



Governor Richard Byles and executive management at a Quarterly Monetary Policy Press Conference

- **Schedule for Policy Rate Announcements**

During the year, the Bank published its schedule of eight announcements of monetary policy decisions on its website. These announcements took the form of press releases, which indicated the decision on the policy rate and summarised the factors which explained the rationale for monetary policy actions as well as highlighted the risks to the inflation forecast (see [Calendar of Announcements, Press Statements and Summary of Decisions](#)).

- **Financial Stability Reports**

BOJ is tasked with safeguarding conditions which ensure the proper and efficient functioning of the

financial system, in line with its mandate for maintaining financial system stability. During 2024, financial system stability issues were communicated through highlights in the annual Financial Stability Report and the Quarterly Macro-Prudential Report. These reports can be viewed on the Bank's website at [Macro-Prudential Reports](#) and [Financial Stability Reports](#).

Continued support for community outreach, education and the arts

In recognition of the value of its corporate social responsibility, throughout 2024, Bank of Jamaica sustained its strong support for vulnerable groups as well as for various arts, educational and cultural initiatives. Through its outreach activities, the Bank positively impacted over 10 000 Jamaicans via numerous school education programmes, community engagement projects and creative art performances. In addition, for the fifth year, the Bank distributed a total of 350 care packages to vulnerable individuals: the Jamaica Society for the Blind, the Salvation Army, the Mustard Seed communities and to the National Council for Senior Citizens.

● Money Museum & Exhibitions

Bank of Jamaica's Money Museum is the repository for the Bank's collection of ancient and modern currency and other items of Jamaican and international culture. As such, it serves as an important resource for students at all levels of the educational system. In 2024, over 3 000 persons visited the museum to learn about the history and development of money, while more than 1 000 secondary and tertiary students participated in presentations on the role and functions of the Central Bank. The museum also participated in the annual Seville Heritage Expo in St. Ann where approximately 1 200 patrons viewed the exhibition on the history of Jamaican money.

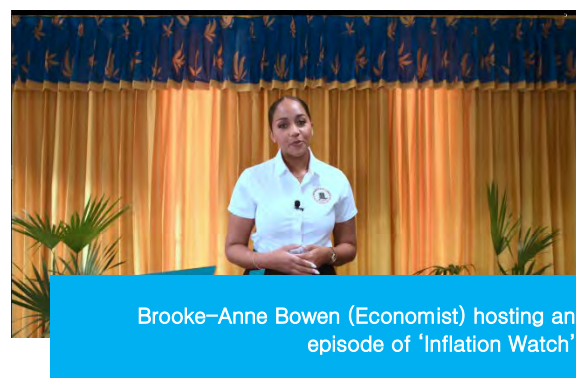
● Lunch Hour Concerts

The Bank staged six Lunch Hour concerts in its auditorium during 2024. These concerts continued to be free to the public and featured varying aspects of the creative arts, including music, drama, dance and poetry. These concerts have become an

anticipated event on the local entertainment scene with several visitors to Jamaica including this event in their itineraries each year.

● Support for Education

During the year, the Bank launched the Lunch and Learn Programme designed to teach students about its role and functions while enjoying a delicious meal. Students from Camperdown High School were the first participants in this programme. The aim of this programme is to take participants beyond their classrooms and textbooks as well as grant them access to expert economists, who play a vital role in the formulation of monetary policy advice.



The Bank also celebrated Teacher's Day and Children's Day with the staff and students of Chetolah Park Primary School.

A back-to-school treat was also hosted by the Bank for students participating in Liberty Hall's summer school programme. At this event, the Bank provided care packages, which included backpacks, books,

pencils and other well-needed school supplies ahead of the new school year. The children were predominantly from the inner-city communities of Denham Town, Hannah Town and Tivoli Gardens.

- **Scholarships**

Bank of Jamaica continued its support for higher education within the field of Economics through two scholarships. The annual G. Arthur Brown Memorial Scholarship is offered to a Jamaican national pursuing a Master of Science degree in Economics at the University of the West Indies (UWI), Mona Campus. The maximum tenure of the scholarship is two academic years with the value of the scholarship being \$900 000.00 per academic year. In addition, the triennial Colin Fitz-Herbert Bullock Scholarship is offered to a Jamaican national pursuing a Doctor of Philosophy degree in Economics at UWI, Mona Campus. This scholarship has a maximum tenure of four academic years with the value of the scholarship being \$1 800 000.00 per academic year.

The Bank awarded the 2024 G. Arthur Brown Memorial Scholarship to Ms Nysha Johnson. However, unfortunately, the Colin Fitz-Herbert Bullock Scholarship was not awarded in 2024, given staffing constraints within the Economics department at UWI Mona campus.

- **Governor's Media Mingle**

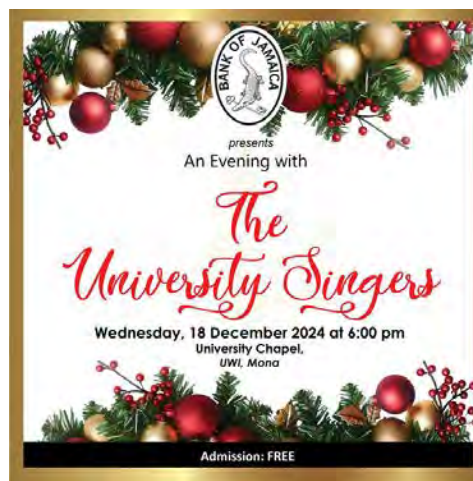
In June 2024, the Bank hosted its first Governor's Media Mingle at the University of the West Indies, Mona Campus. The aim of the mingle was to build stronger relationships and encourage open dialogue and mutual understanding among the Bank's senior management team, journalists and other members of the media.

- **An Evening with The University Singers**

On 18 December 2024, Bank of Jamaica hosted the 27th staging of "An Evening with the University Singers" at the University Chapel at UWI, Mona Campus. The University Singers performed to an audience of approximately 800 patrons who expressed their appreciation for the Bank's continued sponsorship of high-quality entertainment. BOJ, in collaboration with Television Jamaica (TVJ), also aired a recording of the live performance on 25 December 2024. The recording was also made available on the Bank's YouTube channel.

- **Christmas Treat at St Michael's Primary School**

To close out the year, in December 2024, the Bank sponsored a Christmas treat with students and teachers of St. Michael's Primary School. The day was filled with joy, laughter and holiday spirit. The Bank organised all-day entertainment and exciting rides, ensuring the children had a memorable experience. Delicious Christmas cakes were also provided for the teachers and principal as a token of appreciation.



Achievements in 2024

Bank of Jamaica in the Media

For 2024, the Bank's website had approximately 3.5 million page-views from over 985 000 unique users on the platform. This page-views was an improvement relative to the 2.7 million via over 950 000 unique users in the prior year. The top viewed pages and the most searched google terms

continued to be the Home page as well as pages relating to Foreign Exchange Rates and Careers. Other pages frequently visited were Currency, Financial System Regulation, Statistics, Legislation and Contact.

The website continued to be a critical interface for the Bank as it helped to enhance the Bank's credibility and provided unlimited access to a wide cross-section of individuals. Of note, the website is continually undergoing development to integrate new features and functionality in order to ensure it remains updated, modern and user-friendly.

The Bank's social media presence continued to expand throughout the year. Specifically, the Bank's YouTube channel expanded in 2024, surpassing 2 800 unique subscribers while its Facebook page increased to over 2 200 followers. Of note, the Bank's account on 'X' (formerly known as Twitter) continued to be the Bank's primary means of communication, surpassing 16 400 followers.

During 2024, BOJ also continued its production of **Inflation Watch**, a monthly YouTube series where the Bank highlights the main factors influencing price movements in Jamaica based on data provided by the Statistical Institute of Jamaica (STATIN). Visual and audio snippets from the programme were featured in the business news segment on local

radio and television stations. In addition, **Centrally Speaking**, the Bank's flagship television series continued for a sixth season on TVJ and the Bank's YouTube channel and served as a news source for the local media houses.

Regional Engagement

Bank of Jamaica hosted the 2nd Regional Central Bank Communications Workshop, for the Caribbean, over the period 09 – 11 October 2024, in the Bank's auditorium. The workshop was held under the theme, "Our Currency is Trust" and focused on key strategies to strengthen central bank communications. The workshop featured a series of informative sessions and interactive discussions which highlighted presentations from globally-recognised central bank communication experts. A total of 40 delegates from regional and international central banks as well as the IMF and its Caribbean Regional Technical Assistance Centre (CARTAC) were in attendance.





BOJ staff at the 2024 Health and Wellness fair

2024 FINANCIAL HIGHLIGHTS

This box is a summary of the financial performance of Bank of Jamaica as presented in the section below. The percentage changes in the summary are in comparison with 2023.

- Total assets at end-2024 amounted to \$1.14 trillion, which represented an increase of 9 per cent, relative to 2023:
 - Of this, total foreign currency assets increased by 16 per cent to \$879.7 billion.
 - Total domestic currency assets decreased by 9 per cent to \$263.9 billion.
- Total liabilities at end-2024 amounted to \$1.10 trillion, which represented an increase of 9 per cent, relative to 2023:
 - Notes & coins in circulation increased by 3 per cent to \$286.1 billion.
 - Total deposits and other demand liabilities increased by 13 per cent to \$388.9 billion.
 - Open market liabilities increased by 16 per cent to \$285.7 billion.
- For the year, the Bank's total operating income amounted to \$61.8 billion, which represented an increase of 9 per cent relative to 2023. The major components of this income included:
 - Interest income, calculated using the effective interest method, increased by 14 per cent to \$53.2 billion.
 - Interest income from financial instruments designated at fair value through profit and loss (FVTPL) increased by 81 per cent to \$6.6 billion.
- Total operating expenses for 2024 amounted to \$52.3 billion, which represented an increase of 22 per cent, relative to 2023. The major components of operating expenses included:
 - Interest paid on deposits and open market liabilities amounted to \$32.2 billion, representing an increase by 45 per cent.
 - Interest paid on IMF deposits declined by 60 per cent to \$2.1 billion.
 - Staff costs increased by 36 per cent to \$10.7 billion. This increase partly represented the fact that additional staff were employed over the year, given the expansion of the Bank's mandate.
- Profits amounted to \$9.5 billion, which represented a decline of 31 per cent relative to 2023. However, the dividend to be paid to Government of Jamaica increased by 20 per cent year-over-year to \$5.6 billion.
- Restatement of IMF Quota Subscription:
 - A provision of \$6.3 billion (0.55 per cent of total assets) has been made in the 2024 financial statements, which represents the domestic currency equivalent of a portion of the IMF quota subscription amounting to SDR 31.125 million. This was paid by the Bank between 1963 to 1984.
 - As per Note 36 to the audited Financial Statements, this provision arose as audit evidence of the asset above could not be provided in time to facilitate the completion of the audited financial statements within the timeframe required by law.
 - The provision is a temporary measure and will be reversed once documents that constitute sufficient audit evidence, as per professional standards, are verified by the auditors.
 - The provision does not have a material impact on the current year profits, as it was booked against an asset item emanating from prior years and as such was not recorded as a current reporting period expense.
 - The auditors have noted in their report that the adjustments outlined above are "appropriate and properly applied".
- Ernst & Young Global Limited, a multinational professional services partnership, was engaged as the Bank's new auditors, effective financial year 2024, in accordance with the statutory requirement for the periodic rotation of external auditors.
- In keeping with the engagement and globally accepted accounting standards, the auditors were not required to audit or review audited financials before 2024 or to express an opinion on audited financials prior to the current year.

FINANCIAL STATEMENTS



HON. NOEL N. NETHERSOLE
MINISTER OF FINANCE 1983-1989
ERECTED BY THE PEOPLE OF THE
ISLANDS OF THE PACIFIC
IN THE YEAR 2000

BANK OF JAMAICA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

(Expressed in Jamaican dollars unless otherwise indicated)

BANK OF JAMAICA

As at December 31, 2024

(Presented in thousands of Jamaica Dollars unless otherwise indicated)

Contents

	Page
Independent Auditor's Report	1 – 3
Financial Statements	
Statement of Financial Position	4 – 5
Statement of Profit or Loss and Other Comprehensive Income	6
Statement of Changes in Capital and Reserves	7
Statement of Cash Flows	8
Notes to the Financial Statements	9 – 78



Ernst & Young Chartered Accountants
8 Olivier Road
Kingston 8
Jamaica W.I.

Tel: 876 925 2501
Fax: 876 755 0413
ey.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Bank of Jamaica

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bank of Jamaica ("the Bank"), which comprise the statement of financial position as at December 31, 2024, the statement of profit or loss and other comprehensive income, statement of changes in capital and reserves and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at December 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Bank for the year ended December 31, 2023, were audited by another auditor who expressed an unmodified opinion on those statements on March 1, 2024. As part of our audit of these financial statements, we also reviewed the adjustments described in Note 36 that were applied to amend the 2023 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2023 financial statements of the Bank other than with respect to the above-mentioned adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2023 financial statements taken as a whole.



**Shape the future
with confidence**

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Board of Directors of Bank of Jamaica (Continued)

Report on the Audit of the Financial Statements (Continued)

Other information included in the Bank's 2024 Annual Report

Other information consists of the information included in the Bank's 2024 annual report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Bank's 2024 annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view 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.



**Shape the future
with confidence**

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Board of Directors of Bank of Jamaica (Continued)

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.

We communicate with the 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.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive, script font.

Chartered Accountants
Kingston, Jamaica

March 18, 2025

BANK OF JAMAICA

Statement of Financial Position

As at December 31, 2024

(Presented in thousands of Jamaica Dollars unless otherwise indicated)

	<u>Notes</u>	<u>2024</u> J\$'000	<u>2023</u> J\$'000 ¹	As at <u>1 Jan 2023</u> J\$'000 ¹
<u>ASSETS</u>				
Foreign assets:				
Notes and coins		55,813	122,468	153,983
Cash and cash equivalents	4	132,405,270	124,169,944	106,430,839
Securities held in funds managed by agents	5	254,038,795	192,688,466	181,688,787
Investment securities	6	448,959,518	423,148,784	370,727,551
International Monetary Fund -				
Holding of Special Drawing Rights	7	38,743,305	12,386,117	21,367,297
Quota subscription	8	<u>5,545,193</u>	<u>5,666,045</u>	<u>5,521,682</u>
Total foreign assets		<u>879,747,894</u>	<u>758,181,824</u>	<u>685,890,139</u>
Local assets:				
Notes and coins		194,747	186,530	175,779
Resale agreements	9	-	21,100,000	12,700,000
Investment securities	10	246,351,285	247,943,725	262,698,623
Due from Government and Government Agencies		-	-	1,290,333
Property and equipment	12	9,939,686	9,086,100	8,512,464
Intangible asset	13	664,901	483,113	508,430
Employee benefits asset	14(a)	-	1,618,000	3,635,200
Other	15	<u>6,706,495</u>	<u>9,639,905</u>	<u>11,567,859</u>
Total local assets		<u>263,857,114</u>	<u>290,057,373</u>	<u>301,088,688</u>
Total assets		<u>1,143,605,008</u>	<u>1,048,239,197</u>	<u>986,978,827</u>

The accompanying notes form an integral part of these financial statements.

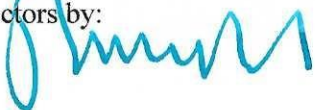
¹ Refer to Note 36

BANK OF JAMAICA**Statement of Financial Position****As at December 31, 2024***(Presented in thousands of Jamaica Dollars unless otherwise indicated)*

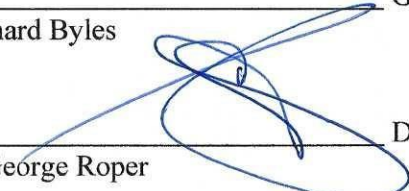
	<u>Notes</u>	<u>2024</u> J\$'000	<u>2023</u> J\$'000 ¹	As at <u>1-Jan-23</u> J\$'000 ¹
<u>LIABILITIES, CAPITAL AND RESERVES</u>				
Liabilities:				
Notes and coins in circulation	16	286,082,917	277,413,092	233,687,020
Deposits and other demand liabilities	17	388,917,451	343,847,098	413,490,338
Open market liabilities	18	285,720,278	246,548,742	171,457,137
International Monetary Fund – Allocation of Special Drawing Rights	19	127,455,513	130,233,288	126,915,142
Foreign liabilities		6,035	10,022	6,509
Due to Government and Government agencies	11	1,842,722	1,233,047	-
Employee benefits liability and obligation	14(a), (b)	7,199,300	3,301,300	2,125,000
Lease liability	20(ii)	197,968	190,718	69,473
Other	21	<u>4,028,423</u>	<u>3,675,767</u>	<u>3,228,785</u>
Total liabilities		<u>1,101,450,607</u>	<u>1,006,453,074</u>	<u>950,979,404</u>
Capital and reserves:				
Share capital	22	20,577,000	20,577,000	20,577,000
General reserve fund	23	25,693,875	20,885,172	9,652,351
Special stabilisation account	24	2,323,351	2,211,496	2,061,266
Other reserves	25	<u>(6,439,825)</u>	<u>(1,887,545)</u>	<u>3,708,806</u>
Total capital and reserves		<u>42,154,401</u>	<u>41,786,123</u>	<u>35,999,423</u>
Total liabilities, capital and reserves		<u>1,143,605,008</u>	<u>1,048,239,197</u>	<u>986,978,827</u>

The accompanying notes form an integral part of these financial statements.


