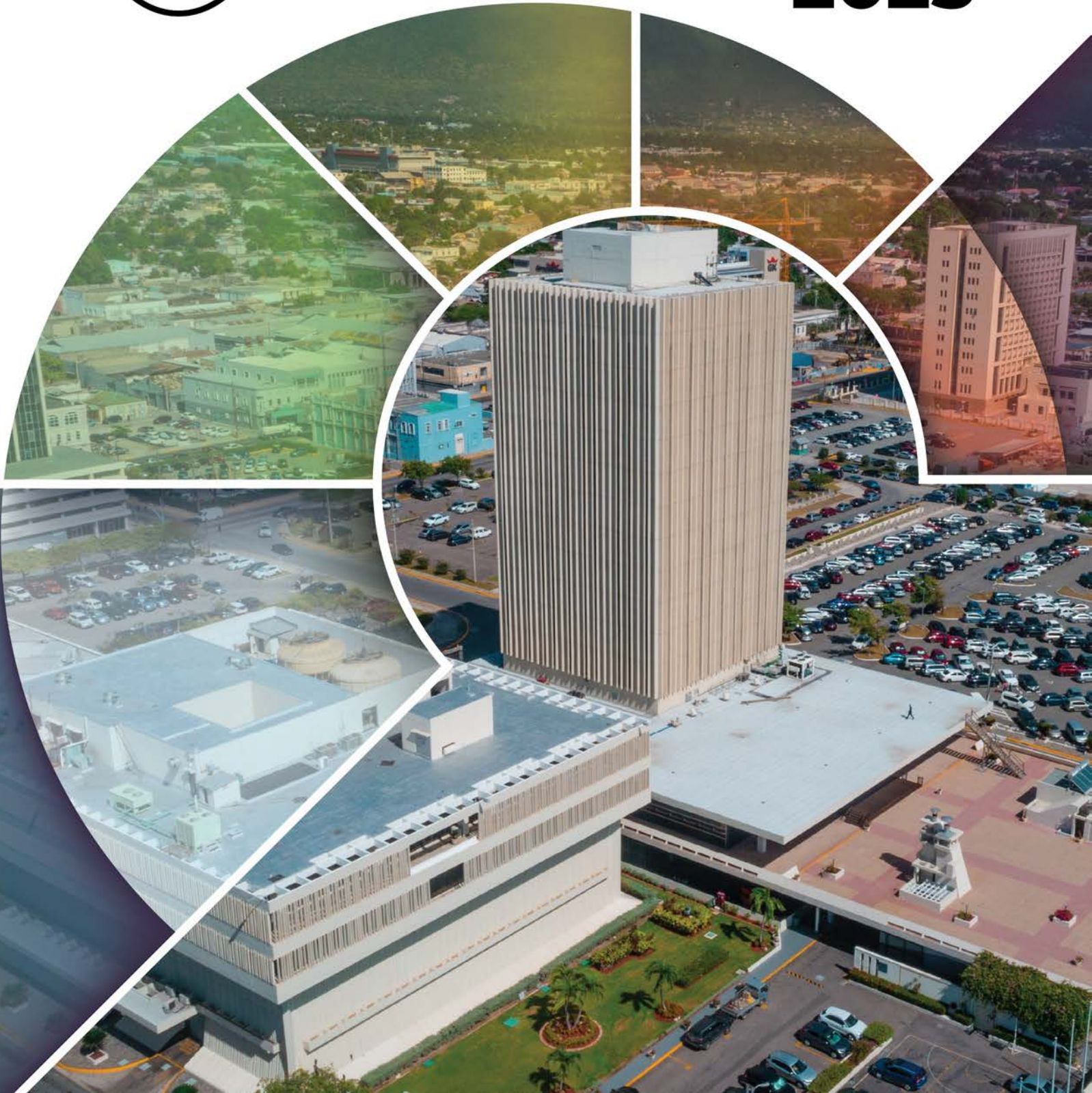




ANNUAL REPORT

2025





ANNUAL REPORT

2025

Report and Statement of Accounts for the
Year Ended 31 December 2025

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ISSN 0067 3668



Bank of Jamaica Annual Report and Financial Statements
for the year ended 31 December 2025,
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.

10 March 2026

The Hon 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 2025 and a copy of the statement of the Bank's accounts as at 31 December 2025 duly certified by the auditors.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Richard Byles".