The financial statements were approved for issue and signed on March 18, 2025 on behalf of the Board of Directors by:



Richard Byles Governor



E. George Roper Deputy Governor



Ian O. Williams Financial Controller

¹ Refer to Note 36

BANK OF JAMAICAStatement of Profit or Loss and Other Comprehensive Income
Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*

	<u>Notes</u>	<u>2024</u> J\$'000	<u>2023</u> J\$'000
Operating income:			
Interest, calculated using the effective interest method	26	53,190,083	46,569,880
Interest income from financial instruments designated at FVTPL	26	6,574,118	3,625,615
Foreign exchange gain, net	27	1,415,522	3,616,903
Gain on securities measured as FVTPL		-	2,189,905
Other		<u>664,819</u>	<u>561,164</u>
Total operating income		<u>61,844,542</u>	<u>56,563,467</u>
Operating expenses:			
Interest on deposits and open market liabilities	28	32,164,847	22,229,485
Interest on IMF deposits		2,134,231	5,300,980
Interest on lease liability	20(iii)	9,387	1,384
Staff costs	29	10,680,003	7,831,883
Currency expenses		812,116	3,466,604
Depreciation and amortisation		1,159,329	1,004,915
Other property expenses		1,497,509	1,222,873
Other operating expenses	30	1,758,806	1,933,958
Expected credit loss		4,464	(248,593)
Change in remeasurement of staff loans		85,459	42,125
Loss on securities measured as FVTPL		<u>2,035,237</u>	<u>-</u>
Total operating expenses		<u>52,341,388</u>	<u>42,785,614</u>
Operating profit		9,503,154	13,777,853
Other operating income:			
Gains on disposal of property and equipment		<u>22,622</u>	<u>34,533</u>
Profit for the year transferred to general reserve fund	23(a)	<u>9,525,776</u>	<u>13,812,386</u>
Other comprehensive (loss)/income:			
Item that will never be reclassified to profit or loss:			
Remeasurement of employee benefits asset and obligation, net	14(a)(iv),(b)(iii)	(4,992,000)	(3,381,000)
Item that is or will be reclassified to profit or loss:			
Change in fair value of securities at FVOCI	25(a)	<u>963,720</u>	<u>181,149</u>
Other comprehensive loss for the year		<u>(4,028,280)</u>	<u>(3,199,851)</u>
Total comprehensive income for the year		<u>5,497,496</u>	<u>10,612,535</u>

The accompanying notes form an integral part of these financial statements.

BANK OF JAMAICA**Statement of Changes in Capital and Reserves**
Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*

	Share capital J\$'000 (Note 22)	General reserve fund J\$'000 (Note 23)	Special stabilisation account J\$'000 (Note 24)	Other reserves J\$'000 (Note 25)	Total J\$'000
Balances at December 31, 2022	20,577,000	15,936,168	2,061,266	3,708,806	42,283,240
Prior year adjustment (note 36)	-	(6,283,817)	-	-	(6,283,817)
Balances at December 31, 2022, restated	<u>20,577,000</u>	<u>9,652,351</u>	<u>2,061,266</u>	<u>3,708,806</u>	<u>35,999,423</u>
Total comprehensive income for the year 2023:					
Profit for the year	-	13,812,386	-	-	13,812,386
Other comprehensive income:					
Realised losses on fair value of securities at FVOCI	-	-	-	(54,193)	(54,193)
Unrealised gains on fair value of securities at FVOCI	-	-	-	235,342	235,342
Remeasurement of pension asset and obligation, net	-	-	-	181,149	181,149
Other comprehensive loss	-	-	-	(3,381,000)	(3,381,000)
Total comprehensive income	-	13,812,386	-	(3,199,851)	10,612,535
Other changes in reserves:					
Due to consolidated fund [note 11(b)]	-	(4,661,547)	-	-	(4,661,547)
Increase in provision on IMF quota subscription	-	(164,288)	-	-	(164,288)
Transfer to special stabilisation account (note 24)	-	(150,230)	150,230	-	-
Transfer of surplus on defined benefit pension scheme	-	2,396,500	-	(2,396,500)	-
	-	(2,579,565)	150,230	(2,396,500)	(4,825,835)
Balances at December 31, 2023, restated	<u>20,577,000</u>	<u>20,885,172</u>	<u>2,211,496</u>	<u>(1,887,545)</u>	<u>41,786,123</u>
Total comprehensive income for the year 2024:					
Profit for the year	-	9,525,776	-	-	9,525,776
Other comprehensive income:					
Realised losses on fair value of securities measured at FVOCI	-	-	-	(63,111)	(63,111)
Unrealised gains on fair value of securities measured at FVOCI	-	-	-	1,026,831	1,026,831
Remeasurement of pension asset and obligation, net	-	-	-	963,720	963,720
Other comprehensive loss	-	-	-	(4,992,000)	(4,992,000)
Total comprehensive income	-	9,525,776	-	(4,028,280)	5,497,496
Other changes in reserves:					
Due to consolidated fund	-	(5,129,218)	-	-	(5,129,218)
Transfer to special stabilisation account (note 24)	-	(111,855)	111,855	-	-
Transfer of surplus on defined benefits pension scheme	-	524,000	-	(524,000)	-
	-	(4,717,073)	111,855	(524,000)	(5,129,218)
Balances at December 31, 2024	<u>20,577,000</u>	<u>25,693,875</u>	<u>2,323,351</u>	<u>(6,439,825)</u>	<u>42,154,401</u>

The accompanying notes form an integral part of these financial statements.

BANK OF JAMAICA**Statement of Cash Flows**
Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*

	<u>Notes</u>	<u>2024</u> J\$'000	<u>2023</u> J\$'000
Cash flows from operating activities:			
Profit for the year		9,525,776	13,812,386
Adjustments for:			
Depreciation – property and equipment	12	933,254	819,736
Amortisation – intangible asset	13	226,075	185,179
Gain on disposal of property and equipment		(22,623)	(34,533)
Write-off of coins in circulation		(111,855)	(150,230)
Employee benefits, net		524,000	(187,500)
Unrealised exchange gain		(4,836,973)	(12,948,680)
Unrealised exchange loss/(gain) on International Monetary Fund Quota Subscription	8	120,852	(308,650)
Unrealised exchange (gain)/loss on International Monetary Fund - Allocation of SDR's		(2,777,775)	3,318,146
Impairment of financial assets		4,464	(248,593)
Interest income	26	(59,764,201)	(50,195,495)
Interest expense		<u>34,308,465</u>	<u>27,531,849</u>
		(21,870,541)	(18,406,385)
Changes in:			
Securities held in funds managed by agents		(60,124,093)	(7,816,155)
Foreign currency denominated investments		(23,476,641)	(46,558,179)
Local currency denominated investments		2,558,900	15,194,130
Notes and coins in circulation		8,781,680	43,876,302
Deposits and other demand liabilities		45,777,213	(67,632,340)
Open market liabilities		39,171,536	75,091,606
International Monetary Fund - Holding of Special Drawing Rights		(26,357,188)	8,981,180
Other assets		897,274	4,911,617
Other liabilities		(27,668)	374,894
Due to Government and Government agencies		157,144	90,085
Resale agreements		<u>21,100,000</u>	<u>(8,400,000)</u>
		(13,412,384)	(293,245)
Interest received		61,781,241	47,400,164
Interest paid		<u>(33,918,754)</u>	<u>(27,458,376)</u>
Net cash provided by operating activities		<u>14,450,103</u>	<u>19,648,543</u>
Cash flows from investing activities:			
Additions to property and equipment	12	(1,808,518)	(1,303,180)
Additions to intangible asset	13	(407,863)	(159,862)
Proceeds from disposal of property and equipment		<u>60,451</u>	<u>71,738</u>
Net cash used in investing activities		<u>(2,155,930)</u>	<u>(1,391,304)</u>
Cash flows from financing activities:			
(Repayment)/advance of foreign liabilities		(4,034)	3,477
Payment of lease liability	20(iv)	(18,288)	(7,536)
Distribution to Government		<u>(4,661,547)</u>	<u>(2,418,272)</u>
Net cash used in financing activities		<u>(4,683,869)</u>	<u>(2,422,331)</u>
Net increase in cash and cash equivalents		7,610,304	15,834,908
Cash and cash equivalents at beginning of year		124,478,942	106,760,601
Effect of exchange rate fluctuation on cash held		<u>566,584</u>	<u>1,883,433</u>
Cash and cash equivalents at end of year		<u>132,655,830</u>	<u>124,478,942</u>
Comprising:			
Foreign cash and cash equivalents	4	132,405,270	124,169,944
Foreign notes and coins		55,813	122,468
Local notes and coins		<u>194,747</u>	<u>186,530</u>
		<u>132,655,830</u>	<u>124,478,942</u>

The accompanying notes form an integral part of these financial statements.

BANK OF JAMAICA

Notes to the Financial Statements

Year ended December 31, 2024

(Presented in thousands of Jamaica Dollars unless otherwise indicated)

1. Identification

Bank of Jamaica (hereafter “the Bank”) was established by the Bank of Jamaica Act (hereafter “the Act”), most recently amended in 2022 by the Bank of Jamaica (Amendment) Act, 2022, which introduced provisions for the issue by the Bank of the central bank digital currency to legal tender alongside notes and coins issued by the Bank. The Bank is domiciled in Jamaica and its principal office is located at Nethersole Place, Kingston, Jamaica.

The principal objectives of the Bank, as set out in the Act, are the maintenance of price stability and financial system stability with the primary objective being the maintenance of price stability. The functions of the Bank include to issue and redeem notes, coins and central bank digital currency, to keep and manage the external reserves of Jamaica; to foster the development of money and capital markets in Jamaica; to act as banker and financial agent of the Government of Jamaica and to act as banker to deposit taking institutions. As provided for in the Act, the functions of the Bank are required to be carried out with a view to achieving the principal objectives of the Bank and in a manner that recognises the growth and employment objectives of the Government.

2. Basis of preparation

The financial statements were authorised for issue by the Bank’s board of directors, who authorised Richard Byles, E. George Roger and Ian Williams to sign on its behalf.

(a) Statement of compliance

The financial statements are prepared in accordance with the relevant provisions of the Bank of Jamaica Act and International Financial Reporting Standards (IFRS) standards as issued by the International Accounting Standards Board (IASB).

(b) Functional and presentation currency

The financial statements are prepared and presented in thousands Jamaica dollars (J\$’000), which is the Bank’s functional currency, except as otherwise indicated.

(c) Basis of measurement

The financial statements are prepared on the historical cost basis, except for the following:

- (i) debt instruments at fair value through other comprehensive income (FVOCI) measured at fair value;
- (ii) securities held in funds managed by agents, measured at fair value;
- (iii) IMF Quota subscription designated as at FVOCI, measured at fair value;
- (iv) certain classes of property and equipment, measured at fair value;
- (v) employee benefits asset, measured at the net of the fair value of the plan assets and the present value of the defined benefit obligation plus unrecognised actuarial gains, less unrecognised past service cost and unrecognised actuarial losses; and
- (vi) employee benefits obligation, measured at the present value of the defined benefit obligation plus unrecognised actuarial gains, less unrecognised past service cost and unrecognised actuarial losses.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*2. Basis of preparation (continued)

(d) Accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates, based on assumptions. It also frequently requires management to exercise its judgement in the process of applying IFRS and the Bank's accounting policies. These estimates and judgements affect the reported amounts of, and disclosures relating to assets, liabilities, income, expenses, contingent assets and contingent liabilities.

Estimates and the assumptions underlying them are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Although these estimates are based on management's best knowledge of current events and actions, it is reasonable possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the assumption could require a material adjustment to the carrying amount of asset or liability affected.

Information about judgements and estimates with material uncertainty or that have a risk of material adjustment in the next financial year are set out below:

(i) Judgements

For the purpose of these financial statements prepared in accordance with IFRS, judgement refers to the informed identification and analysis of reasonable alternatives, considering all relevant facts and circumstances, and the well-reasoned, objective and unbiased choice of the alternative that is most consistent with the agreed principles set out in IFRS.

(1) Classification of financial assets:

The assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding requires management to make certain judgements on its business operations.

(2) Impairment of financial assets:

Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of expected credit loss (ECL) and selection and approval of models used to measure ECL requires judgement [see note 3(b)].

(ii) Key assumptions and other sources of estimation uncertainty

Financial statement amounts that have been significantly affected by estimates, and/or which could change significantly in the next financial year as a result of a change in the estimate, are as follows:

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)***2. Basis of preparation (continued)****(d) Accounting estimates and judgements (continued)****(ii) Key assumptions and other sources of estimation uncertainty (continued)****(1) Pension and other post-retirement benefits**

The primary assumptions used in determining the amounts recognised include the discount rate used to determine the present value of estimated future cash flows required to settle the pension and other post-retirement obligations, and the expected rate of increase in medical costs for post-retirement medical benefits.

The discount rate is determined based on the estimate of yield on long-term Government securities that have maturity dates approximating the terms of the Bank's obligation. In the absence of such instruments in Jamaica, it has been necessary to estimate the rate by extrapolating from the longest-tenure securities on the market. The estimated rate of increase in medical costs is determined based on inflationary factors. Any changes in these assumptions will impact the amounts recorded in the financial statements for these obligations [see note 3(h)].

(2) Fair values of financial instruments

A significant portion of the Bank's financial instruments are not quoted in an active market. Accordingly, fair values of such financial assets are estimated using prices obtained from a yield curve. That yield curve is, in turn, obtained from a pricing source which estimates the yield curve on the basis of indicative prices submitted by licensed banks and other financial institutions in Jamaica. The fair value determined using this approach has been categorised as a level 2 fair value; consequently, the estimates arrived at may be different from the actual price of the instrument in an actual arm's length transaction (see notes 6, 10 and 34).

(3) Fair value of land and building

The fair value of properties is determined by property valuation experts using recognised valuation techniques and the principles of IFRS 13 *Fair Value Measurement*. The properties are valued using the market comparable approach. Under this approach, a property's fair value is estimated based on comparable transactions which is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. The estimate of fair values is therefore dependent on the availability of reliable comparable sales data [see notes 3(d)(i) and note 12].

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024

(Presented in thousands of Jamaica Dollars unless otherwise indicated)

2. Basis of preparation (continued)

(d) Accounting estimates and judgements (continued)

(ii) Key assumptions and other sources of estimation uncertainty (continued)

(4) Allowance for impairment losses

In determining amounts recorded for impairment of debt securities and other financial assets in the financial statements, management makes assumptions in determining the inputs to be used in the ECL measurement model, including incorporation of forward-looking information. Management also estimates the likely amount of cash flows recoverable on the financial assets in determining loss given default. The use of assumptions make uncertainty inherent in such estimates [see note 35(b)(iv)].

3. Material accounting policies

(a) Financial instruments – Classification, recognition and de-recognition, and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In these financial statements:

- Financial assets have been determined to comprise cash and cash-equivalents, securities held in funds managed by agents, investment securities, IMF – holding of special drawing rights and quota subscription, resale agreements, due from Government and Government agencies and staff and ex-staff loans.
- Financial liabilities comprise deposits and other demand liabilities, open market liabilities, IMF – allocation of special drawing rights, foreign liabilities, due to Government and Government agencies and other liabilities.

Financial instruments are classified, recognised and measured in accordance with the substance of the terms of the contracts as set out herein.

(i) Recognition and initial measurement

The Bank recognises a financial instrument when it becomes a party to the contractual terms of the instrument. The Bank initially recognises loans and receivables and debt securities on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

(ii) Classification of financial instruments

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; or fair value through profit or loss (FVTPL).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*3. Material accounting policies (continued)

(a) Financial instruments – Classification, recognition and de-recognition, and measurement (continued)

(ii) Classification of financial instruments (continued)

Financial assets (continued)

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Debt instruments measured at amortised cost are initially measured at fair value plus incremental direct transaction costs and subsequently at their amortised cost using the effective interest method.

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. The election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. On initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Debt securities classified or designated as at FVTPL are measured at fair value with changes recognised immediately in profit or loss.

Business model assessment:

The Bank makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*3. Material accounting policies (continued)

(a) Financial instruments – Classification, recognition and de-recognition, and measurement (continued)

(ii) Classification of financial instruments (continued)

Financial assets (continued)

Business model assessment (continued):

- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity. However, the information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

The Bank's objective is achieved by both collecting contractual cash flows and selling financial assets.

Solely payments of principal and interest (SPPI) assessment:

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Bank considers the following:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- leverage features, that modify consideration of the time value of money such as periodic reset of interest rates;
- prepayment and extension features; and
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse features).

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*3. Material accounting policies (continued)

(a) Financial instruments – Classification, recognition and de-recognition, and measurement (continued)

(ii) Classification of financial instruments (continued)

Financial assets (continued)

Solely payments of principal and interest (SPPI) assessment (continued):

A prepayment feature is consistent with the “solely for payments of principal and interest” criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Reclassifications:

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first reporting period following the change in business model.

Financial liabilities

The Bank classifies financial liabilities as measured at amortised cost.

(iii) Derecognition

The Bank derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains all or substantially all the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Bank is recognised as a separate asset or liability.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

The Bank derecognises a financial liability when its contractual obligations expire, are discharged or cancelled.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*3. Material accounting policies (continued)

- (a) Financial instruments – Classification, recognition and derecognition, and measurement (continued):

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank has the legal right to offset the amounts and intends either to settle them on a net basis, or to realise the assets and settle the liabilities simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS Standards, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

(v) Specific items

(1) Cash and cash equivalents

Cash and cash equivalents comprise notes and coins on hand, short-term highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in value, and are held by the Bank in managing short-term commitments.

Cash and cash equivalents are classified and measured at amortised cost.

(2) Resale agreements

Resale agreements are accounted for as short-term collateralised lending and classified and measured at amortised cost. The difference between the purchase cost and the resale consideration is recognised in profit or loss as interest income using the effective interest method.

(3) Investment securities

The 'investment securities' caption in the statement of financial position includes:

- debt securities measured at amortised cost (see notes 6 and 10); these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- debt securities measured at FVOCI; and
- investment securities measured at FVTPL.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*3. Material accounting policies (continued)

(a) Financial instruments – Classification, recognition and derecognition, and measurement (continued):

(v) Specific items (continued)

(3) Investment securities (continued)

For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest revenue using the effective interest method;
- ECL and reversals; and
- foreign exchange gains and losses.

When a debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is recognized in profit or loss.

(4) Other assets

Staff and ex-staff loans included in other assets are classified and measured at amortised cost, less impairment losses.

(5) Deposits and other demand liabilities

Deposits and other demand liabilities are initially measured at fair value minus incremental direct transaction costs. Subsequently, they are measured at their amortised cost using the effective interest method.

(6) Other liabilities

Other liabilities are measured at amortised cost.

(7) International Monetary Fund – holding of special drawing rights is classified and measured at amortised cost less impairment losses.

(8) International Monetary Fund Quota subscription is designated as FVOCI and measured at fair value as it is held for strategic purposes and the Bank has no intention of liquidating it.

(9) International Monetary Fund – allocation of Special Drawing Rights is classified and measured at amortised cost.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*3. Material accounting policies (continued)

(b) Impairment of financial assets

The Bank recognises allowances for expected credit losses (ECL) on financial assets that are debt instruments measured at amortised cost and FVOCI.

The Bank measures loss allowances at an amount equal to life-time ECL, except for investment securities that are determined to have low credit risk at the reporting date and other financial instruments on which credit risk has not increased significantly since their initial recognition. Loss allowances on these are measured at 12-month ECL.

The Bank considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’. The Bank does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as ‘Stage 1 financial instruments’.

Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as ‘Stage 2 financial instruments’.

Measurement of ECL

ECL are probability-weighted estimates of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive); and
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

Credit-impaired financial assets

At each reporting date, the Bank assesses whether financial assets measured at amortised cost and debt financial assets measured at FVOCI are credit-impaired (referred to as ‘Stage 3 financial assets’).

A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*3. Material accounting policies (continued)

(b) Impairment of financial assets (continued)

Credit-impaired financial assets (continued)

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Bank considers the following factors:

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- Debt instruments measured at FVOCI no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is fair value. However, the loss allowances are disclosed and recognised in the securities revaluation reserve.

Write-off

The gross carrying amount of a financial asset is written off when the Bank has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level. Recoveries of amounts previously written off are included in profit or loss. Amounts are written off from the allowance whenever management has concluded that such amounts will not be recovered.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*3. Material accounting policies (continued)

(c) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the foreign exchange rates prevailing at that date. Transactions in foreign currencies are translated at the foreign exchange rates ruling at the dates of those transactions.

The rate of exchange of the Jamaica Dollar to the United States dollar is determined by the weighted average rate of trades reported by authorised foreign exchange dealers and cambios and the rate at which the Bank itself buys United States dollars. The rates of exchange for other currencies are determined using rates published by The World Markets Company Plc (WM Reuters).

Gains and losses arising on fluctuations in exchange rates are included in profit or loss.

(d) Property and equipment

(i) Owned assets

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses, except for freehold land and buildings, which are measured at fair value less subsequent accumulated depreciation.

- Cost

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to the location and condition where it is ready for its intended use.

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and it can be measured reliably.

The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

- Fair value

Subsequent to initial recognition, land and buildings are measured at fair value, which reflects market conditions at the reporting date, less accumulated depreciation. The fair value is determined by an external, independent valuer, with appropriate recognised professional qualification and recent experience in the location and category of land and buildings being valued. The Bank's policy is to obtain an independent professional valuation of all its land and buildings every five years. Management's assessment of significant movement in fair value is done for the intervening years after consultation with external valuer and adjustment made to valuation, as necessary.

Surplus arising on revaluation of land and buildings is recognised in other comprehensive income and included in property revaluation reserve in equity.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*3. Material accounting policies (continued)

(d) Property and equipment (continued)

(ii) Depreciation

Property and equipment are depreciated on the straight-line basis at annual rates estimated to write down the assets to their residual value over their estimated useful lives. Leasehold property is amortised in equal instalments over the shorter of the lease term and the property's estimated useful life.

Land, works of art, museum coins and capital work-in-progress are not depreciated. The estimated useful lives are as follows:

Buildings	20 years
Leasehold property	Shorter of lease term and useful life
Furniture and equipment	10 years
Computer equipment	5 years
Motor vehicles	5 years

The depreciation methods, useful lives and residual values are reassessed at each reporting date.

(e) Leases

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Bank has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Bank at the end of the lease term or the cost of the right-of-use asset reflects that the Bank will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*3. Material accounting policies (continued)

(e) Leases (continued)

As a lessee (continued)

reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the contracted lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, at the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

The Bank determines its incremental borrowing rate by reference to those paid on its open market liabilities.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Bank presents right-of-use assets that do not meet the definition of investment property in 'property and equipment' and lease liability in the statement of financial position.

Short-term leases and leases of low-value assets

The Bank has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*3. Material accounting policies (continued)

(f) Notes and coins in circulation

The nominal value of numismatic coins sold is included in notes and coins in circulation. The net proceeds from such sales are included in profit or loss.

Notes and coins in circulation are measured after a deduction of 25% of the value of coins in circulation in accordance with the Bank of Jamaica (Value of Coins in Circulation) Order 1973, as permitted under Section 22 of the Act. The deductions are credited to the special stabilisation account.

(g) Taxation

The Bank is exempt from income tax under Section 12(b) of the Income Tax Act. The Bank's supplies are substantially exempt from General Consumption Tax (GCT). It incurs GCT at standard rates on taxable supplies acquired.

(h) Employee benefits

Employee benefits comprise all forms of consideration given by the Bank in exchange for service rendered by employees. These include current or short-term benefits such as salaries, NIS contributions, annual vacation leave, and non-monetary benefits such as medical care and life insurance; post-employment benefits such as pension and medical care; and other long-term employee benefits such as termination benefits.

(i) General benefits

Employee benefits that are earned as a result of past or current service are recognised in the following manner: short-term employee benefits are recognised as a liability, net of payments made, and charged as expense. The estimated cost of accumulated vacation leave is recognised annually. Post-employment benefits are accounted for as described in (ii) and (iii) below.

(ii) Post-employment benefits - defined benefit pension plan

In respect of defined-benefit arrangements, employee benefits and obligations included in the financial statements are determined annually by a qualified independent actuary, appointed by management. The appointed actuary's report outlines the scope of the valuation and the actuary's opinion. The actuarial valuations are conducted in accordance with IAS 19, and the financial statements reflect the Bank's post-employment benefit asset and obligation as computed by the actuary.

The cost of the pension benefits the Bank is committed to providing is the total of (1) the net obligation under the plan for services rendered and (2) the cost of administration of the plan – both of which costs are borne by the Bank.

The Bank's net obligation under its defined-benefit pension plan is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that value is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is determined by reference to the yield on long-term government securities with maturities approximating the terms of the Bank's obligation at the reporting date.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*3. Material accounting policies (continued)

(h) Employee benefits (continued)

(ii) Post-employment benefits - defined benefit pension plan (continued)

The calculation is performed by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit asset, which comprise actuarial gains and losses and the effect of the asset ceiling (if any, excluding interest), are recognised in other comprehensive income. The Bank determines the net interest income on the net defined benefit asset for the period by applying the discount rate used to measure the defined benefit asset at the beginning of the year to the net defined benefit asset, taking into account any changes in the net defined benefit asset during the year as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of the plan are changed or when the plan is contracted, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Bank recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Where the calculation results in a benefit to the Bank, the recognised asset is limited to the net present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

(iii) Post-employment defined benefits – medical care and life insurance

The Bank's obligation in respect of unfunded long-term employee medical care and life insurance are the amount of future benefits that employees have earned in return for their service in the current and prior periods; that benefit is then discounted to determine its present value. The discount rate is determined as per the defined benefit pension plan set out at (ii) above. The calculation is performed by a qualified actuary using the projected unit credit method. Remeasurements of the defined obligation and net interest expense are recognised in the same manner as described at (ii) above for the defined-benefit pension plan.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024

(Presented in thousands of Jamaica Dollars unless otherwise indicated)

3. Material accounting policies (continued)

(i) Statutory transfer of profits and losses

As at the reporting date, Section 9 of the Bank of Jamaica (Amendment) Act 2020 (“the Amendment Act”) requires each financial year’s net income to be credited, or net loss to be charged, to the General Reserve Fund and for distributable earnings to be paid into the Consolidated Fund depending on the statutory capital to monetary liability ratio. Where losses are incurred, to the extent that the statutory capital is below 3% of monetary liabilities, the Amendment Act requires the Government to fund the shortfall from the Consolidated Fund.

“Distributable earnings” is defined to mean the profits of the Bank, excluding unrealized foreign exchange gains and other unrealised gains for the financial year, to which is added unrealised foreign exchange gains and other unrealised gains from prior financial years that are realised during the financial year; or have been realised in a prior financial year but have not previously been included in distributable earnings.

(j) Intangible asset

Intangible asset represents software and is measured at cost less accumulated amortisation and impairment losses. The asset is amortised on the straight-line basis to its residual value over its estimated useful life of 5 years.

Subsequent expenditure on software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as it is incurred.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Interest income and interest expense

Interest income and expense are recognised in profit or loss using the effective interest method. The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of a financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*3. Material accounting policies (continued)

(k) Interest income and interest expense (continued)

Amortised cost and gross carrying amount:

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method, of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense:

The effective interest rate of a financial asset or financial liability is calculated on initial recognition. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

Presentation:

Interest income calculated using the effective interest method presented in the statement of profit or loss and OCI includes interest on financial assets and financial liabilities measured at amortised cost and interest on debt instruments measured at FVOCI.

(l) Impairment of non-financial assets

At each reporting date, the Bank reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*3. Material accounting policies (continued)

(l) Impairment of non-financial assets (continued)

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Fee and commission income

Fee and commission income from contracts with customers are measured based on the consideration specified in a contract with a customer. The Bank recognises revenue when it transfers control over a service to a customer. These amounts are included in other income.

The Bank provides payment systems, central securities depository (CSD), real time gross settlement (RTGS) custodial and other central banking services. Fees are charged to customers on a transaction-by-transaction basis.

Revenue related to these transactions is recognised at the point in time when the related services are performed.

(n) Amended standards

(i) Currently effective standards:

The following amended standards were effective during the financial period however, there was no impact to the Bank's financial statements.

- | | |
|---|--|
| <ul style="list-style-type: none"> • International Tax Reform – Pillar Two Model Rules <li style="padding-left: 20px;">- Amendments to IAS 12 | <p>Effective Date
1 Jan 2024</p> |
|---|--|

In May 2023, the Board issued amendments to IAS 12 Income Taxes, which introduce a mandatory exception in IAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

An entity is required to separately disclose its current tax expense (income) related to Pillar Two income taxes, in the periods when the legislation is effective.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*3. Material accounting policies (continued)

(n) Amended standards (continued)

(i) Currently effective standards (continued):

The Bank adopted the following amended standards *(continued)*:

- **Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1** **Effective Date 1 Jan 2024**

In January 2020 and October 2022, the Board issued amendments to IAS 1 Presentation to Financial Statements to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

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

- **Lease Liability in a Sale and Leaseback - Amendments to IFRS 16** **Effective Date 1 Jan 2024**

In September 2022, the Board issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).

The amendment to IFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

(ii) Forthcoming standards:

At the date of authorization of these financial statements, certain amended standards have been issued which are not yet effective and are not expected to have a significant impact on the Bank's financial statements when they are adopted.

- **Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7** **Effective Date 1 Jan 2025**

In May 2023, the Board issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures.

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*3. Material accounting policies (continued)

(n) Amended standards (continued)

(ii) Forthcoming standards (continued):

• Lack of exchangeability	Effective Date
– Amendments to IAS 21	1 Jan 2026

In August 2023, the Board issued Lack of Exchangeability (Amendments to IAS 21). The amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

• Classification and Measurement of Financial Instruments	Effective Date
- Amendments to IFRS 9 and IFRS 7	1 Jan 2026

In May 2024, the Board issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7), which:

- Clarifies that a financial liability is derecognised on the ‘settlement date’, i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met
- Clarified how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features
- Clarifies the treatment of non-recourse assets and contractually linked instruments
- Requires additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*3. Material accounting policies (continued)

(n) Amended standards (continued)

(ii) Forthcoming standards (continued):

• Power Purchase Agreements	Effective Date
– Amendments to IFRS 9 and IFRS 7	1 Jan 2027

In December 2024, the Board issued Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7). The amendments include:

- Clarifying the application of the ‘own-use’ requirements
- Permitting hedge accounting if these contracts are used as hedging instruments
- Adding new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows.

• IFRS 18 – Presentation and Disclosure	Effective Date
– in Financial Statements	1 Jan 2027

In April 2024, the Board issued IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1. IFRS 18 introduces new categories and subtotals in the statement of profit or loss. It also requires disclosure of management-defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information.

• IFRS 19 - Subsidiaries without Public	Effective Date
– Accountability: Disclosures	1 Jan 2027

In May 2024, the Board issued IFRS 19 Subsidiaries without Public Accountability: Disclosures, which allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*4. Cash and cash equivalents

	<u>2024</u> J\$'000	<u>2023</u> J\$'000
Current accounts and money at call with foreign banks	131,340,000	123,239,786
Current accounts with local banks	<u>1,065,270</u>	<u>930,158</u>
	<u>132,405,270</u>	<u>124,169,944</u>

5. Securities held in funds managed by agents

This represents investments managed by Crown Agents Investment Management Limited (“CAIML”), the International Bank for Reconstruction and Development (IBRD), the Bank of International Settlements (BIS), Jeffries and Union Bank of Switzerland (UBS) Asset Management on behalf of the Bank and classified as fair value through profit or loss (FVTPL). The Bank retains the risks and rewards in relation to these instruments. The portfolio consists of investments in sovereign bonds, corporate bonds and pooled funds as follows:

	<u>2024</u> J\$'000	<u>2023</u> J\$'000
Units in pooled funds	3,269,991	3,175,044
Sovereign bonds	180,026,095	161,960,042
Corporate bonds	<u>70,742,709</u>	<u>27,553,380</u>
	<u>254,038,795</u>	<u>192,688,466</u>

6. Investment Securities

	<u>2024</u> J\$'000	<u>2023</u> J\$'000
Securities measured at fair value through other comprehensive income (FVOCI):		
USD Bonds issued primarily by specialised financial corporations	<u>54,840,137</u>	<u>52,818,390</u>
Securities measured at amortised cost:		
Short-term deposits with foreign banks	394,178,788	370,386,552
Less allowance for ECL on investments at amortised cost	<u>(59,407)</u>	<u>(56,158)</u>
	<u>394,119,381</u>	<u>370,330,394</u>
	<u>448,959,518</u>	<u>423,148,784</u>

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*7. International Monetary Fund – Holding of Special Drawing Rights

	<u>2024</u> SDR'000	<u>2023</u> SDR'000	<u>2024</u> J\$'000	<u>2023</u> J\$'000
Amount held by the Bank	<u>191,090</u>	<u>59,788</u>	<u>38,743,305</u>	<u>12,386,117</u>

8. International Monetary Fund – Quota Subscription

This represents the portion of Jamaica's fee for membership of the International Monetary Fund (IMF), based on its quota, which was paid by the Bank (the other portion having been subscribed by the Government of Jamaica). The Bank holds, on behalf of the IMF, solely as custodian, promissory notes issued by the Government reflecting the Jamaica dollar value of the unpaid subscription quota allocated to Jamaica. The Jamaica dollar value of the promissory notes issued are determined by the Special Drawing Rights (SDR) to Jamaica dollar (J\$) rate of exchange at April 30 of each year.