Richard Byles



BOARD OF DIRECTORS



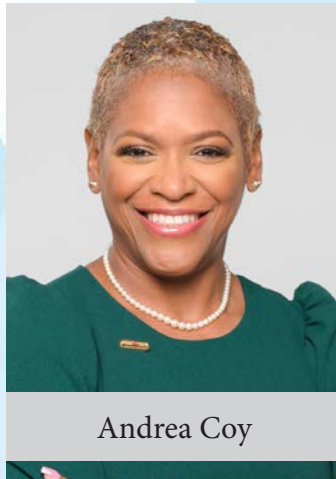
Richard Byles
Governor & Chairman



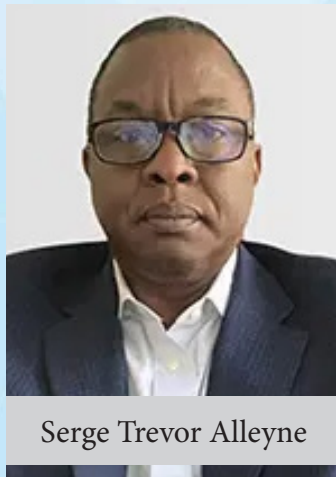
Wayne Robinson
Deputy Chairman



Christine Clarke



Andrea Coy



Serge Trevor Alleyne



Richard Powell



E. George Roper

MANAGEMENT COMMITTEE

as at 31 December 2025



Richard Byles
Governor & Chairman



Dr. Wayne Robinson
Senior Deputy Governor



Natalie Haynes
Deputy Governor



E. George Roper
Deputy Governor



Dr. Jide Lewis
Deputy Governor &
Deputy Supervisor

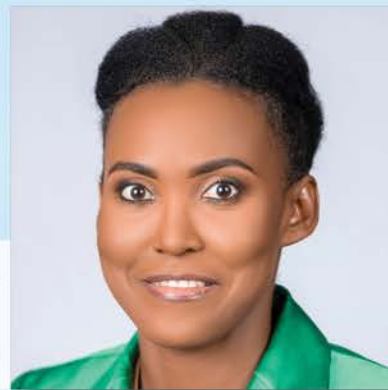


Celeste McCalla
Deputy Governor &
General Counsel

COMMITTEE OF ADMINISTRATION



E. George Roper
Deputy Governor/Chairman



Sherene Bailey
Head, Financial Stability
End Date: 07 March 2025



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



Kerri Brodber
Division Chief,
Banking & Currency Operations
Start Date: 15 July 2025



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

COMMITTEE OF ADMINISTRATION

Cont'd



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



Chevanese Morais
*Division Chief,
Banking & Currency Operations*
End Date: 27 June 2025



Andre Murray
Head, Financial Stability
Start Date: 04 April 2025



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 2025

GOVERNOR & SUPERVISOR

Richard Byles

SENIOR DEPUTY GOVERNOR

Wayne Robinson

- Research & Economic Programming Division & Financial Stability Department
- Financial Markets and Payments Systems
- Corporate Risk Management Department
- Strategic Planning & Project Management Centre
- Financial Inclusion Secretariat
- Special Projects

DEPUTY GOVERNORS

Celeste McCalla (General Counsel)

E. George Roper

Jide Lewis (Deputy Supervisor of Banks)

Natalie Haynes

- Corporate Secretary and Legal Services Division
- Finance, Technology & Administration Division
- Financial Institutions Supervisory Division
- Financial Markets and Payments Systems

DIVISION CHIEFS

Kerri Brodber

Victor Henry

Ian Williams (Financial Controller)

Decoda Martin (Acting Chief Prudential Officer)

Wainet Fearon

Calvin Brown

Artwell Bernard

Angela Foote (Chief Audit Executive)

Novelette Panton

Carey-Anne Williams

Andrea Clarke (Chief Strategy Officer)

- Banking & Currency Operations Division
- Facilities Management and Protective Services Division
- Finance Division
- Financial Institutions Supervisory Division
- Financial Institutions Supervisory Division
- Human Resources Division
- Information Technology & Records Management Division
- Internal Audit Division
- Payment System and Money Services Oversight Division
- Research & Economic Programming Division
- Strategic Planning & Project Management Centre

STRATEGIC HIGHLIGHTS

- Bank of Jamaica continued to execute its *Mission Excellence – Resilience* and Innovation strategy during 2025, which focused on the achievement of the Bank's mandate - to maintain price and financial system stability – as well as digital and culture transformation.
- Progress under the Twin Peaks initiative continued in 2025. Although the legislative process workstream was delayed, significant advances were achieved on the Prudential, Market Conduct & Consumer Protection, Technology and Twin Peaks Practice workstreams.
- BOJ's JAM_DEX® project recorded positive momentum during the year. JAM-DEX® was successfully piloted with Tax Administration Jamaica to facilitate tax payments for a range of services. The Bank also forged new partnerships with new merchants, increasing JAM-DEX® penetration across several sectors.
- During 2025, the Bank made substantial progress in advancing the Electronic Know-Your-Customer (e-KYC) project, aimed at enhancing competition and efficiency within the banking system. Key consultative and preparatory milestones were completed to support the design and procurement of the solution.
- For the Account Portability project (aimed at making it easier for customers to move their existing accounts between financial institutions), approval was granted during 2025 for the development of a comparative banking web platform to improve transparency and support informed consumer decision-making.
- The Nethersole Place Expansion project advanced during 2025. The initiative aims to deliver a modern, safe, secure, ergonomic and aesthetically pleasing work environment that supports productivity and staff well-being.
- Building on the 2022 review of the Bank's compensation philosophy, the phased compensation programme continued in 2025 and concluded with agreement on the alignment of team members' basic salaries to the 75th percentile of the market.
- During 2025, the Bank advanced several initiatives to strengthen 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. The Enterprise Document & Records Management System (EDRMS) project was also reinitiated during the year.

730 STAFF MEMBERS



37 Persons
Recruited



1200 Members
BOJ Pension Fund



31 Persons
Exited

STAFF STATISTICS



95.7%
Retention Rate



6.7%
Promotion Rate

2.0%
Staff Earning
Higher Education
Qualification¹



0.8%
Resignations



130 Courses
Targeted Training and
Development Interventions
Executed



4.3%
Turnover Rate



73% Achievement Rate

Business unit reviews completed in high-level organisational structure reviews.

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



2025 at



POLICY RATE

5.75%

The key policy rate declined by 25 basis points to 5.75% per annum during the latter part of the year.



INFLATION

4.5%

Throughout most of the year, annual headline inflation remained within the Bank's 4.0% to 6.0% target range.



GROSS RESERVES

US\$6.3 billion

The country maintained a very strong reserve position, equivalent to 144.7% of the Assessing Reserve Adequacy (ARA) metric for FY2025/26.



UNEMPLOYMENT RATE

3.3%

At October 2025, Jamaica's unemployment rate was 3.3%.