The Jamaica dollar amounts in the table below are computed using the SDR: J\$ rate at December 31. Jamaica is assigned a quota of SDR 382,900,000, which represents 0.008% of the total quota allocated by the IMF. Quotas are reviewed every five years, when adjustments may be considered. All of the amount would be classified as non-current.

	SDR'000	<u>2024</u> J\$'000	<u>2023</u> J\$'000
Amount subscribed by the Government of Jamaica (substituted by promissory notes)*	355,550	72,087,506	73,658,587
Amount Subscribed by the Bank (net of reserve tranche of J\$Nil)	<u>27,350</u>	<u>5,545,193</u>	<u>5,666,045</u>
Total quota	<u>382,900</u>	<u>77,632,699</u>	<u>79,324,632</u>

* Amount included for disclosure purposes only as required by the IMF.

	SDR'000	<u>2024</u> J\$'000	<u>2023</u> J\$'000
Amount subscribed by the Bank:			
At beginning of year	27,350	5,666,045	5,521,682
Effect of exchange rate fluctuation *	<u>-</u>	<u>(120,852)</u>	<u>144,363</u>
At end of year	<u>27,350</u>	<u>5,545,193</u>	<u>5,666,045</u>

* The exchange rate at the reporting date is set out at note 17(d)(iv).

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*9. Resale agreements.

The Bank, as one of its options in pursuing its monetary policy objectives, enters into various resale agreements with financial institutions. Under these agreements, the Bank purchases Government of Jamaica (“GOJ”) securities and agrees to resell them to the respective counter-parties on specified dates and at specified prices. These are accounted for as short-term collateralised lending [note 3(a)(v)(2)] and are due within 12 months of the reporting date. Section 23(f) of the Amendment Act requires that the maximum loan or advance granted against securities shall be based on the Bank’s determination of the risk of such security losing its fair value during the life of the loan. At December 31, 2024, there were no resale agreements held by the Bank (2023: \$21,100,000,000) and therefore not collateralised by securities (2023: \$26,208,071,000).

10. Investment Securities

	<u>2024</u> J\$’000	<u>2023</u> J\$’000
Securities at FVOCI:		
Jamaica Government securities:		
Variable rate benchmark investments	61,034,017	60,894,874
Fixed rate benchmark investments	<u>95,813,067</u>	<u>99,023,748</u>
	<u>156,847,084</u>	<u>159,918,622</u>
Securities at amortised cost:		
Jamaica Government securities:		
Fixed rate accreting notes (“FRANs”) [See note on National Debt Exchange (“NDX”) below]	89,707,126	88,223,685
Less allowance for ECL on investments at amortised cost	<u>(202,925)</u>	<u>(198,582)</u>
	<u>89,504,201</u>	<u>88,025,103</u>
	<u>246,351,285</u>	<u>247,943,725</u>

As part of the NDX, GOJ mandated the Bank [and all other state-owned/controlled entities that held GOJ - issued notes (“Old Notes”)] to exchange those Old Notes for new notes - FRANs - as at February 22, 2013. Old notes with a carrying amount of \$94,833,000,000 at that date were exchanged for FRANs with a fair value of \$73,748,000,000 resulting in a loss of \$21,085,000,000 for the Bank.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*10. Investment Securities (continued)

In summary, under the terms of the FRANs:

- (i) A holder of Old Notes was issued J\$80 of initial principal value of FRANs for every J\$100 of principal value of Old Notes;
- (ii) Interest is payable semi-annually on February 15 and August 15 at a fixed rate of 10% p.a. on the accreted principal value with the first payment made on August 15, 2013;
- (iii) Accretion for the additional J\$20 of principal value commenced in August 2015 as follows:
- 0.5% of \$100 every six months from August 15, 2015 until August 15, 2020;
 - Thereafter, 1.0% of \$100 every six months until August 15, 2026; and
 - Thereafter, 1.5% of \$100 every six months until August 15, 2027.
- (iv) The FRANs may be redeemed by GOJ on any interest payment date after August 15, 2020. The value at which the FRAN could be redeemed was not specified in the offer document.

11. Due from/(to) Government and Government Agencies

	2024			
	At beginning of year <u>J\$'000</u>	<u>Movements during the year</u>		At end of year <u>J\$'000</u>
		Advances/ (distributed profit) <u>J\$'000</u>	Settlement <u>J\$'000</u>	
Withholding tax refund due [see note (c)]	(273,186)	-	(157,143)	(430,329)
Accrued interest on Government securities	4,867,317	15,140	-	4,882,457
Net loss/(profit) receivable from/(payable to) Consolidated Fund [see (b)]	<u>(5,827,178)</u>	<u>(5,493,223)</u>	<u>5,025,551</u>	<u>(6,294,850)</u>
	<u>(1,233,047)</u>	<u>(5,478,083)</u>	<u>4,868,408</u>	<u>(1,842,722)</u>
	2023			
	At beginning of year <u>J\$'000</u>	<u>Movements during the year</u>		At end of year <u>J\$'000</u>
		Advances/ (distributed profit) <u>J\$'000</u>	Settlement <u>J\$'000</u>	
Withholding tax refund due [see notes (c)]	(183,101)	-	(90,085)	(273,186)
Accrued interest on Government securities	5,057,337	4,867,317	(5,057,337)	4,867,317
Net loss/(profit) receivable from/(payable to) Consolidated Fund [see (b) below]	<u>(3,583,903)</u>	<u>(4,661,547)</u>	<u>2,418,272</u>	<u>(5,827,178)</u>
	<u>1,290,333</u>	<u>205,770</u>	<u>(2,729,150)</u>	<u>(1,233,047)</u>

The account is due for settlement within 12 months of the reporting date and is shown net as the Bank has the right and intent to settle the balances on a net basis.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*11. Due from/(to) Government and Government Agencies (continued)

- (a) Under Section 36 of the Amendment Act 2020, the Bank may in any year in which an event that is declared by the Minister by Order, to be a national emergency, make temporary advances to the Government which should:
- (i) not cumulatively exceed five percent of the average of the recurrent revenue of Jamaica for the three fiscal years immediately preceding the year in which advances are made;
 - (ii) bear interest at a rate specified by the Bank, after giving consideration to prevailing market rates; and
 - (iii) be repaid not later than four months after the end of the fiscal year in which the advances are made.

There were no advances given in 2024 and 2023.

- (b) Section 9(2) of the Amendment Act 2020 provides that where at the end of any financial year the audited financial statements of the Bank disclose that the statutory capital of the Bank as defined falls below 3% of monetary liabilities, the Government is required to issue to the Bank marketable securities to make up this shortfall. The value of the marketable securities so issued shall be credited to the General Reserve Fund. See further details at note 23(b).
- (c) Income tax is normally withheld on income earned by the Bank on its holding of securities (in practice, this is GOJ securities) in accordance with Section 31A of the Income Tax Act as an advance on payment of income tax which may be due. However, as the Bank is exempt from income tax and withholding tax, income earned by the Bank is received gross as withholding tax is not deducted at source.

The Bank is a designated Tax Withholding Agent (TWA) and collects withholding tax at source from its customers and remits periodically to Tax Administration Jamaica. At the reporting date, the age profile of the withholding tax payable was as follows:

	<u>2024</u> J\$'000	<u>2023</u> J\$'000
1-6 months	(141,904)	(90,085)
Over 12 months	<u>(288,425)</u>	<u>(183,101)</u>
	<u>(430,329)</u>	<u>(273,186)</u>

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*12. Property and equipment

	<u>Freehold land and buildings</u> J\$'000	<u>Leasehold property</u> J\$'000	<u>Furniture, plant and equipment</u> J\$'000	<u>Motor vehicles</u> J\$'000	<u>Work in progress</u> J\$'000	<u>Total</u> J\$'000
Cost or valuation:						
December 31, 2022	8,168,406	228,208	3,569,683	539,504	232,556	12,738,357
Additions	292,038	171,690	295,877	338,524	332,449	1,430,578*
Disposals/write-offs	-	-	-	(167,191)	-	(167,191)
December 31, 2023	8,460,444	399,898	3,865,560	710,837	565,005	14,001,744
Additions	1,287,489	37,514	143,067	266,119	90,479	1,824,668*
Disposals/write-offs	-	-	-	(110,457)	-	(110,457)
December 31, 2024	<u>9,747,933</u>	<u>437,412</u>	<u>4,008,627</u>	<u>866,499</u>	<u>655,484</u>	<u>15,715,955</u>
Depreciation:						
December 31, 2022	1,286,807	122,416	2,553,220	263,450	-	4,225,893
Charge for the year	395,581	25,115	261,644	137,396	-	819,736
Elimination on disposal	-	-	-	(129,985)	-	(129,985)
December 31, 2023	1,682,388	147,531	2,814,864	270,861	-	4,915,644
Charge for the year	459,956	49,248	255,415	168,635	-	933,254
Elimination on disposal	-	-	-	(72,629)	-	(72,629)
December 31, 2024	<u>2,142,344</u>	<u>196,779</u>	<u>3,070,279</u>	<u>366,867</u>	<u>-</u>	<u>5,776,269</u>
Net book values:						
December 31, 2024	<u>7,605,589</u>	<u>240,633</u>	<u>938,348</u>	<u>499,632</u>	<u>655,484</u>	<u>9,939,686</u>
December 31, 2023	<u>6,778,056</u>	<u>252,367</u>	<u>1,050,696</u>	<u>439,976</u>	<u>565,005</u>	<u>9,086,100</u>
December 31, 2022	<u>6,881,599</u>	<u>105,792</u>	<u>1,016,463</u>	<u>276,054</u>	<u>232,556</u>	<u>8,512,464</u>

* During the year, the Bank updated its lease arrangements that resulted in additions to right of use assets of \$16,150,000 (2023: \$127,398,000), which is a non-cash transaction and therefore excluded from additions to property and equipment in the statement of cash flows.

The Bank obtains independent valuations of land and buildings every five years (or more frequently if the Bank has compelling reasons to believe the fair value has changed materially in the intervening years) [note 3(d)(i)].

A revaluation was performed in December 2020 by Benchmark Properties.

The surplus arising on revaluation, inclusive of depreciation no longer required, is included in property revaluation reserve [note 25(b)].

The valuations were done using the market value sale comparison approach, and management accepted these as reasonable estimates of fair value. The fair value of land and buildings is categorised as Level 3 in the fair value hierarchy based on the inputs used in the valuation technique.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*12. Property and equipment (continued)

The market value takes into consideration market research on the areas, examination of current market forces, conditions and comparable sales, with reference to expected procedures and protocols between willing buyer and willing seller.

Valuation techniques	Unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<p><i>Market based approach:</i> The approach relies heavily upon the principle of substitution. Recent sales of similar properties are gathered and a meaningful unit of comparison is developed.</p> <p>A comparative analysis of the subject is done, involving consideration for differences in location, time, terms of sales and physical characteristics.</p> <p>However, as no two properties are exactly alike, adjustment is made for the difference between the property subject to valuation and comparable properties.</p>	<ul style="list-style-type: none"> • Demand for properties in the location • Sales of similar properties • Comparable adjustment <p>(Changes in these inputs by 5 – 10% would have a significant impact on the value of the properties).</p>	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> • The demand for properties in the same location was higher/(lower) • Sales prices of similar properties were higher/(lower) • Comparability adjustment was higher/(lower)

13. Intangible asset

	<u>Computer software</u>	
	<u>2024</u>	<u>2023</u>
	J\$'000	J\$'000
Cost:		
At the beginning of year	1,903,990	1,744,128
Additions	<u>407,863</u>	<u>159,862</u>
At end of year	<u>2,311,853</u>	<u>1,903,990</u>
Amortisation:		
At the beginning of year	1,420,877	1,235,698
Charge for the year	<u>226,075</u>	<u>185,179</u>
At end of year	<u>1,646,952</u>	<u>1,420,877</u>
Net book value	<u>664,901</u>	<u>483,113</u>

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*14. Employee benefits

The Bank operates non-contributory defined benefit pension, medical, and life insurance schemes for all its permanent eligible employees and pensioners and funds supplemental retirement benefits.

- Benefits under the pension scheme are computed by reference to final salary. The assets of the scheme, which are held separately from those of the Bank, are under the control of a board of trustees, with day-to-day management by employees of the Bank. The rules of the pension scheme provide for the Bank to contribute up to 10% of each member's salary and, after consultation with the actuary, such additional amounts as are necessary to secure the benefits provided for by the rules of the pension scheme. The scheme is subject to actuarial risks.
- The Bank also operates a life and a medical scheme to provide life and medical benefits to eligible employees and pensioners. The medical scheme is non-contributory while the Bank contributes 96.55% and employees 3.45% to the health insurance scheme.
- The schemes expose the Bank to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk, which are managed by the Trustees of the scheme.
- During the year, the discount rate moved from 11% in 2023 to 9.5% in 2024. This has affected the future benefit the Bank expects to derive from the surplus in the scheme, which is limited by the asset ceiling.

	<u>2024</u> J\$'000	<u>2023</u> J\$'000
Employee benefits liability [note 14(a)]	3,192,000	-
Employee benefits obligation [note 14(b)(i)]	<u>4,007,300</u>	<u>3,301,300</u>
	<u>7,199,300</u>	<u>3,301,300</u>

(a) Pension asset recognised:

	<u>2024</u> J\$'000	<u>2023</u> J\$'000
Present value of funded obligations	(27,161,800)	(21,514,800)
Fair value of plan assets	<u>23,969,800</u>	<u>23,132,800</u>
Recognised (liability)/asset	<u>(3,192,000)</u>	<u>1,618,000</u>

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*14. Employee benefits (continued)

(i) Movements in the present value of defined benefit obligations

	<u>2024</u> J\$'000	<u>2023</u> J\$'000
Balance at beginning of year	21,514,800	11,527,800
Benefits paid	(1,269,000)	(960,600)
Service cost	594,000	269,200
Interest cost	2,299,000	1,438,100
Remeasurement loss on obligation included in other comprehensive income	<u>4,023,000</u>	<u>9,240,300</u>
Balance at end of year	<u>27,161,800</u>	<u>21,514,800</u>

(ii) Movements in plan assets

	<u>2024</u> J\$'000	<u>2023</u> J\$'000
Fair value of plan assets at beginning of year	23,132,800	22,270,100
Contributions paid	264,000	224,200
Interest income on plan assets	2,491,000	2,848,700
Benefits paid	(1,269,000)	(960,600)
Remeasurement loss on assets include in other comprehensive income	<u>(649,000)</u>	<u>(1,249,600)</u>
Fair value of plan assets at end of year	<u>23,969,800</u>	<u>23,132,800</u>

Plan assets consist of the following:

	<u>2024</u> J\$'000	<u>2023</u> J\$'000
Government of Jamaica securities	19,670,000	19,924,600
Bank of Jamaica certificates of deposit	1,236,000	968,000
Real estate	1,543,000	719,000
External Managed Securities	867,000	780,300
Other	<u>653,800</u>	<u>740,900</u>
	<u>23,969,800</u>	<u>23,132,800</u>

The assets of the plan do not have a quoted price in an active market.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*

14. Employee benefits (continued)

(iii) Amounts recognised in profit or loss

	<u>2024</u> J\$'000	<u>2023</u> J\$'000
Current service cost	594,000	269,200
Interest cost on obligations	2,299,000	1,438,100
Interest income on assets	(2,491,000)	(2,848,700)
Interest on effect of asset ceiling	<u>-</u>	<u>923,900</u>
	<u>402,000</u>	<u>(217,500)</u>

(iv) Items recognised in other comprehensive income

	<u>2024</u> J\$'000	<u>2023</u> J\$'000
Remeasurement loss on obligation and plan assets:		
Change in demographic assumptions	-	325,200
Change in financial assumptions	(5,000,000)	(2,740,800)
Experience adjustment	328,000	(8,074,300)
Change in effect of asset ceiling	<u>-</u>	<u>8,031,000</u>
	<u>(4,672,000)</u>	<u>(2,458,900)</u>

(v) Principal actuarial assumptions at the reporting date (expressed as weighted averages)

	<u>2024</u> %	<u>2023</u> %
Discount rate	9.50	11.00
Future pension increases	4.25	4.75
Future salary increases	<u>9.00</u>	<u>10.00</u>

Mortality assumptions:

American 1994 Group Annuitant Mortality Static (GAM94S) table with a 5-year mortality improvement. Death rates per 100 are as follows:

<u>2024</u>			<u>2023</u>		
Age	Males	Females	Age	Males	Females
20 – 30	0.35 – 0.66	0.22 – 0.29	20 – 30	0.35 – 0.66	0.22 – 0.29
30 – 40	0.66 – 0.85	0.29 – 0.48	30 – 40	0.66 – 0.85	0.29 – 0.48
40 – 50	0.85 – 1.58	0.48 – 0.97	40 – 50	0.85 – 1.58	0.48 – 0.97
50 – 60	1.58 – 4.43	0.97 – 2.29	50 – 60	1.58 – 4.43	0.97 – 2.29
60 - 70	4.43 – 14.53	2.29 – 8.63	60 - 70	4.43 – 14.53	2.29 – 8.63

As at December 31, 2024, the weighted average duration of the defined benefit obligation was 30 years.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*

14. Employee benefits (continued)

(a) Pension asset recognised (continued):

- (vi) A one percentage point change at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by amounts shown below:

<u>Actuarial assumption</u>	<u>2024</u>	
	<u>1 percentage point increase</u>	<u>1 percentage point decrease</u>
	<u>J\$'000</u>	<u>J\$'000</u>
Discount rate	(3,520,000)	4,448,000
Future rate of pension	3,325,000	(2,793,000)
Future salary increases	949,000	(846,000)
Life expectancy	<u>456,000</u>	<u>(467,000)</u>
	<u>2023</u>	
<u>Actuarial assumption</u>	<u>1 percentage point increase</u>	<u>1 percentage point decrease</u>
	<u>J\$'000</u>	<u>J\$'000</u>
Discount rate	(2,656,700)	3,323,300
Future salary increases	2,660,500	(2,229,600)
Future rate of pension	707,700	(636,000)
Life expectancy	<u>317,100</u>	<u>(328,300)</u>

(b) Obligations for post-retirement life insurance and medical benefits:

(i) Liability recognised in statement of financial position

	<u>2024</u>	<u>2023</u>
	<u>J\$'000</u>	<u>J\$'000</u>
Balance at beginning of year	3,301,300	2,125,000
Current service cost	96,000	45,200
Interest cost	359,000	272,300
Benefits paid	(69,000)	(63,300)
Remeasurement loss on obligation, included in other comprehensive income [note 14(b)(iii)]	<u>320,000</u>	<u>922,100</u>
Balance at end of year	<u>4,007,300</u>	<u>3,301,300</u>

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*14. Employee benefits (continued)

(a) Obligations for post-retirement life insurance and medical benefits (continued):

(ii) Expense recognised in profit or loss:

	<u>2024</u> J\$'000	<u>2023</u> J\$'000
Current service cost	96,000	45,200
Interest on obligation	<u>359,000</u>	<u>272,300</u>
	<u>455,000</u>	<u>317,500</u>

(iii) Items in other comprehensive income

	<u>2024</u> J\$'000	<u>2023</u> J\$'000
Change in demographic assumptions	-	386,500
Change in financial assumptions	(819,000)	(708,900)
Experience adjustment	<u>499,000</u>	<u>(599,700)</u>
Remeasurement loss on obligation	<u>(320,000)</u>	<u>(922,100)</u>

(iv) At the reporting date, changes to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by amounts shown below:

	<u>2024</u>	
	<u>1 percentage point increase</u> J\$'000	<u>1 percentage point decrease</u> J\$'000
Discount rate	(545,000)	693,000
Medical claims growth	693,000	(554,000)
Life expectancy	<u>120,000</u>	<u>(121,000)</u>
	<u>2023</u>	
	<u>1 percentage point increase</u> J\$'000	<u>1 percentage point decrease</u> J\$'000
Discount rate	(406,500)	507,500
Medical claims growth	514,600	(417,700)
Life expectancy	<u>85,700</u>	<u>(86,300)</u>

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*14. Employee benefits (continued)

(b) Obligations for post-retirement life insurance and medical benefits (continued):

(v) Principal actuarial assumptions at the reporting date (expressed as weighted averages)

	<u>2024</u>	<u>2023</u>
	%	%
Discount rate	9.50	11.00
Future salary increase	9.00	10.00
Medical claims growth	<u>7.00</u>	<u>8.00</u>

Assumptions regarding future mortality are based on the GAM94S [2023: GAM 94S] mortality table for pensioners (British mortality tables), but with each age rated down by five (2023: five) years.

(c) The Bank expects to pay J\$288,000,000 (2023: J\$272,000,000) in contributions to the scheme.

15. Other assets

	<u>2024</u>	<u>2023</u>
	J\$'000	J\$'000
Inventory of unissued notes and coins	1,091,998	1,640,042
Staff loans, gross	3,507,992	3,127,679
Ex-staff loans, gross	25,263	31,537
Accrued interest receivable	2,452,642	4,501,703
SDR equalisation provision [note 17(d)(iii)]	115,308	-
Salaries and wages paid in advance	184,424	154,156
Stock of souvenir coins	73,719	75,097
Other	<u>222,163</u>	<u>990,956</u>
	7,673,509	10,521,170
Less:		
Remeasurement of staff loans	(941,744)	(859,951)
Allowance for ECL: ex-staff loans	<u>(25,270)</u>	<u>(21,314)</u>
	<u>6,706,495</u>	<u>9,639,905</u>

Other assets are shown as current and non-current as follows:

	<u>2024</u>	<u>2023</u>
	J\$'000	J\$'000
Current	4,032,422	7,393,030
Non-current	<u>2,674,073</u>	<u>2,246,875</u>
	<u>6,706,495</u>	<u>9,639,905</u>

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*16. Notes and coins in circulation

	<u>2024</u> J\$'000	<u>2023</u> J\$'000
Notes	278,854,413	270,521,397
Central Bank Digital Currency	258,452	257,208
Coins	<u>6,970,052</u>	<u>6,634,487</u>
	<u>286,082,917</u>	<u>277,413,092</u>

Section 21 of the Act requires the Bank to hold specified assets of an amount in value sufficient to cover the value of the total amount of notes and coins in circulation as defined in that section. The assets held shall include, *inter alia*, (a) gold; (b) "hard currency" cash, bank balances or securities issued by a foreign government or international financial institution of which Jamaica is a member; or (c) Special Drawing Rights. Specified assets held by the Bank, as at December 31, 2024, were 3.06 (2023: 2.71) times the value of notes and coins in circulation at that date.

Coins in circulation are shown net of a reserve of 25% of the gross amount of coins in circulation (note 24). Accordingly, the gross liability would be \$9,293,403,000 (2023: \$8,522,032,000).

These amounts are considered current liability based on their nature, although settlement is unlikely for the foreseeable future.

17. Deposits and other demand liabilities

(a) Deposits and other demand liabilities comprise the following:

	<u>2024</u> J\$'000	<u>2023</u> J\$'000
Government and Government agencies	111,312,317	127,795,041
Commercial banks and specified financial Institutions [see (b) below]	258,337,486	189,312,691
International Monetary Fund [see (d) below]	7,919,805	17,124,693
Others	<u>11,347,843</u>	<u>9,614,673</u>
	<u>388,917,451</u>	<u>343,847,098</u>
	<u>2024</u> J\$'000	<u>2023</u> J\$'000
Jamaica dollar equivalent of foreign currency deposits	156,499,987	186,574,933
Jamaica dollar deposits	<u>232,417,464</u>	<u>157,272,165</u>
	<u>388,917,451</u>	<u>343,847,098</u>
Due within 12 months	216,226,437	183,251,810
Due over 12 months	<u>172,691,014</u>	<u>160,595,288</u>
	<u>388,917,451</u>	<u>343,847,098</u>

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*17. Deposits and other demand liabilities (continued)

- (b) Deposit and other demand liabilities include the reserve deposits prescribed by Section 28 of the Bank of Jamaica Act. Reserve deposits at the reporting date were \$167,395,959,000 (2023: \$158,620,937,000) and are included in commercial banks and other specified financial institutions.
- (c) Under Section 28A of the Bank of Jamaica Act, commercial banks and specified financial institutions may be required to make special deposits with the Bank in the form of cash or specified securities. There were no special deposits at the reporting date.
- (d) IMF related information as agreed for disclosure with the IMF:
- (i) Amounts held by the Bank:

	SDR'000		J\$'000	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
IMF Account # 1	38,444	82,971	7,909,602	17,114,419
IMF Account # 2	<u>50</u>	<u>50</u>	<u>10,203</u>	<u>10,274</u>
2013 Extended Fund Facility	<u>38,494</u>	<u>83,021</u>	<u>7,919,805</u>	<u>17,124,693</u>
Total IMF liability	<u>38,494</u>	<u>83,021</u>	<u>7,919,805</u>	<u>17,124,693</u>
Amounts held by the Government of Jamaica (GOJ)				
2013 Extended Fund Facility	-	11,488	-	2,369,627
2020 Rapid Financing Instrument	95,725	287,175	19,694,921	59,235,523
2023 Resilience and Sustainability Facility (RSF)	<u>574,350</u>	<u>191,450</u>	<u>118,169,530</u>	<u>39,490,349</u>
Total IMF liability	<u>670,075</u>	<u>490,113</u>	<u>137,864,451</u>	<u>101,095,499</u>

- (ii) In June 2020, the IMF approved a disbursement of SDR 382.9 million for Jamaica under the Rapid Financing Instrument. The amount will be repaid in eight equal installments of SDR 47.86 million, that commenced August 18, 2023 and ending May 19, 2025.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*17. Deposits and other demand liabilities (continued)

(d) IMF related information (continued)

- (iii) The following reconciliation shows the total IMF liability converted at the SDR to J\$ exchange rates prevailing at April 30 and December 31.

	<u>2024</u> J\$'000	<u>2023</u> J\$'000
At the December 31 SDR rate:		
Amount at which the loan is carried by the Bank	7,804,497	17,199,265
Effect of exchange rate appreciation/depreciation between April 30 and December 31 (note 15)	<u>115,308</u>	<u>(74,572)</u>
At the April 30 SDR rate:		
Amount at which the loan is carried by the IMF [per (a) above]	<u>7,919,805</u>	<u>17,124,693</u>

The Bank is holding promissory notes on behalf of the IMF of \$211,077,350,000 (2023: \$174,293,580,000) which have been issued by the Government of Jamaica in favour of the IMF. The Government of Jamaica bears the risk and rewards for amounts it holds with the IMF.

- (iv) The following table shows the rate of exchange of J\$1 for SDR at April 30 and December 31.

		<u>2024</u> SDR	<u>2023</u> SDR
April 30	J\$1 =	0.0048604	0.0048480
December 31	J\$1 =	0.0049322	0.0048270

As at March 18, 2025, the date of approval of these financial statements, the exchange rate was J\$1 = SDR - 0.0047877.

- (e) The funds held by the Bank on behalf of the Government of Jamaica (GOJ) are recorded as a deposit by the Bank (as opposed to a loan), as it is not the Bank's liability.

18. Open market liabilities

As part of the process of controlling liquidity in the financial system, the Bank acquires funds from or makes funds available to financial institutions. One mechanism for doing this is entering into short-term agreements with the institutions. In the case of funds acquired, receipt of funds is evidenced by the Bank issuing Certificates of Deposit to the depositor.

Amounts are expected to be settled from the reporting date as follows:

	<u>2024</u> J\$'000	<u>2023</u> J\$'000
Within 1 year	147,978,347	183,843,558
Over 1 year	<u>137,741,931</u>	<u>62,705,184</u>
	<u>285,720,278</u>	<u>246,548,742</u>

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*19. International Monetary Fund - Allocation of Special Drawing Rights

This represents the Bank's obligation for Special Drawing Rights (SDRs) allocated to it by the IMF. In August 2021, the IMF approved a special allocation of SDR366.992mn representing an increase in the Government of Jamaica's holding of SDR's. This allocation does not change unless there are cancellations or further allocations. The amount is not due for settlement within the next 12 months.

	<u>SDR</u> <u>2024</u> <u>'000</u>	<u>SDR</u> <u>2023</u> <u>'000</u>	<u>2024</u> <u>J\$'000</u>	<u>2023</u> <u>J\$'000</u>
At beginning of year	628,636	628,636	130,233,288	126,915,142
Effect of exchange rate fluctuation	-	-	<u>(2,777,775)</u>	<u>3,318,146</u>
At end of year	<u>628,636</u>	<u>628,636</u>	<u>127,455,513</u>	<u>130,233,288</u>

20. Leases

The Bank leases a building for office space. The term of the lease is for fifteen (15) years commencing April 2013 and includes an option to renew for an additional period of five (5) years. The Bank expects to exercise the option.

The Bank entered a new lease agreement for office space for five (5) years commencing December 2023 and includes an option to renew for an additional period of five (5) years. The Bank does not expect to exercise the option.

(i) Right of use asset:

	<u>Leasehold property</u>	
	<u>2024</u>	<u>2023</u>
	<u>J\$'000</u>	<u>J\$'000</u>
Balance at January 1	185,565	66,791
Additions during the year	16,150	127,398
Depreciation charge for the year	<u>(32,258)</u>	<u>(8,624)</u>
	<u>169,457</u>	<u>185,565</u>

This is included in leasehold property in property and equipment at note 12.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*20. Leases (continued)

(ii) Lease liability:

	<u>2024</u> J\$'000	<u>2023</u> J\$'000
Undiscounted cashflows of lease liability		
Less than one year	51,728	41,586
One to five years	166,573	160,786
More than five years	<u>16,956</u>	<u>25,395</u>
	235,257	227,767
Less future interest expense	<u>(37,289)</u>	<u>(37,049)</u>
Carrying amount of lease liability	<u>197,968</u>	<u>190,718</u>
Current	38,088	29,918
Non-current	<u>159,880</u>	<u>160,800</u>
	<u>197,968</u>	<u>190,718</u>

(iii) Amounts recognised in profit or loss:

	<u>2024</u> J\$'000	<u>2023</u> J\$'000
Interest on lease liability	<u>9,387</u>	<u>1,384</u>

(iv) Amounts recognised in statement of cashflows

	<u>2024</u> J\$'000	<u>2023</u> J\$'000
Total cash outflow for leases	<u>18,288</u>	<u>7,536</u>

21. Other liabilities

	<u>2024</u> J\$'000	<u>2023</u> J\$'000
Interest payable	2,472,066	2,091,742
Staff and staff-related expenses	1,272,076	965,305
SDR equalisation provision [note 17(d)(iii)]	-	74,572
Other	<u>284,281</u>	<u>544,148</u>
	<u>4,028,423</u>	<u>3,675,767</u>

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*22. Capital

Pursuant to Section 8 of the Act, as amended by the Bank of Jamaica (Amendment) Act, 2020, the capital of the Bank is J\$20,577,000,000 (2023: J\$20,577,000,000). Securities amounting to J\$43,951,000 (2023: J\$43,951,000) are outstanding.

	<u>2024</u> J\$'000	<u>2023</u> J\$'000
Authorised capital	<u>20,577,000</u>	<u>20,577,000</u>
Paid-up capital	<u>20,533,049</u>	<u>20,533,049</u>

23. General reserve fund

- (a) Section 9 of the Bank of Jamaica (Amendment) Act 2020 provides that the Bank shall establish and maintain a General Reserve Fund to which, at the end of each financial year:
- (i) there shall be credited the net profit for that year and the value of any marketable securities that may be issued to the Bank pursuant to subsection 9(2) of the Act; and
 - (ii) there shall be charged any net losses of the Bank.
- (b) Under subsection 9(2) of the (Amendment) Act 2020, where at the end of any financial year, the audited financial statements disclose that the statutory capital of the Bank, defined in the Act to be the paid-up capital of the Bank plus the sums standing to the credit of the General Reserve Fund, falls below 3% of the monetary liabilities of the Bank as defined, the Government is required to, within 6 months of the start of the fiscal year immediately following, issue marketable securities to the Bank in an amount at least equivalent to the amount of the short fall.
- (c) Where at the end of the financial year the audited financial statements of the Bank disclose that distributable earnings of the Bank are greater than zero, these are paid into the Consolidated Fund as follows:
- (i) where the statutory capital is above 8% of the monetary liabilities of the Bank, an amount equivalent to 100% of the distributable earnings for such financial year shall be paid by the Bank into the Consolidated Fund within four months of the commencement of the fiscal year immediately following;
 - (ii) where the statutory capital is equal to or above 5% of the monetary liabilities and less than or equal to 8% of such monetary liabilities, 25% distributable earnings for such financial year shall be paid by the Bank into the Consolidated Fund within four months of the commencement of the fiscal year immediately following;
 - (iii) no amount shall be paid by the Bank into the Consolidated Fund in the case where the statutory capital is below 5% of monetary liabilities.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*23. General reserve fund (continued)

- (d) For the year ended December 31, 2020, Section 9 of the Act required that the Bank established and maintained a General Reserve Fund:
- (i) to which, at the end of each financial year, the net income for that year shall be transferred or the net losses charged;
 - (ii) from which shall be paid to the Consolidated Fund the amount by which, at the end of the financial year, the balance thereon exceeds five times the Bank's authorised share capital;
 - (iii) into which should be paid from the Consolidated Fund at the end of the financial year, the amount by which the Bank's net loss exceeds the balance in the General Reserve Fund.