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

2.8%

Asset quality, as measured by the ratio of total non-performing loans (past due 3 months and over) to total loans, deteriorated to 2.8% at end-2025.



DEPOSIT DOLLARISATION RATIO (PRIVATE SECTOR)

37.7%

(includes interest accrued on deposits)
The ratio of deposits held in foreign currency within the private sector was 37.7% at December 2025.



GDP GROWTH

- 0.5% to -1.5%

The economy is estimated to have declined within the range of -0.5% to -1.5% in 2025, largely reflecting the adverse impact of Hurricane Melissa on economic output.

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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 |
| 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

Throughout the year, Bank of Jamaica (BOJ) remained focused on the attainment of its mandates of price and financial system stability. In this context, Jamaica's macroeconomic fundamentals, prior to Hurricane Melissa, reflected sustained improvement. In particular, domestic inflation was within the Bank's target range of 4.0 to 6.0 per cent at end-December 2025, the financial system remained stable and the country's gross foreign reserves increased to a record level. However, this generally favourable macroeconomic environment was disrupted with the passage of the unprecedented Category 5 Hurricane Melissa on 28 October 2025. The hurricane is estimated to have caused extensive damage to critical infrastructure, amounting to more than 40.0 per cent of gross domestic product (GDP). Consequently, Jamaica's key macroeconomic indicators are expected to deteriorate over the near-term, reflecting the impact of damage to the country's infrastructure and disruptions to productive activity and livelihoods.



Domestic inflation remained relatively low during the year, breaching the lower end of the Bank's target range on five occasions. This mainly reflected normalisation in agricultural food prices following the impact of Hurricane Beryl in the previous year. The generally low inflation environment was also influenced by the Bank's monetary policy stance, which supported a relatively stable exchange rate and moderating inflation expectations, as well as generally declining international commodity prices. Annual headline inflation was 4.5 per cent at December 2025, lower than the 5.0 per cent recorded a year earlier. Notwithstanding this downward trend, there was an acceleration in inflation in the last quarter of the year, mainly due to rising food prices, reflecting early signs of the impact of Hurricane Melissa on the agricultural sector. Underlying (or core) inflation (which removes the impact of changes in food products and fuel prices from headline inflation) accelerated to 4.2 per cent at December 2025 from 3.9 per cent a year earlier. In the context of rebuilding efforts following Hurricane Melissa, annual headline inflation is projected to increase gradually during 2026, temporarily exceeding the Bank's inflation target for a few months before moderating to within the target range by end-2026.

Real economic activity is estimated to have declined by 1.5 per cent in 2025, primarily due to the adverse impact of Hurricane Melissa on economic output in the December quarter. This estimated decline followed the contraction of 0.5 per cent in 2024, which also mainly reflected the impact of adverse weather events. The estimated decline for 2025 reflected contractions in most economic sectors, particularly Agriculture, Forestry & Fishing, Accommodation & Food Service Activities, Mining & Quarrying, Wholesale & Retail Trade; Repair of Motor Vehicle Installation of Machinery & Equipment as well as Electricity, Water Supply & Waste Management. The outlook is for economic activity to decline in 2026, before recording an increase in 2027, reflecting the expected impact of recovery efforts.

The Bank, through its Monetary Policy Committee (MPC), maintained an accommodative policy stance throughout the year. This started with a gradual increase in liquidity available to deposit-taking institutions (DTIs) through open market operations (OMOs). The Bank also reduced its policy rate by 25 basis points (bps) to 5.75 per cent per annum in May 2025 and maintained the rate at that level for the remainder of the year. Further, the Bank maintained its presence in the foreign exchange market to preserve relative stability. Notably, in the aftermath of Hurricane Melissa, while maintaining its accommodative monetary posture, the Bank intensified its actions in the foreign exchange market to ensure stability by utilising special pre-emptive

measures. These measures took into consideration the need for additional foreign exchange to finance an increase in imports, which were necessary to support rehabilitation and reconstruction efforts following the hurricane.

Jamaica's gross foreign assets (GFA) recorded a significant increase, during the year, to close at US\$6.3 billion at end-2025, well above the level considered adequate. The increase in the GFA predominantly reflected Government of Jamaica-related inflows as well as net market purchases by BOJ. These government-related inflows mainly reflected receipts from the securitisation of future earnings from the Airports Authority of Jamaica, loan receipts from multilateral institutions as well as disaster risk financing inflows and other hurricane relief related assistance following the passage of Hurricane Melissa.

Jamaica's sovereign credit ratings were either upgraded or affirmed by the major international rating agencies in 2025. These ratings reflected the positive impact of a decade-long strengthening of Jamaica's institutional and policy frameworks, which anchored fiscal discipline and enhanced monetary credibility. The rating agencies noted that successive administrations had adhered to the fiscal rule, maintained sizeable primary surpluses and reduced government debt by nearly 40.0 percentage points of GDP since 2020, outperforming peers. These improvements, alongside reforms that bolster financial sector oversight and disaster risk management, supported the view that the temporary fiscal deterioration caused by Hurricane Melissa will not derail Jamaica's medium-term trajectory of debt reduction and policy stability.

Notwithstanding the challenges associated with Hurricane Melissa and continued geopolitical uncertainties, Jamaica's financial sector remained stable throughout 2025. The DTIs maintained capital adequacy ratios (CAR) above the regulatory benchmark, reflecting broad resilience to hypothetical market, credit and liquidity risk shocks. While the financial sector may face some pressures in relation to credit quality and general risk conditions over the short term, the sector is expected to remain robust, supported by strong regulatory oversight as well as adequate capital buffers and liquidity.

As part of preparations for Jamaica's transition to the Twin Peaks model of financial regulation, BOJ and the Financial Services Commission (FSC) continued to undertake joint prudential and market conduct examinations. These activities supported inter-agency coordination and the development of shared supervisory practices across regulated sectors. During the year, the joint supervisory team concluded the examination of a securities entity. This followed examinations of an insurance company and a large DTI in 2024. In addition, the Bank and the FSC facilitated industry consultations to provide updates on the implementation progress and proposed regulatory arrangements. Preparatory work also advanced to strengthen the market conduct and consumer protection frameworks, including enhancements to the customer complaints intake process.

In parallel, work continued on key projects aimed at strengthening the financial regulatory and supervisory framework in alignment with international best practice. These projects included updates on Standards of Sound Practice for Effective Corporate Governance of DTIs, work on the Liquidity Coverage Ratio as well as the development of a consultation paper on a prudential framework for consolidated capital adequacy.

In accordance with its statutory responsibilities, the Bank also continued to provide physical currency (banknotes and coins) and JAM-DEX®, the Central Bank Digital Currency (CBDC) to the public. Additionally, effective 01 July 2025, the Bank completed the demonetisation of the old cotton banknotes. This date, therefore, marked Jamaica's official transition to the new polymer banknote series.

During the year, the financial market infrastructure (FMI) continued to operate efficiently, supported by initiatives to strengthen the payments and settlement framework. Key accomplishments for the year included progress in advancing amendments to the Payment Clearing and Settlement Act, 2010, the migration of the JamClear® Real-Time Gross Settlement (RTGS) system to the ISO 20022 messaging standard (MX); and collaboration with Tax Administration Jamaica (TAJ) to enable the use of JAM-DEX® on TAJ's payment portal for selected transactions. Progress was also made on the project to list and trade domestically-issued Government of Jamaica (GOJ) securities on the Jamaica Stock Exchange (JSE) fixed income trading platform (NASDAQ Matching Engine), which was approximately 93.0 per cent completed at end-2025.

Alongside these activities, the Bank continued to implement its enterprise-wide risk management framework. This framework includes arrangements for the identification, assessment, monitoring and management of financial, operational, strategic, cybersecurity, business continuity and data privacy risks. Governance arrangements and Board oversight supported the management of these risks within the approved risk tolerance levels. Initiatives during the year included enhancements to the foreign reserves' investment framework, continued work on climate risk management, strengthened cybersecurity and business continuity arrangements and the ongoing implementation of the data protection programme.

Throughout 2025, the Bank's Board of Directors and its various Statutory Committees, continued to carry out their responsibilities, providing effective oversight of the Bank's strategic direction, policy framework and administrative operations in keeping with its statutory mandate. All the legally stipulated number of meetings required of the Board of Directors and the committees were attained for the year and, in some instances, even exceeded.

PwC Corporate Services (Jamaica) Limited was engaged in March 2024 to undertake a comprehensive evaluation of the Board and Statutory Committees. The final report, which included recommendations for both short- and long-term improvements in governance and alignment with strategic objectives, was presented to the Management Committee, Board and Statutory Committees in 2025. Going forward, these recommendations are expected to enhance organisational governance and better align operations with strategic objectives.

Administratively, the Bank continued to prioritise the implementation of key strategic initiatives aimed at strengthening talent management capabilities and supporting organisational effectiveness. In particular, progress continued on the Bank's organisational restructuring programme, with a number of approved organisational reviews resourced and advanced during the year. The organisational development programme remained focused on strengthening the Bank's operating model to support its evolving mandate, particularly in preparation for the transition to the Twin Peaks Regulatory Model. In addition, meaningful progress was made under the Enhanced Performance Management and Culture Transformation Programme. This included a comprehensive review of the Bank's performance appraisal policies, systems and processes, with the objective of establishing a modern, performance-driven framework.

In 2025, Bank of Jamaica continued to make meaningful progress in executing its 'Mission Excellence' strategic plan, which focused on the achievement of the Bank's mandate – to maintain price and financial system stability – as well as digital and culture transformation. BOJ's JAM-DEX® project recorded positive momentum during the year as the Bank forged new partnerships with new merchants, increasing JAM-DEX® penetration across several sectors. There was also progress on several initiatives geared towards strengthening the efficiency and effectiveness of the Bank's internal processes, including the Human Capital Management (HCM) 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. The Bank also made progress in its work on the development of a national electronic Know Your Customer/Customer Due Diligence (e-KYC/CDD) framework. This project is aimed at enhancing the efficiency of the banking sector, reducing duplication of the compliance process, fostering greater competition in the financial system and thus strengthening the monetary transmission mechanism, even while continuing to meet anti-money laundering and counter-terrorism financing (AML/CFT) requirements. The Account Portability project was also advanced during the year.

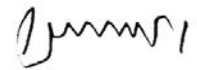
The strong focus on culture transformation continued during the year, with the implementation of elements of the Bank's enhanced performance management framework. Key initiatives included leadership coaching for the senior management team, bank-wide performance management training, planning for the phased introduction of a 360-degree feedback mechanism and a reform of the performance incentive arrangement.

Bank of Jamaica recognises that effective communication on monetary policy and financial stability is essential to fulfilling its mandate. Accordingly, clear and consistent communication remained a central pillar of the Bank's proactive policy actions and its moral suasion efforts. Throughout the year, the Bank implemented initiatives across multiple communication channels to strengthen its policy effectiveness. In addition, the Bank continued to undertake outreach programmes that promote education

and the arts as well as supported disaster relief initiatives in the immediate aftermath of the hurricane. These efforts were consistent with the Bank's longstanding belief in the importance of service to community.