24. Special stabilisation account

The special stabilisation account is maintained at 25% of the gross amount of coins in circulation as a reserve against coins that are unlikely to be redeemed (note 16).

25. Other reserves

This represents the following:

	<u>2024</u> J\$'000	<u>2023</u> J\$'000
Securities revaluation reserve [see (a)]	(6,813,246)	(7,776,966)
Property revaluation reserve [see (b)]	7,572,721	7,572,721
Pension equalisation reserve [see (c)]	(3,192,000)	1,618,000
Employee benefit obligation reserve [see (c)]	<u>(4,007,300)</u>	<u>(3,301,300)</u>
	<u>(6,439,825)</u>	<u>(1,887,545)</u>

- (a) This represents the net unrealised gains and losses on the revaluation of FVOCI investment securities, net of impairment allowance. The change in fair value of securities at FVOCI is \$963,720,000 (2023: \$181,149,000).
- (b) The property revaluation reserve represents the surplus arising on the revaluation of certain freehold properties.
- (c) The pension equalisation and employee benefit obligation reserves represent the pension surplus and employee benefit obligation arising on the actuarial valuation, under IAS 19, of the Bank's pension scheme and insurance benefits. Annual changes in the value of the plans recognised in the statement of profit or loss and other comprehensive income are transferred to these reserves.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*26. Interest income

(a) Interest income calculated using the effective interest method comprises:

	<u>2024</u> J\$'000	<u>2023</u> J\$'000
Assets at amortised cost:		
Cash and cash equivalents	6,980,850	4,327,854
Investment securities	30,550,198	27,938,230
Resale agreements	638,632	376,664
Other	1,047,573	833,657
Securities at FVOCI:		
Investment securities	<u>13,972,829</u>	<u>13,093,475</u>
Total interest income calculated using the effective interest method.	53,190,083	46,569,880
(b) Interest income from financial instruments designated at FVTPL:		
Investment securities	<u>6,574,118</u>	<u>3,625,615</u>
	<u>59,764,200</u>	<u>50,195,495</u>
(c) Analysed as follows:		
Government of Jamaica [note 31(c)(ii)]	22,388,928	22,012,966
Other sources	16,537,946	10,022,180
Open market	638,632	376,664
International	<u>20,198,694</u>	<u>17,783,685</u>
	<u>59,764,200</u>	<u>50,195,495</u>

27. Foreign exchange gain, net

	<u>2024</u> J\$'000	<u>2023</u> J\$'000
Net gain on translation and settlement of foreign currency assets and liabilities, other than on IMF deposit liabilities	1,749,390	5,475,710
Loss on translation and settlement of IMF deposit liabilities	(31,124)	(1,835,060)
Realised exchange loss on purchases and sales of foreign currencies	<u>(302,744)</u>	<u>(23,747)</u>
	<u>1,415,522</u>	<u>3,616,903</u>

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*28. Interest on deposits and open market liabilities

	<u>2024</u> J\$'000	<u>2023</u> J\$'000
Certificates of deposit - Open market liabilities	21,267,435	13,406,320
Deposits:		
- Government and Government agencies [note 31(c)(ii)]	7,663,325	6,464,051
- Commercial banks and specified financial institutions	2,646,932	1,826,198
- Other	<u>587,155</u>	<u>532,916</u>
	<u>32,164,847</u>	<u>22,229,485</u>

29. Staff numbers and costs

	<u>2024</u>	<u>2023</u>
Number of employees at the end of the year		
Full-time	522	500
Contract	<u>202</u>	<u>190</u>

The related costs for these employees were as follows:

	<u>2024</u> J\$'000	<u>2023</u> J\$'000
Salaries and wages	7,646,378	6,107,891
Statutory payroll contributions	603,145	502,247
Uniforms	25,998	19,051
Staff development	399,769	128,417
Subsidy on canteen operations	195,261	158,817
Staff welfare	943,743	829,174
Pension fund related costs	<u>865,709</u>	<u>86,286</u>
	<u>10,680,003</u>	<u>7,831,883</u>

Pension fund related costs include pension fund payments, pensioner's health insurance and service costs as noted in the annual actuarial valuation.

30. Other operating expenses

	<u>2024</u> J\$'000	<u>2023</u> J\$'000
Communication	98,288	108,136
Travelling and motor vehicle expenses	77,944	65,489
Commission paid to commercial banks	27,844	16,848
Auditor's remuneration	28,750	31,050
General office expenses	242,336	433,647
Fees on investment managed portfolio	155,085	113,151
Other administrative expenses	<u>1,128,559</u>	<u>1,165,637</u>
	<u>1,758,806</u>	<u>1,933,958</u>

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*31. Related parties

(a) Definition of related party

A related party is a person or entity that is related to the Bank:

(i) A person or a close member of that person's family is related to the Bank if that person:

- (1) has control or joint control over the Bank;
- (2) has significant influence over the Bank; or
- (3) is a member of the key management personnel of the Bank.

(ii) An entity is related to the Bank if any of the following conditions applies:

- (1) The entity and the Bank are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (3) Both entities are joint ventures of the same third party.
- (4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (5) The entity is a post-employment benefit plan for the benefit of employees of either the Bank or an entity related to the Bank.
- (6) The entity is controlled, or jointly controlled, by a person identified in (i).
- (7) A person identified in (i)(1) has significant influence over the Bank or is a member of the key management personnel of the Bank.
- (8) The entity, or any member of a group of which it is a part, provides key management personnel services to the Bank.

A related party transaction is a transfer of resources, services or obligations between the Bank and a related party, regardless of whether or not a price is charged.

(b) Identity of related parties

The Bank has related party relationships with its Board of Directors, the members of the Executive management, the Bank of Jamaica Pension Fund and the Government of Jamaica and its agencies. During the year, the Bank performed a supervisory role over the operations of the Financial Services Commission (FSC).

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*31. Related parties (continued)

(c) Related party amounts

- (i) The statement of financial position includes balances arising in the ordinary course of business with related parties, in addition to those in notes 10, 11 and 17, as follows:

	<u>2024</u> J\$'000	<u>2023</u> J\$'000
Loans:		
Executive management (included in staff loans)	133,048	164,590
Amounts receivable from:		
Financial Services Commission (FSC)	41,140	28,680
Deposits: Executive management and Pension fund	765,692	677,366
Open market liabilities: Pension fund	<u>1,196,363</u>	<u>971,566</u>

The executive management team consists of twenty-two (22) persons [2023: twenty-two (22) persons].

The interest rates applicable on loans to executive management range from 1% - 3%. The loans are all secured. There is no impairment and no waivers and payments are made accordingly to the agreed terms of the loans. In addition, a deemed taxable income is computed on the interest benefit of the concessionary interest rate. No non-executive director receives emoluments or is in receipt of a loan from the Bank.

- (ii) The statement of profit or loss and other comprehensive income includes income earned from/expenses incurred in transactions with related parties, in the ordinary course of business, as follows:

	<u>2024</u> J\$'000	<u>2023</u> J\$'000
Directors' fees	6,190	5,435
Interest expense:		
Government and Government agencies (note 28)	7,663,325	6,464,051
Pension Fund	97,586	155,162
Executive management and Pension Fund (current accounts)	33,479	36,019
Interest income:		
Government of Jamaica [note 26(c)]	22,388,928	22,012,966
Executive management	4,561	5,108
Pension contribution and other benefits	96,085	273,786
Property rental payments to Pension Fund	<u>7,536</u>	<u>7,536</u>
Executive management compensation, included in staff costs (note 29)		
Short-term benefits	697,042	608,168
Post-employment benefits	<u>27,213</u>	<u>26,878</u>
	<u>724,255</u>	<u>635,046</u>

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*32. Commitments

Capital commitments are as follows:

	<u>2024</u>	<u>2023</u>
	J\$'000	J\$'000
Authorised and contracted	2,384,817	587,578
Authorised but not contracted	<u>453,820</u>	<u>68,610</u>
	<u>2,838,637</u>	<u>656,188</u>

A commitment is an enforceable, legally binding agreement to make a payment in the future for the purchase of works, goods, or services from the contractor/supplier. These amounts are not recorded in the statement of financial position because the Bank has not yet received the works, goods, or services from the contractor/supplier and has not made payments. The amounts stated are what the Bank has committed to pay based on current expected contract prices.

Expenditure authorized but not contracted are for items that have gone through the entire procurement approval process and are pending a formal contractual agreement or purchase/contract order.

33. Contingent liabilities

As at December 31, 2024, there are lawsuits pending against the Bank. There are personal injury matters (covered by insurance limits), claims for damages for breach of contract, and an application for judicial review of the Bank's regulatory actions. The Bank has immunity from any punitive action in exercising its regulatory functions under the Bank of Jamaica Act.

The Bank has mounted a defense in all these matters, as they are deemed to be without merit and unlikely to succeed. In any event, were the matters to be ruled against the Bank, the Order for damages should not result in any material losses to the Bank.

34. Fair value of financial instruments

The Bank's accounting policies on measurement and disclosure require the measurement of fair values for financial assets and financial liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value of an asset or liability, where a quoted market price is available, fair value is computed by the Bank using the quoted bid price at the reporting date, without any deduction for transaction costs or other adjustments. Where a quoted market price is not available, fair value is computed using alternative techniques making use of available input data; the Bank uses observable data as far as possible.

Fair values are categorised into different levels in a three-level fair value hierarchy, based on the degree to which the inputs used in the valuation techniques are observable.

The different levels in the hierarchy have been defined as follows:

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*34. Fair value of financial instruments (continued)

Level 1: Financial assets and financial liabilities that are measured by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2: Financial assets and financial liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions, and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in funds with fair values obtained via fund managers, and assets that are valued using a model whereby the majority of assumptions are market observable.

Level 3: Financial assets and financial liabilities that are measured using non-market observable inputs. This means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The table below analyses financial instruments measured at fair value and those not measured at fair value but for which fair value has been disclosed.

The fair value of the amount due from Government and Government Agencies is deemed to approximate carrying value on the basis that the amounts are short-term.

The fair value of cash and cash equivalents, resale agreements, short-term deposits, notes and coins in circulation, deposits and other demand liabilities, open market liabilities, other liabilities and IMF Quota subscription were determined to approximate their carrying value and are not disclosed in the table below. They are included in the level 2 fair value hierarchy.

(a) Securities measured at fair value

	<u>2024</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
	J\$'000	J\$'000	J\$'000
Securities at FVOCI:			
USD Bonds issued primarily by specialised financial corporations	-	54,840,137	54,840,137
Government of Jamaica securities	-	156,847,084	156,847,084
Securities at FVTPL:			
Securities included in funds managed by agents			
- Units in pooled funds	-	3,269,991	3,269,991
- Sovereign bonds	-	180,026,095	180,026,095
- Corporate bonds	-	<u>70,742,709</u>	<u>70,742,709</u>
	<u>-</u>	<u>465,726,016</u>	<u>465,726,016</u>

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*34. Fair value of financial instruments (continued)

	<u>2023</u>		
	<u>Level 1</u> J\$'000	<u>Level 2</u> J\$'000	<u>Total</u> J\$'000
Securities at FVOCI:			
USD Bonds issued primarily by specialised financial corporations	-	52,818,390	52,818,390
Government of Jamaica securities	-	159,918,621	159,918,621
Securities at FVTPL:			
Securities included in funds managed by agents			
- Units in pooled funds	-	3,175,044	3,175,044
- Sovereign bonds	-	161,960,042	161,960,042
- Corporate bonds	-	<u>27,553,380</u>	<u>27,553,380</u>
	<u>-</u>	<u>405,425,477</u>	<u>405,425,477</u>

(b) Financial assets not carried at fair value, which fall in Level 2:

	<u>2024</u>		<u>2023</u>	
	<u>Carrying value</u> J\$'000	<u>Fair value</u> J\$'000	<u>Carrying value</u> J\$'000	<u>Fair value</u> J\$'000
Securities at amortised cost:				
Government of Jamaica securities (FRANs)	<u>89,504,201</u>	<u>108,857,810</u>	<u>88,025,103</u>	<u>110,490,595</u>

(c) Valuation techniques for investment securities classified as Level 2.

The following table shows the valuation techniques used in measuring the fair value classified in the Level 2 hierarchy.

Type of security	Valuation techniques
GOJ J\$ securities	<ul style="list-style-type: none"> • Obtain bid yield from yield curve provided by a recognised pricing source (which uses Jamaica-market-supplied indicative bids) • Using the yield, determine price • Apply price to estimate fair value
Securities in funds managed by agents and USD bonds	<ul style="list-style-type: none"> • Obtain bid prices published by major overseas brokers and reflected quoted prices in active markets for similar instruments or quoted prices in less active markets • Apply price to estimate fair value.

35. Financial risk management

(a) Introduction and overview

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

- credit risk
- counterparty risk
- liquidity risk
- market risk
- reputational risk

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*35. Financial risk management (continued)

(a) Introduction and overview (continued)

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

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

- (i) Investment Committee, which assists the Management Committee in its oversight and management of market, counterparty and liquidity risks, is responsible for providing oversight on the conversion of investment strategy into performance, portfolio construction and risk modelling for the Bank's Foreign Reserves.
- (ii) Credit Committee, which assists the Management Committee in its oversight and management of credit risk, is responsible for evaluating and approving applications for staff loans.
- (iii) Risk Management Committee (RMC), which is responsible for assisting the Management Committee in its oversight and management of key risks, including strategic, reputational, financial and operational (including cybersecurity) risks, in relation to the Bank's operations. The RMC oversees the establishment of guidelines, policies and processes for monitoring and mitigating risks, while promoting the development and administration of the corporate risk management framework.
- (iv) The above-listed three committees substantively comprise members of the Committee of Administration, which reports to the Management Committee on a fortnightly basis. The Management Committee reports on a monthly basis to the Board of Directors.
- (v) Audit and Risk 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 and Risk Committee is assisted in these functions by the Corporate Risk Management Department (CRMD) and the Internal Audit Division (IAD). CRMD and IAD undertake both regular and *ad hoc* reviews of risk management controls and procedures, the results of which are reported to the Board of Directors via the Audit and Risk Committee.

(b) 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, resale agreements, cash and cash equivalents, securities held in funds managed by agents, due from Government and Government Agencies and other assets.

(i) Management of credit risk on classes of financial assets exposed to that risk:

- Foreign currency investments including interest in funds managed by agents

Credit risk on the foreign currency investment portfolio is managed by restricting the holdings of investments substantially to USD Bonds issued primarily by specialised financial corporations, other highly rated sovereign

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*35. Financial risk management (continued)

(b) Credit risk (continued)

(i) Management of credit risk on classes of financial assets exposed to that risk (continued):

securities, Jamaica Government USD securities and placements in highly rated supranational institutions.

The Bank uses the credit ratings ascribed by Moody's Investor Services, Standard & Poors 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 money market placements with financial institutions with minimum short-term credit ratings of A-2/P-2/F2 and with minimum long-term ratings of A+/A1/A+ of any two of the three rating institutions.

- Foreign currency investments including interest in funds managed by agents (continued)

Additionally, capital market issues must have a minimum credit rating of A+/A1/A+. In order to reduce consolidated credit risk exposure, the Bank has investment limits in place. The Bank's foreign investment portfolio consists of short-, medium- and long-term investments, each of which has stipulated percentage limits (upper and lower) of the portfolio at market value. The credit risk on these instruments is considered low due to high external credit ratings.

- Local investment securities

Credit risk for local securities is managed by investing only in Government of Jamaica securities. Management does not expect this counterparty to fail to meet its obligations. These are sovereign debts and credit risk on them are considered low.

- Resale agreements

Credit risk is managed by requiring institutions to deposit with the Bank or its agents, designated securities sufficient to collateralise the amounts advanced under the resale agreements. The minimum collateral value of securities accepted is set at defined percentage of market value. The Bank considered that resale agreements have low risk and the 12-month expected credit loss is not considered significant due to the credit worthiness of the counter-parties who are regulated by the Bank.

- Cash and cash equivalents

Cash and cash equivalents are held in financial institutions which management regards as strong. The strength of these financial institutions is continually reviewed by the Investment Committee using information published by external rating agencies. In addition, there are procedures in place to manage potential concentration. Credit risk is considered low with no material expected credit losses.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*35. Financial risk management (continued)

(b) Credit risk (continued)

(i) Management of credit risk on classes of financial assets exposed to that risk (continued):

- Due from Government and Government Agencies

These amounts are in respect of accrued interest and withholding taxes recoverable from the Government of Jamaica. Management does not expect this counterparty to fail to meet its obligations. Credit risk is considered low with no significant expected credit losses as the debts are considered sovereign debts.