In conclusion, Bank of Jamaica is committed to playing a pivotal role in the sustainable recovery of our country and our people at this time. The aftermath of Hurricane Melissa, particularly in Western Jamaica, is expected to adversely impact the country's key macroeconomic indicators over the next two to three years. Against this backdrop, the Bank however remains focussed on preserving a stable macroeconomic environment as an essential component of the country's recovery and reconstruction efforts. The MPC will therefore continue to closely monitor global and domestic developments and take appropriate actions, as necessary, to support the effective execution of this mandate. This commitment is in recognition that if inflation is not maintained, every sector of the Jamaican society will be adversely impacted, especially the poor and most vulnerable.

I extend sincere appreciation to the Board of Directors, Statutory Committees, management and staff for their continued dedication and professionalism over the year. This support has bolstered the Bank's mission to become a world leading central bank, contributing meaningfully to Jamaica's economic recovery and thrust towards sustainable development.



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 and consistent monetary policies, while ensuring financial system stability through robust supervisory and regulatory policies. Under the Bank of Jamaica (Amendment) Act, 2020, the principal objectives of the Bank shall 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 an inflation target of 4.0 per cent 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 (DTIs) on 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 DTIs and their financial holding companies. 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 financial system stability oversight in collaboration with the Financial Services Commission and the Jamaica Deposit Insurance Corporation (JDIC) through three statutory committees: the Financial System Stability Committee

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

Other Responsibilities

In addition to the primary mandates 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 2025

During 2025, work advanced to implement the Twin Peaks Model of financial sector regulation and supervision in Jamaica, although the legislative process was delayed. 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 financial sector. During the year, significant advances were achieved across the Prudential, Technology and Twin Peaks Practice workstreams.



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

GOVERNANCE



SIR JOHN A. WETHERHOLT
MEMORIAL TO HIS SERVICES TO THE UNIVERSITY
1954-1994

GOVERNANCE

The Bank of Jamaica (Amendment) Act, 2020, reflects 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 2025, sittings of the Board, Board Committees and Statutory Committees continued to be held virtually with the agreement of members. The only exceptions were the Monetary Policy Committee and the Financial Policy Committee, which convened in person in August and September, respectively.

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 2025, 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 four appointed members of the Board were: Dr Christine Clarke, Mrs. Andrea Coy, Mr. Richard Powell and Dr Serge Trevor Alleyne. At 31 December 2025, there was one vacancy on the Board.

- **Board of Directors' Meetings**

The Board held 14 meetings in 2025, 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. The Committee, which is required to meet at least four times per year, met seven times in 2025.

The Budget Committee was chaired by Mr. Richard Powell. The other members of the Committee were Dr Wayne Robinson and Dr Serge Trevor Alleyne. This committee met twice in 2025, satisfying the minimum requirement.

Mrs. Andrea Coy chaired the HRD Committee with the other member being Mr. Richard Powell. There is one vacancy on the Committee. This Committee is required to meet quarterly or more often, as necessary. Five meetings were held during 2025 (see **Table 1**).

SEET DEH!



ROLE AND FUNCTIONS OF BANK OF JAMAICA

Bank of Jamaica's principal objectives are the maintenance of price stability (inflation within the target range of 4 to 6 per cent) and financial system stability, with the primary objective being the maintenance of price stability.

Table 1: Board of Directors' Meetings and Board Committee Meetings for 2025

| 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. | 14 |
| 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. | 5 |

Evaluation of Board, Board Committees & Statutory Committees, PwC Corporate Services (Jamaica) Limited

It is a requirement under The Bank of Jamaica (Governance) Rules – Paragraph 2(1)(h) of the Second Schedule to the Bank of Jamaica

(Amendment) Act, 2020, that there are established procedures for periodic evaluation of the Board and its Statutory Committees. This is to ensure that the

Board and Statutory Committee members are effective in the fulfilment of their responsibilities and respective mandates.

PwC Corporate Services (Jamaica) Limited was engaged in March 2024 to undertake a comprehensive evaluation of the Board and Statutory Committees. The objective of the evaluation was to identify strengths, weaknesses and challenges to strengthen governance at the highest level and enhance accountability and transparency.

The final report, which included recommendations for both short- and long-term improvements in governance and alignment with strategic objectives, was presented to the Board, Management Committee and Statutory Committees in June and July 2025, respectively. These recommendations are expected to enhance organisational governance and better align operations with strategic objectives. The engagement with PwC concluded in August 2025.

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, established by the 2015 amendment to the Bank of Jamaica Act; the Monetary Policy Committee; and Financial Policy Committee, 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, 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 2025

| Committee | Mandate | No. of meetings |
|---------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| Supervisory Committee | The SC provides prudential regulation and supervision of deposit-taking institutions, their financial groups and holding companies. | 5 |
| 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. | 24 |
| 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, who are 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 2025, 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 five meetings during 2025.

- **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 34I of the Bank of Jamaica (Amendment) Act, 2015. For 2025, 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 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.

At 31 December 2025, the members were Governor Richard Byles, Senior Deputy Governor Dr Wayne Robinson, Deputy Supervisor Dr Jide Lewis, Financial Secretary Ms Darlene Morrison, Lieutenant Colonel (Lt Col) Keron Burrell (who was seconded from Bank of Jamaica to the FSC as Executive Director, 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 2025.



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 2025, 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, 24 meetings (22 virtually and two in-person) 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 external members of the Committee 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 2025, 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 2025, six meetings were held (five virtual and one in-person).

- **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. This MOU was replaced by a new MOU 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) minimising 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 2025, 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 2025, seven meetings were held.

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 2025 are described below:

- (i) Salary Range of Executive Management
 - \$24 096 147.51 – \$43 301 625.36
- (ii) Allowances – Deputy Governors
 - \$2 863 998.25 – \$7 151 867.56

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-2025, 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, FSSC, MPC and FPC. Statutory Committee members are not eligible for staff-related benefits.

ADMINISTRATION



JOHN H. WETHERHOLT
PRESIDENT OF UNIVERSITY OF MISSISSIPPI
1968-1978



oyce Awards

Jeremiah

2025



Deputy Governor E. George Roper at the 2025 Employee Awards Ceremony

ADMINISTRATION

During 2025, the Bank continued to prioritise the implementation of key strategic initiatives aimed at strengthening talent management capabilities and supporting organisational effectiveness. A major milestone achieved during the year was the successful implementation of critical modules of the new Human Capital Management System. This initiative is expected to significantly improve the efficiency and effectiveness of human resource management processes, while enhancing access to timely and relevant

information for both employees and managers through expanded self-service functionality.

Progress also continued on the Bank's organisational restructuring programme, with a number of approved organisational reviews resourced during the year. Learning and development remained a central focus, as the Bank undertook targeted interventions to close critical skills gaps and to ensure organisational readiness for the transition to the Twin Peaks Regulatory Model.

Significant progress on strategic human capital initiatives in 2025

During 2025, the Bank advanced three key strategic human capital initiatives:

- (i) Implementation of the Human Capital Management System;
- (ii) Enhanced Performance Management Programme; and
- (iii) Culture Transformation Programme.

At 31 December 2025, several core components of the HCM Project had been successfully implemented, including modules supporting employee job and personal data management and benefits enrolment. In alignment with the new system architecture, employee identification numbers were updated for a number of staff members. In addition, a comprehensive review of human resource policies and procedures was undertaken to ensure alignment with the system's workflows, automation capabilities and improved controls.

Meaningful progress was also made under the Enhanced Performance Management and Culture Transformation Programme. This included a comprehensive review of the Bank's performance appraisal policies, systems and processes, with the objective of establishing a modern, performance-driven framework. By year-end, the Bank had established a revised Performance Management Framework and a Revised Rewards and Recognition Framework as well as the implementation of a performance coaching initiative to support sustained employee development and accountability.

BOJ workforce continues to support operational and strategic imperatives

At 31 December 2025, the Bank's total staff complement stood at 730, comprising 529 permanent employees and 201 fixed-term contract employees supporting a range of strategic projects. During the year, 37 staff were recruited while 31 employees exited the organisation, reflecting continued workforce stability in support of operational and strategic requirements.



BOJ Staff during 'Rep your School' day in the week of the ISSA Grace Kennedy Boys and Girls Championships

Organisational reviews driving transformation

The organisational development programme remained focused on strengthening the Bank's operating model to support its evolving mandate, particularly in preparation for the transition to the Twin Peaks Regulatory Model. Notably, the Bank completed and approved reviews of its high-level organisational structure and that of the Financial Institutions Supervisory Division (FISD), providing a critical foundation for the implementation of regulatory reform.

Implementation and change management activities continued in respect of revised organisational structures across several business units, including the Information Technology and Records Management Division (ITRMD), Procurement Management, Finance and Accounts, Financial Stability and Market Operations and Analysis Departments. These changes are expected to enhance the Bank's capacity to deliver on its price and financial stability mandates and to strengthen ITRMD's role in leading the Bank's digital transformation agenda.

By end-2025, organisational reviews had been completed for 73.0 per cent of business units, relative to a target of 80.0 per cent.

Learning and development initiatives supported major strategic imperatives

The Bank pursued an extensive learning and development agenda during 2025, with particular focus on strengthening supervisory and regulatory capacity in support of the Twin Peaks framework. Partnerships with subject matter experts enabled targeted upskilling of teams within the FISD, while continued collaboration with Oxford University facilitated delivery of a bespoke leadership development programme for people leaders.

In support of the Bank's strategic plan, a bank-wide change management sensitisation programme was also implemented to strengthen organisational awareness, resilience and change readiness. Collectively, these initiatives underscored the Bank's commitment to developing a resilient, future-ready workforce aligned with both institutional and national priorities.

During the year, 130 training and development interventions were delivered, reaching 712 employees and resulting in a training coverage rate of 98.0 per cent.



BOJ staff celebrating Administrative Professionals' Day 2025

Employee relations climate remained stable and compliance achieved in safety matters

The industrial relations climate remained stable throughout 2025, with all issues successfully resolved internally. Constructive engagement with employee

representative groups facilitated the successful conclusion of consultations on wage improvements.

In furtherance of its commitment to employee health and safety, the Bank hosted its inaugural observance of the World Day for Safety and Health at Work under the theme “Be Safe@BOJ”. All major safety assessments—including indoor air quality, water quality and noise levels—were completed, during the year, with the Bank achieving full compliance with both local and international standards.

BOJ Pension Fund membership remained robust

Membership in the BOJ Pension Fund was 1 200 at 31 December 2025. This comprised 526 active members, 526 pensioners, 100 deferred pensioners and 48 beneficiaries (45 spouses and three dependent children). Of the 526 active members, 252 or 48.0 per cent were vested.



HURRICANE MELISSA TESTED OUR STRENGTH BUT NOT OUR SPIRIT. WE HAVE WEATHERED WINDS BEFORE AND WE SHALL AGAIN. OUR WILL MAY HAVE BENT, BUT IT IS NOT BROKEN. WITH GRIT, COMPASSION AND UNITY WE WILL REBUILD OUR HOMES, COMMUNITIES AND OUR GREAT NATION.

WE LIKKLE BUT WE TALLAWAH!