- Other assets

Other credit exposures consist mainly of staff loans for housing and motor vehicles. There is a documented credit policy in place which guides the Bank's credit process for staff loans. The policy includes established procedures for the authorisation of credit. Staff loans are limited to a percentage of the value of the assets being purchased. Mortgages and liens are obtained for staff housing and motor vehicle loans, respectively, which must also be insured.

(ii) Exposure to credit risk

Current credit exposure is the amount of loss that the Bank would suffer if all counterparties to which the Bank was exposed were to default all at once; this is represented substantially by the carrying amount of financial assets shown on the statement of financial position.

Exposures to credit risk attached to financial assets are monitored through credit rating and lending limits, which are regularly reviewed. In addition, securities issued or guaranteed by the Government of Jamaica are required to collateralise advances to financial institutions.

There has been no change to the nature of the Bank's exposure to credit risk or the manner in which it measures and manages the risk. The maximum exposure to credit risk without taking collateral into account is limited to the carrying value of the Bank's financial instruments in the statement of financial position.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*35. Financial risk management (continued)

(b) Credit risk (continued)

The Bank's significant concentrations of credit exposure by geographical region (based on the region of ownership of the entity that issued the security or holds the cash or cash equivalents), as well as the maximum exposure to credit risk are as follows:

	<u>2024</u> J\$'000	<u>2023</u> J\$'000
Caribbean	251,559,759	275,207,279
North America	550,990,405	458,380,147
Europe	<u>336,394,960</u>	<u>309,678,237</u>
Total financial assets	<u>1,138,945,124</u>	<u>1,043,265,663</u>

Total credit exposure is the total of receivables and investment securities recognised in the statement of financial position, as there are no off-balance sheet credit exposures.

(iii) Credit quality analysis

The following table sets out information about the credit quality of certain financial assets measured at FVTPL, amortised cost and FVOCI debt securities. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts and the maximum exposure to credit risk. The analysis has been based on Moody's ratings.

	<u>2024</u> J\$'000 <u>Stage 1</u>	<u>2023</u> J\$'000 <u>Stage 1</u>
Foreign currency denominated securities at FVTPL		
Rated AAA	<u>254,038,795</u>	<u>192,688,466</u>
Foreign currency denominated securities at FVOCI		
Rated AAA	<u>54,840,137</u>	<u>52,818,390</u>
Loss allowance	<u>(11,407)</u>	<u>(10,660)</u>

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*35. Financial risk management (continued)

(b) Credit risk (continued)

(iii) Credit quality analysis (continued)

	<u>2024</u> J\$'000 <u>Stage 1</u>	<u>2023</u> J\$'000 <u>Stage 1</u>
Foreign currency denominated securities at amortised cost		
Rated AAA	328,832,041	301,137,926
Rated AA- to AA	36,547,977	<u>69,248,626</u>
Rated A	<u>28,798,770</u>	-
Loss allowance	394,178,788 (59,407)	370,386,552 (56,158)
Carrying amount	<u>394,119,381</u>	<u>370,330,394</u>
	<u>2024</u> J\$'000 <u>Stage 1</u>	<u>2023</u> J\$'000 <u>Stage 1</u>
Local currency denominated securities at FVOCI		
Rated BBB	<u>156,847,084</u>	<u>159,918,622</u>
Loss allowance	(348,433)	(356,263)
	<u>2024</u> J\$'000 <u>Stage 1</u>	<u>2023</u> J\$'000 <u>Stage 1</u>
Local currency denominated securities at amortised cost		
Rated BBB	89,707,126	88,223,685
Loss allowance	(202,925)	(198,582)
	<u>89,504,201</u>	<u>88,025,103</u>
	<u>2024</u> J\$'000 <u>Stage 1</u>	<u>2024</u> J\$'000 <u>Stage 3</u> <u>Total</u>
Other assets – staff loans receivable		
Low risk	3,507,992	-
Doubtful	-	25,263
Loss allowance	3,507,992 (7)	3,533,255 (25,270)
	<u>3,507,985</u>	<u>-</u> <u>3,507,985</u>

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*35. Financial risk management (continued)

(b) Credit risk (continued)

(iii) Credit quality analysis (continued)

	<u>2023</u>		
	<u>JS'000</u>	<u>JS'000</u>	<u>JS'000</u>
	<u>Stage 1</u>	<u>Stage 3</u>	<u>Total</u>
Other assets – staff loans receivable			
Low risk	3,127,679	-	3,127,679
Doubtful	<u>-</u>	<u>31,537</u>	<u>31,537</u>
	3,127,679	31,537	3,159,216
Loss allowance	<u>(7)</u>	<u>(21,307)</u>	<u>(21,314)</u>
	<u>3,127,672</u>	<u>10,230</u>	<u>3,137,902</u>

(iv) Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment

See accounting policy at note 3(b).

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and third party policies including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Bank uses three criteria for determining whether there has been a significant increase in credit risk:

- quantitative test based on movement in PD;
- qualitative indicators; and
- a backstop of 30 days past due.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*35. Financial risk management (continued)

(b) Credit risk (continued)

(iv) Amounts arising from ECL (continued)

Credit risk grades:

The Bank allocates each exposure a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and by applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades for investments are determined and calibrated based on third party rating agencies credit transition matrices.

Each exposure is allocated to a credit risk grade on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data:

- Information obtained during periodic review of customer files – e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes.
- Data from credit reference agencies, press articles, changes in external credit ratings.
- Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities.
- External data from credit reference agencies, including industry-standard credit scores.
- Payment record – this includes overdue status as well as a range of variables about payment ratios.
- Existing and forecast changes in business, financial and economic conditions.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*35. Financial risk management (continued)

(b) Credit risk (continued)

(iv) Amounts arising from ECL (continued)

Determining whether credit risk has been increased significantly:

The Bank assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower.

Credit risk is deemed to increase significantly where the credit rating of a security has shifted downwards by two grades based on rating of two of the top three rating agencies and the risk grade of staff loans has moved from low risk to sub-standard.

As a backstop, the Bank considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL.

Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Bank determines a probation period during which the financial asset is required to demonstrate that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

The Bank monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*35. Financial risk management (continued)

(b) Credit risk (continued)

(iv) Amounts arising from ECL (continued)

Definition of default and credit-impaired assets

The Bank considers a financial asset to be in default, which is aligned with the definition of credit-impaired, when:

- the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held);
- the borrower is more than 90 days past due on any material credit obligation to the Bank;
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

In assessing whether a borrower is in default, the Bank considers indicators that are:

- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Bank; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Incorporation of forward-looking information (FLI)

The Bank incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

The Bank used a scorecard approach to estimate the FLI factor. For the US dollar investments, the Bank modelled base, best and worst-case scenarios for the following macroeconomic variables: US Real GDP, US Inflation: Unemployment Rate, Federal Reserve Rate, and Credit Rating.

The Bank obtained forecast information for the Federal Reserve Rate, Credit Rating and Real GDP from the Federal Reserve, Moody's and US Bureau of Economic Analysis respectively, while for the other two factors the forecast information was obtained from the Organisation for Economic Co-operation and Development (OECD) in order to assign a forecast of positive, negative or stable state with values of 0.6, 1.6 and 1.1 respectively. Each of the macroeconomic factors was then assigned a weighting to arrive at a weighted score for each scenario.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*35. Financial risk management (continued)

(b) Credit risk (continued)

(iv) Amounts arising from ECL (continued)

Incorporation of forward-looking information (FLI) (continued)

Subsequently, each of the scenarios is assigned a probability of impact and a final Forward-Looking Indicator score of 1.22 (2023: 1.22) (weighted average adjusted factor) as shown below:

2024				
<i>Variables</i>	<i>Base</i>	<i>Upside</i>	<i>Downside</i>	<i>Score</i>
US Real GDP	0.48	0.18	0.48	1.14
US Inflation	0.11	0.16	0.06	0.33
Unemployment	0.28	0.40	0.15	0.83
Federal Reserve Rate	0.28	0.40	0.15	0.83
Credit Rating	0.11	0.06	0.16	0.33
<i>SCORE</i>	1.25	1.20	1.00	3.45
<i>Probability of impact</i>	75%	15%	10%	

2023				
<i>Variables</i>	<i>Base</i>	<i>Upside</i>	<i>Downside</i>	<i>Score</i>
US Real GDP	0.5	0.2	0.5	1.2
US Inflation	0.1	0.2	0.1	0.4
Unemployment	0.3	0.4	0.2	0.9
Federal Reserve Rate	0.3	0.4	0.2	0.9
Credit Rating	0.1	0.1	0.2	0.4
<i>SCORE</i>	1.3	1.2	1.0	3.5
<i>Probability of impact</i>	75%	15%	10%	

For the Jamaica dollar investments, the Bank modelled base, best and worst-case scenarios for the following five macroeconomic variables: Real GDP; Inflation; Unemployment Rate; Policy Rate; and Credit Rating.

The Bank obtained forecast information for the Credit Rating from Moody's while for the other four factors the forecast information was obtained from the Bank of Jamaica Statistics Department in order to assign a forecast of positive, negative or stable state with values of 0.6, 1.6 and 1.1 respectively. Each of the macroeconomic factors was then assigned a weighting to arrive at a weighted score for each scenario.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*35. Financial risk management (continued)

(b) Credit risk (continued)

(iv) Amounts arising from ECL (continued)

Incorporation of forward-looking information (FLI) (continued)

Subsequently, each of the scenarios is assigned a probability of impact and a final Forward-Looking Indicator score of 0.97 (2023: 1.10) (weighted average adjustment factor) as shown below:

2024				
<i>Variables</i>	<i>Base</i>	<i>Upside</i>	<i>Downside</i>	<i>Score</i>
Real GDP	0.15	0.15	0.40	0.70
Inflation	0.06	0.16	0.06	0.28
Unemployment	0.11	0.16	0.06	0.33
Policy Rate	0.28	0.40	0.15	0.83
Credit Rating	0.33	0.18	0.48	0.99
SCORE	1.10	1.05	1.15	3.30
Probability of impact	75%	15%	10%	

2023				
<i>Variables</i>	<i>Base</i>	<i>Upside</i>	<i>Downside</i>	<i>Score</i>
Real GDP	0.3	0.2	0.4	0.9
Inflation	0.1	0.2	0.1	0.4
Unemployment	0.1	0.2	0.1	0.4
Policy Rate	0.3	0.4	0.2	0.9
Credit Rating	0.3	0.2	0.5	1.0
SCORE	1.1	1.1	1.2	3.4
Probability of impact	75%	15%	10%	

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*35. Financial risk management (continued)

(b) Credit risk (continued)

(iv) Amounts arising from ECL (continued)

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. The Bank only holds collaterals for resale agreements, as disclosed in note 9, and there was no credit enhancements during the year.

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Bank measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Bank considers a longer period. The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a loan commitment or guarantee.

(v) Loss allowance

	<u>2024</u>	<u>2023</u>
	J\$'000	J\$'000
	<u>Stage 1</u>	<u>Stage 1</u>
Securities at FVOCI:		
Balance at the beginning of the year	366,923	553,181
Net remeasurement of loss allowance	(2,090)	(140,150)
Financial assets derecognised	(10,696)	(50,701)
New financial assets acquired	<u>5,703</u>	<u>4,593</u>
Balance at year end	<u>359,840</u>	<u>366,923</u>

The above loss allowance is not recognised in the statement of financial position as the carrying amount of debt securities at FVOCI is their fair value.

Financial assets at amortised cost:

	<u>2024</u>			
	J\$'000	J\$'000	J\$'000	J\$'000
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
Balance at January 1, 2024	254,746	-	21,308	276,054
Net re-measurement of loss allowance	4,343	-	3,955	8,298
Financial assets derecognized	(56,158)	-	-	(56,158)
New financial assets acquired	<u>59,407</u>	<u>-</u>	<u>-</u>	<u>59,407</u>
Balance at December 31, 2024	<u>262,338</u>	<u>-</u>	<u>25,263</u>	<u>287,601</u>

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*35. Financial risk management (continued)

(b) Credit risk (continued)

(v) Loss allowance (continued)

Financial assets at amortised cost (continued):

	<u>2023</u>			
	<u>J\$'000</u>	<u>J\$'000</u>	<u>J\$'000</u>	<u>J\$'000</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
Balance at January 1, 2023	318,773	-	19,617	338,390
Net re-measurement of loss allowance	(110,569)	-	1,691	(108,878)
New financial assets acquired	<u>46,542</u>	<u>-</u>	<u>-</u>	<u>46,542</u>
Balance at December 31, 2023	<u>254,746</u>	<u>-</u>	<u>21,308</u>	<u>276,054</u>

(c) 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 through an adequate amount of committed standby credit facilities to meet commitments.

The Bank's exposure to liquidity risk to meet foreign liabilities, as an institution, is limited due to the minimal amount owed to overseas creditors/lenders. Management of liquidity risk relates primarily to the availability of liquid foreign resources to sell to the Government of Jamaica and its agencies to repay their suppliers and lenders. The Bank manages this risk through a combination of:

- Budgetary procedures to identify the timing of foreign payments by Government of Jamaica.
- Scheduling the maturity of foreign deposits to coincide with the demands of Government and its Agencies.
- Maintaining a portion of its foreign assets in cash or near cash as precautionary funds to meet unforeseen demands.

The Bank, like all central banks, has no real liquidity risk in relation to its domestic financial obligations. The Bank is not subject to any imposed liquidity limit.

There were no changes to the nature of the Bank's exposure to liquidity risk or the manner in which it measures and manages it.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*35. Financial risk management (continued)

(c) Liquidity risk (continued)

The following table presents the undiscounted contractual maturities of financial liabilities:

	2024					
	Within 1	1 to 3	3 to 12	Over 1	Contractual	Carrying
	month	months	months	year	cash flow	amount
	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000
Deposits and other demand liabilities	216,226,437	-	-	172,691,014	388,917,451	388,917,451
Open market liabilities	135,797,467	-	12,873,436	139,249,153	287,920,056	285,720,278
International Monetary Fund						
Drawing Rights	-	-	-	127,657,969	127,657,969	127,455,513
Lease liability	4,311	8,621	38,796	183,528	235,256	197,968
Foreign liabilities	6,035	-	-	-	6,035	6,035
Due to Government and Government agencies	1,842,722	-	-	-	1,842,722	1,842,722
Other	4,028,423	-	-	-	4,028,423	4,028,423
Commitments	-	<u>60,607</u>	<u>2,358,030</u>	<u>420,000</u>	<u>2,838,637</u>	-
	<u>357,905,395</u>	<u>69,228</u>	<u>15,270,262</u>	<u>440,201,664</u>	<u>813,446,549</u>	<u>808,168,390</u>
	2023					
	Within 1	1 to 3	3 to 12	Over 1	Contractual	Carrying
	month	months	months	year	cash flow	amount
	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000
Deposits and other demand liabilities	343,847,098	-	-	-	343,847,098	343,847,098
Open market liabilities	136,167,714	-	49,195,126	63,038,253	248,401,093	246,548,742
International Monetary Fund						
Drawing Rights	-	-	-	130,428,741	130,428,741	130,233,288
Lease liability	628	4,748	36,210	186,181	227,767	190,719
Foreign liabilities	10,022	-	-	-	10,022	10,022
Due to Government and Government agencies	1,233,047	-	-	-	1,233,047	1,233,047
Other	3,675,767	-	-	-	3,675,767	3,675,767
Commitments	-	<u>306,855</u>	<u>349,333</u>	-	<u>656,188</u>	-
	<u>484,934,276</u>	<u>311,603</u>	<u>49,580,669</u>	<u>193,653,175</u>	<u>728,479,723</u>	<u>725,738,683</u>

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on financial assets. Market risk exposures are measured using sensitivity analysis.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*35. Financial risk management (continued)

(d) Market risk (continued)

(i) Currency risk

Currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. The Bank is exposed to foreign currency risk due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than the Jamaica dollar. The overall level of foreign currency exposure is determined by policy considerations. Foreign currency risk can be mitigated to a limited extent by holding assets across a diversified portfolio of currencies. The Bank holds foreign reserves mainly in the US dollar, Euro, UK pound sterling and other currencies, including SDR. The Bank has a significant exposure to the US dollar.