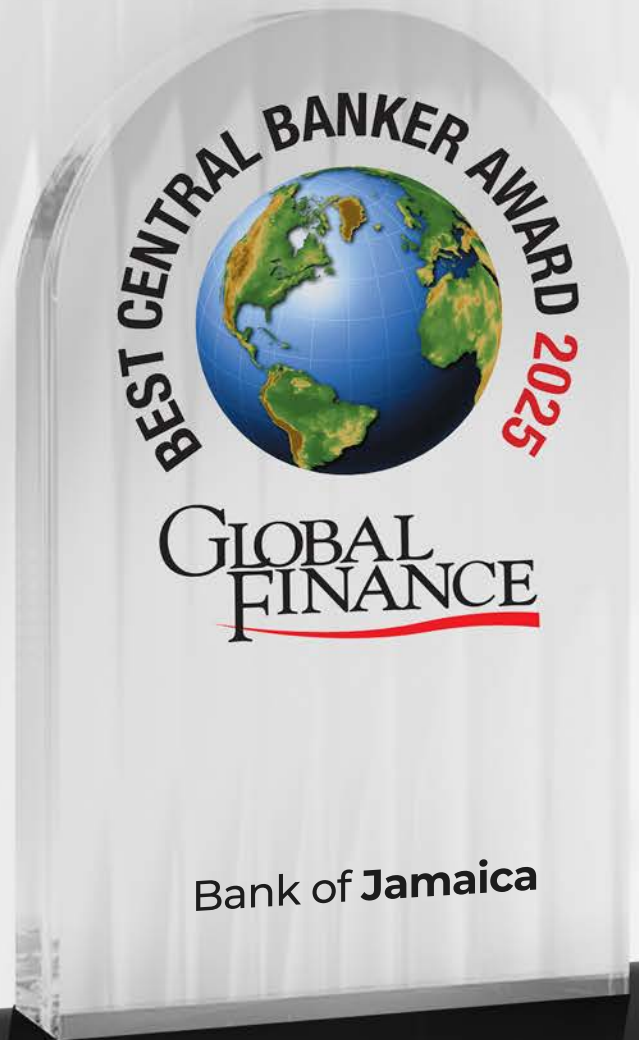


Bank of Jamaica

Best Bank Award 2025



Global Finance Magazine



Governor Richard Byles recognised as an 'A' Grade Central Banker

STRATEGIC PLAN



MR. JOHN WETHERSOLL
FOUNDED IN 1962

STRATEGIC PLAN

In 2025, Bank of Jamaica continued to make meaningful progress in executing its *Mission Excellence* – Resilience and Innovation strategy. The three strategic priorities remained: (i) supporting the achievement of the Bank’s mandate of maintaining price stability and financial system stability; (ii) digital

transformation, aimed at strengthening processes and systems to improve efficiency and resilience; and (iii) culture transformation, focused on enhancing leadership capability, employee engagement and alignment with the Bank’s core values.

Strategic Priority 1: Supporting the Mandate

Twin Peaks Model

Progress under the Twin Peaks initiative continued in 2025, although the legislative process remained delayed. Despite this, significant advances were achieved across other workstreams. The Prudential workstream completed all scoped activities, including supervisory frameworks to support the legislative process. The Market Conduct & Consumer Protection workstream made substantial progress in defining the consumer protection framework to guide the Financial Services Commission’s regulation of deposit-taking and non-financial institutions. Under the Technology workstream, the supervisory technology business optimisation process was completed, informing the Request for Proposals (RFP) requirements, which were issued in November 2025 to identify a system and a vendor. The Twin Peaks Practice workstream delivered tangible outcomes, including the first set of joint BOJ–FSC assessments in the securities dealers and insurance sectors as well as the completion of the first market conduct assessment at a deposit-taking institution.

Electronic Know-Your-Customer and Account Portability projects

During 2025, the Bank made substantial progress in advancing the Electronic Know-Your-Customer (e-KYC) project, aimed at enhancing competition and efficiency within the banking system. Key consultative

and preparatory milestones were completed to support the design and procurement of the solution.

The Bank published the World Bank e-KYC Consultation Paper Frequently Asked Questions (FAQs) in March 2025 and subsequently issued the e-KYC Operational Model Consultation Paper in June 2025, followed by its corresponding FAQs in September and October 2025. Governance-related risks associated with the solution were reviewed and approved during the year.

A comprehensive current-state assessment and target-state design exercise was completed, supported by stakeholder workshops and consultations. The legal workstream conducted a legislative review of selected international jurisdictions. Following Phase I technical support, the Bank issued the RFP for the e-KYC solution in November 2025. The RFP attracted strong market interest and advanced the procurement process in preparation for vendor evaluation and selection in early-2026.

33 The Market Conduct & Consumer Protection workstream made substantial progress in defining the consumer protection framework 33

Account Portability Project

The Account Portability project builds on the e-KYC initiative and is aimed at promoting competition and consumer choice within the banking system by making it easier for customers to move their existing accounts between financial institutions. Approval was granted for the development of a comparative banking web platform to improve transparency and support informed consumer decision-making. Focus group testing commenced in December 2025, and the platform is scheduled for launch in 2026, supported by a targeted marketing campaign.

Nethersole Place Expansion Project

There was progress in the Nethersole Place Expansion project during 2025. This initiative is aimed at delivering a modern, safe, secure, ergonomic and aesthetically pleasing work environment that supports productivity and staff well-being.

The project formally commenced with a kick-off meeting in February 2025 and work on the concept and architectural drawings progressed significantly during the year.

Business Continuity Site Project

The Bank's Business Continuity Site project is intended to provide an alternative facility to ensure the uninterrupted conduct of mission-critical activities in the event that the Bank's main building becomes inaccessible due to natural or man-made disasters. During 2025, the procurement process commenced for a full-service consultant to support the construction phase of the project.