At the reporting date, the Bank's net exposure to foreign exchange rate fluctuations, in Jamaica dollar equivalent, was as follows, based on currencies in which reported amounts are denominated:

	2024				Total J\$'000
	USD J\$'000	EUR J\$'000	GBP J\$'000	Other J\$'000	
Foreign currency assets:					
Notes and coins - for local sale	38,759	4,722	9,854	5,347	58,682
- for repatriation	22,389	2,071	6,769	24,584	55,813
Cash and cash equivalents	128,060,423	843,114	1,637,322	1,864,411	132,405,270
Interest in funds managed					
by agents	250,768,804	-	-	3,269,991	254,038,795
Interest receivable on BHAs	2,415,965	-	-	32,018	2,447,983
Investment securities	448,959,518	-	-	-	448,959,518
IMF- Holding of special drawing rights	-	-	-	38,743,305	38,743,305
IMF - quota subscription	-	-	-	<u>5,545,193</u>	<u>5,545,193</u>
	<u>830,265,858</u>	<u>849,907</u>	<u>1,653,945</u>	<u>49,484,849</u>	<u>882,254,559</u>
Foreign currency liabilities:					
Open market liabilities	41,703,197	-	-	-	41,703,197
Deposits - current accounts	140,029,900	41,056	6,349,272	10,079,759	156,499,987
Deposits - IMF	-	-	-	7,919,805	7,919,805
IMF - Allocation of special drawing rights	-	-	-	127,455,513	127,455,513
Foreign liabilities	6,035	-	-	-	6,035
Interest payable	<u>286,052</u>	<u>-</u>	<u>279</u>	<u>262,767</u>	<u>549,098</u>
	<u>182,025,184</u>	<u>41,056</u>	<u>6,349,551</u>	<u>145,717,844</u>	<u>334,133,635</u>
Net foreign currency assets/ (liabilities)	<u>648,240,674</u>	<u>808,851</u>	<u>(4,695,606)</u>	<u>(96,232,995)</u>	<u>548,120,924</u>

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*35. Financial risk management (continued)

(d) Market risk (continued)

(i) Currency risk (continued)

	2023				Total J\$'000
	USD J\$'000	EUR J\$'000	GBP J\$'000	Other J\$'000	
Foreign currency assets:					
Notes and coins - for local sale	45,945	2,226	9,543	5,580	63,294
- for repatriation	42,825	5,978	11,610	62,055	122,468
Cash and cash equivalents	121,061,970	698,625	791,883	1,617,466	124,169,944
Interest in funds managed by agents	189,513,422	-	-	3,175,044	192,688,466
Interest receivable on BHAs	4,393,391	-	-	86,772	4,480,163
Investment securities	423,148,784	-	-	-	423,148,784
IMF- Holding of special drawing rights	-	-	-	12,386,117	12,386,117
IMF - Quota subscription	-	-	-	5,666,045	5,666,045
	<u>738,206,337</u>	<u>706,829</u>	<u>813,036</u>	<u>22,999,079</u>	<u>762,725,281</u>
Foreign currency liabilities:					
Open market liabilities	47,311,843	-	-	-	47,311,843
Deposits - current accounts	160,747,600	43,501	6,384,318	2,274,821	169,450,240
Deposits - IMF	-	-	-	17,124,693	17,124,693
IMF - Allocation of special drawing rights	-	-	-	130,233,288	130,233,288
Foreign liabilities	10,022	-	-	-	10,022
Interest payable	421,670	-	282	353,146	775,098
	<u>208,491,135</u>	<u>43,501</u>	<u>6,384,600</u>	<u>149,985,948</u>	<u>364,905,184</u>
Net foreign currency assets/ (liabilities)	<u>529,715,202</u>	<u>663,328</u>	<u>(5,571,564)</u>	<u>(126,986,869)</u>	<u>397,820,097</u>

Exchange rates at December 31:

	<u>2024</u>	<u>2023</u>
USD1 to JMD	155.46	154.41
GBP1 to JMD	194.70	196.84
CDN1 to JMD	108.10	117.10
EUR1 to JMD	<u>160.98</u>	<u>170.57</u>

At March 18, 2025, the date of signing of these financial statements, the exchange rates were US1 to J\$156.77, GBP1 to J\$203.27, CDN1 to J\$108.86 and EUR1 to J\$171.21.

The exchange rate for SDR to J\$ is shown in note 17(d)(iv).

Sensitivity to exchange rate movements

A 4 percent (2023: 4 percent) devaluation of the Jamaica dollar against currencies which expose the Bank to exchange risk at December 31 would have increased profits and equity by \$22,493,625,000 (2023: \$16,168,674,000) while a 1 percent (2023: 1 percent) revaluation would have decreased profits and equity by \$5,623,406,000 (2023: \$4,042,168,000). The analysis assumes that all other variables, in particular, interest rates, remain constant, and has been performed on the same basis as for 2023.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*35. Financial risk management (continued)

(d) Market risk (continued)

(ii) Interest rate risk:

Interest rate risk is the risk of loss from fluctuations in the future cash flows or fair value of financial instrument because of a change in market interest rates. It arises when there is a mismatch between interest-earning assets and interest-bearing liabilities which are subject to interest rate adjustments within a specified period. It can be reflected as a loss of future net interest income and/or a loss of current market values. The Bank manages this risk by monitoring interest rates daily and ensuring that, even though there are no formally predetermined gap limits, to the extent practicable, the maturity profile of its financial assets is, at least, matched by that of its financial liabilities. Also, the Bank manages interest rate risk through limits on the duration of its investment portfolio. The Bank takes on exposure to interest rate risk as part of its management of the financial system in Jamaica.

The following table summarises the carrying amounts of financial assets and liabilities to arrive at the Bank's interest rate gap based on the earlier of contractual re-pricing and maturity dates.

	2024						Weighted average interest %
	Within 3 months J\$'000	3 to 12 months J\$'000	Over 12 months J\$'000	Payable after notice J\$'000	Non-rate sensitive J\$'000	Total J\$'000	
<u>Assets</u>							
Notes and coins	-	-	-	-	250,561	250,561	-
Cash and cash equivalents	-	-	-	-	132,405,270	132,405,270	-
Resale agreements	-	-	-	-	-	-	-
Securities held in funds managed by agents	-	-	-	254,038,795	-	254,038,795	3.11
Foreign currency denominated							
Investments	337,059,808	70,202,917	41,696,793	-	-	448,959,518	-
Local currency denominated							
Investments	29,174,155	-	217,177,130	-	-	246,351,285	8.30
Other assets	-	-	-	-	6,706,495	6,706,495	-
International Monetary Fund -							
Holding of Special Drawing Rights	-	-	-	-	38,743,305	38,743,305	-
Quota Subscription	-	-	-	-	5,545,193	5,545,193	-
Total financial assets	<u>366,233,963</u>	<u>70,202,917</u>	<u>258,873,923</u>	<u>254,038,795</u>	<u>183,650,824</u>	<u>1,133,000,422</u>	
<u>Liabilities</u>							
Notes and coins in circulation	-	-	-	-	286,082,917	286,082,917	-
Deposits and other demand liabilities:							
Jamaica dollar equivalent of							
foreign currency deposits	60,820,911	-	-	95,679,076	-	156,499,987	3.75
Jamaica dollar deposits	155,405,526	-	-	77,011,938	-	232,417,464	6.50
Open market liabilities	135,343,247	12,635,100	137,741,931	-	-	285,720,278	8.82
Due to government and gov't agencies	-	-	-	-	1,842,722	1,842,722	-
Foreign Liabilities	-	-	-	-	6,035	6,035	-
Other liabilities	-	-	-	-	4,028,423	4,028,423	-
Lease liability	9,452	28,636	159,880	-	-	197,968	5.83
International Monetary Fund –							
Allocation of Special Drawing Rights	-	-	-	-	127,455,513	127,455,513	-
Total financial liabilities	<u>351,579,136</u>	<u>12,663,736</u>	<u>137,901,811</u>	<u>172,691,014</u>	<u>419,415,610</u>	<u>1,094,251,307</u>	
Total interest rate sensitivity gap	<u>14,654,827</u>	<u>57,539,181</u>	<u>120,972,112</u>	<u>81,347,781</u>	<u>(235,764,786)</u>	<u>38,749,115</u>	
Cumulative gap	<u>14,654,827</u>	<u>72,194,008</u>	<u>193,166,120</u>	<u>274,513,901</u>	<u>38,749,115</u>		

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*35. Financial risk management (continued)(d) Market risk (continued)(ii) Interest rate risk (continued):

	2023						Weighted average interest %
	Within 3 months J\$'000	3 to 12 months J\$'000	Over 12 months J\$'000	Payable after notice J\$'000	Non-rate sensitive J\$'000	Total J\$'000	
<u>Assets</u>							
Notes and coins	-	-	-	-	308,998	308,998	-
Cash and cash equivalents	-	-	-	-	124,169,944	124,169,944	-
Resale agreements	21,100,000	-	-	-	-	21,100,000	10.00
Securities held in funds managed by agents	-	-	-	192,688,466	-	192,688,466	1.73
Foreign currency denominated Investments	334,862,614	50,322,933	37,963,237	-	-	423,148,784	-
Local currency denominated investments	82,947,725	-	164,996,000	-	-	247,943,725	8.41
Other assets	-	-	-	-	9,639,905	9,639,905	-
International Monetary Fund - Holding of Special Drawing Rights Quota Subscription	-	-	-	-	12,386,117	12,386,117	-
	-	-	-	-	5,666,045	5,666,045	-
Total financial assets	<u>438,910,339</u>	<u>50,322,933</u>	<u>202,959,237</u>	<u>192,688,466</u>	<u>152,171,009</u>	<u>1,037,051,984</u>	-
<u>Liabilities</u>							
Notes and coins in circulation	-	-	-	-	277,413,092	277,413,092	-
Deposits and other demand liabilities: Jamaica dollar equivalent of							
foreign currency deposits	93,154,892	-	-	93,420,041	-	186,574,933	4.79
Jamaica dollar deposits	90,096,918	-	-	67,175,247	-	157,272,165	6.75
Open market liabilities	135,561,469	48,282,089	62,705,184	-	-	246,548,742	8.43
Due to government and gov't agencies	-	-	-	-	1,233,047	1,233,047	-
Foreign Liabilities	-	-	-	-	10,022	10,022	-
Other liabilities	-	-	-	-	3,675,767	3,675,767	-
Lease liability	3,969	25,950	160,799	-	-	190,718	5.83
International Monetary Fund – Allocation of Special Drawing Rights	-	-	-	-	130,233,288	130,233,288	-
Total financial liabilities	<u>318,817,248</u>	<u>48,308,039</u>	<u>62,865,983</u>	<u>160,595,288</u>	<u>412,565,216</u>	<u>1,003,151,774</u>	-
Total interest rate sensitivity gap	<u>120,093,091</u>	<u>2,014,894</u>	<u>140,093,254</u>	<u>32,093,178</u>	<u>(260,394,207)</u>	<u>33,900,210</u>	-
Cumulative gap	<u>120,093,091</u>	<u>122,107,985</u>	<u>262,201,239</u>	<u>294,294,417</u>	<u>33,900,210</u>		

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*35. Financial risk management (continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued):

Sensitivity to interest rate movement

An increase of 25 (2023: 25) basis points and a decrease of 50 (2023: 25) basis points in interest rates for Jamaica dollar financial instruments and an increase of 25 (2023: 25), and a decrease of 50 (2023: 25) basis points for United States dollar financial instruments would have increased or decreased profit and reserve by the amounts shown below. Changes in the basis points reflect plausible changes in the local and global market. The analysis assumes that all other variables, in particular, foreign currency rates, remain constant. The analysis has been performed on the same basis as for 2023.

	Increase		Decrease	
	Effect on <u>profit/loss</u> J\$'000	Effect on <u>reserves</u> J\$'000	Effect on <u>profit/loss</u> J\$'000	Effect <u>on reserves</u> J\$'000
	<u>2024</u>			
Fixed rate financial instruments (note 10)	-	(1,987,162)	-	4,143,599
Variable rate financial instruments	<u>(152,194)</u>	<u>(29,538)</u>	<u>304,388</u>	<u>60,927</u>
	<u>(152,194)</u>	<u>(2,016,700)</u>	<u>304,388</u>	<u>4,204,526</u>
	<u>2023</u>			
Fixed rate financial instruments (note 10)	-	(2,060,030)	-	2,120,666
Variable rate financial instruments	<u>(152,194)</u>	<u>(29,918)</u>	<u>152,194</u>	<u>29,995</u>
	<u>(152,194)</u>	<u>(2,089,948)</u>	<u>152,194</u>	<u>2,150,661</u>

(e) Capital management

The Bank's capital consists of share capital, general reserve fund, special stabilisation account, securities revaluation reserve, property revaluation reserve, pension equalisation reserve and employee benefit reserve. The share capital of the Bank may be increased from time to time by a resolution passed by the House of Representatives. The Bank's annual profit is transferred to the general reserve fund. Whenever certain specified capital to monetary liability ratio is met distributable profits are paid to the Consolidated Fund.

The Bank is not subject to any externally imposed capital requirements.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*36. Prior year adjustment

During the period 1963 – 1984, a 25% IMF Quota Subscription was paid by the Bank amounting to - SDR31.125 million (J\$6.3 billion) and was subsequently drawn down. This amount has been carried on the Bank's Statement of Financial Position since 1984 and substituted either by Securities or Deposits to the IMF No.1 Account. The Bank is working on providing the relevant supporting documentation, however due to the long-standing nature of the balance and the Bank's statutory requirement to fulfil the presentation of the Financial Statements by March 31, 2025, a provision in the amount of the Jamaica dollar equivalent of J\$6.3 billion has been recognised in these financial statements until information that would constitute sufficient audit evidence is provided to the auditors.

The impact of this adjustment on the Statement of Financial Position results in a reduction in foreign assets with a corresponding reduction in the general reserve fund within equity. This adjustment has been applied retrospectively resulting in the restatement of each of the affected financial statement line items as at December 31, 2023 and January 1, 2023.

	Previously Reported <u>2023</u> J\$'000	Adjustment <u>2023</u> J\$'000	Restated <u>2023</u> J\$'000
<u>ASSETS</u>			
Foreign assets:			
Notes and coins	122,468	-	122,468
Cash and cash equivalents	124,169,944	-	124,169,944
Securities held in funds managed by agents	192,688,466	-	192,688,466
Investment securities	423,148,784	-	423,148,784
International Monetary Fund -			
Holding of Special Drawing Rights	12,386,117	-	12,386,117
Quota subscription	<u>12,114,150</u>	<u>(6,448,105)</u>	<u>5,666,045</u>
Total foreign assets	<u>764,629,929</u>	<u>(6,448,105)</u>	<u>758,181,824</u>
Total local assets	<u>290,057,373</u>	<u>-</u>	<u>290,057,373</u>
Total Assets	<u>1,054,687,302</u>	<u>(6,448,105)</u>	<u>1,048,239,197</u>
<u>LIABILITIES, CAPITAL AND RESERVES</u>			
Total liabilities	<u>1,006,453,074</u>	<u>-</u>	<u>1,006,453,074</u>
Capital and reserves:			
Share capital	20,577,000	-	20,577,000
General reserve fund	27,333,277	(6,448,105)	20,885,172
Special stabilisation account	2,211,496	-	2,211,496
Other reserves	<u>(1,887,545)</u>	<u>-</u>	<u>1,887,545</u>
Total capital and reserves	<u>48,234,228</u>	<u>(6,448,105)</u>	<u>41,786,123</u>
Total liabilities, capital and reserves	<u>1,054,687,302</u>	<u>(6,448,105)</u>	<u>1,048,239,197</u>

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2024*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*36. Prior year adjustment (continued)

	Previously Reported <u>2022</u> J\$'000	Adjustment <u>2022</u> J\$'000	Restated <u>2022</u> J\$'000
<u>ASSETS</u>			
Foreign assets:			
Notes and coins	153,983	-	153,983
Cash and cash equivalents	106,430,839	-	106,430,839
Securities held in funds managed by agents	181,688,787	-	181,688,787
Investment securities	370,727,551	-	370,727,551
International Monetary Fund -			
Holding of Special Drawing Rights	21,367,297	-	21,367,297
Quota subscription	<u>11,805,499</u>	<u>(6,283,817)</u>	<u>5,521,682</u>
Total foreign assets	<u>692,173,956</u>	<u>(6,283,817)</u>	<u>685,890,139</u>
Total local assets	<u>301,088,688</u>	<u>-</u>	<u>301,088,688</u>
Total Assets	<u>993,262,644</u>	<u>(6,283,817)</u>	<u>986,978,827</u>
<u>LIABILITIES, CAPITAL AND RESERVES</u>			
Total liabilities	<u>950,979,404</u>	-	<u>950,979,404</u>
Capital and reserves:			
Share capital	20,577,000	-	20,577,000
General reserve fund	15,936,168	(6,283,817)	9,652,351
Special stabilisation account	2,061,266	-	2,061,266
Other reserves	<u>3,708,806</u>	<u>-</u>	<u>3,708,806</u>
Total capital and reserves	<u>42,283,240</u>	<u>(6,283,817)</u>	<u>35,999,423</u>
Total liabilities, capital and reserves	<u>993,262,644</u>	<u>(6,283,817)</u>	<u>986,978,827</u>



Bank of Jamaica
P.O. Box 621
Nethersole Place
Kingston