Strategic Review of Compensation to Support Mandate

To support effective mandate delivery, the Bank maintained a strong focus on attracting and retaining a competent cadre of central bankers. Building on the 2022 review of the Bank's compensation philosophy, the phased compensation programme continued in 2025 and concluded with agreement on the alignment of team members' basic salaries to the 75th percentile of the market. Management remains committed to conducting annual compensation reviews and making related policy-based recommendations.



Governor Richard Byles and Senior Deputy Governor Dr Wayne Robinson at a Quarterly Monetary Policy Press Conference

Strategic Priority 2: Digital Transformation

JAM-DEX®

The Central Bank Digital Currency (CBDC)/JAM-DEX® project recorded positive momentum during 2025. JAM-DEX® was successfully piloted with Tax Administration Jamaica, facilitating payments for a range of services.

Throughout the year, the Bank's communications and business development efforts supported the formation of partnerships with merchants, expanding the range of use cases. Accordingly, JAM-DEX® penetration increased across several sectors, including restaurants, entertainment and bookstores.

For 2025, overall usage and spending via JAM-DEX® increased relative to 2024, with a higher volume of digital currency in circulation at year-end.



BOJ staff at the 2025 'Strategic Kick-off' event

Key Projects to Enhance Operational Efficiency

During 2025, the Bank advanced several initiatives to strengthen the efficiency and effectiveness of internal processes. The Human Capital Management solution reached production readiness for key modules and progressed toward a January 2026 launch. The Key Information for Organisational Strategic Knowledge project delivered important outputs despite data transformation complexities, automating critical workflows and improving data quality. Procurement for the Business Process Inventory Management (BPIM) project was completed and implementation commenced. Additionally, the Enterprise Document & Records Management System (EDRMS) project was reinitiated, a vendor was selected and the programme advanced to testing and training ahead of a pilot rollout.



Guest speaker Mr. Leighton McKnight at the Bank's 2025 'Strategic Kick-off' event

Strategic Priority 3: Culture Transformation

Enhanced Performance Management

Implementation of elements of the Bank's enhanced performance management framework commenced during 2025. Key initiatives included, leadership coaching for the senior management team, bank-wide performance management training, planning for the phased introduction of a 360-degree feedback mechanism and a review of the performance incentive programme.

Employee Engagement

The Bank maintained a strong focus on employee engagement as a key pillar of its culture

transformation agenda. In the third quarter of 2025, the Bank conducted an Employee Engagement Survey and an assessment of alignment with core values, supported by focus group sessions. These activities achieved strong employee participation.

Management remains committed to acting on staff feedback and advancing initiatives to enhance employee welfare and strengthen Bank of Jamaica's reputation as a great place to work.



Governor Richard Byles and mural artist Ms. Pamella Chang (centre) cut the ribbon at the BOJ mural unveiling at the Kingston Creative Art District in June 2025



SUMMARY OF

Bank of Jamaica Strategy

Tagline: Mission Excellence

| | | | |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|--|
| Vision | The world's leading central bank contributing to the development of the Caribbean region. | | |
| Mission | To formulate and implement monetary and regulatory policies to promote price and financial stability and support economic growth. | | |
| 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 rewards and competitive compensation and professional development of staff. | |

| Strategic Objectives | | Measures (KPIs) |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| CUSTOMER/STAKEHOLDER Price Stability & Financial System Stability Excellence <div style="text-align: center;"> <p><i>Improve Stakeholder Satisfaction & Public Confidence (SO#1)</i></p> <p><i>Strengthen Price Stability & Financial System Stability (SO#2)</i></p> </div> | 1. Stakeholder Relations Index 2. Inflation Target Ratio 3. Financial System Stability Score | |
| STEWARDSHIP Governance Excellence <div style="text-align: center;"> <p><i>Strengthen Governance (SO#3)</i></p> </div> | 4. Corporate Compliance Index 5. Foreign Currency Reserves Management Index | |
| BUSINESS PROCESSES Operational Excellence <div style="text-align: center;"> <p><i>Improve Monetary, Regulatory & Macro-prudential Processes (SO#4)</i></p> </div> | 6. Corporate Efficiency Score | |
| ORGANIZATIONAL CAPACITY Great Place To Work <div style="text-align: center;"> <p><i>Strengthen Talent Management, Engagement & Culture (SO#5)</i></p> <p><i>Improve Infrastructure Capacity & Resilience (SO#6)</i></p> </div> | 7. Employee Engagement Score 8. Talent Management Index 9. Core Values Alignment Index 10. Infrastructure, Capacity & Resilience Index | |

Core Values :

Fairness

Equity

Transparency

Excellence

STRATEGIC PLAN

Strategic Plan 2021 – 2025

Resilience & Innovation

Government of Jamaica.

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

| Risk | Governance Excellence | Price Stability & Financial System Stability Excellence | |
|----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| Work environment with that promotes the 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) | | | |
| Baseline Score | | | |
| Baseline Score | | | |
| 80% | <ol style="list-style-type: none"> Twin Peaks Enhancing Banking System Competition | <ol style="list-style-type: none"> National Roll-out of CBDC | |
| 75% 80% Baseline Score 80% | <ol style="list-style-type: none"> Business Continuity Infrastructure Programme Nethersole Place Expansion Project | <ol style="list-style-type: none"> Human Capital Management (HCM) System Enterprise Document & Records Management System (EDRMS) Key Information for Strategic Knowledge (KIOSK) Business Processes Inventory Management (BPIM) | <ol style="list-style-type: none"> Enhanced Performance Management Programme Culture Transformation Programme |
| Confidentiality | Honesty | Integrity | Respect Team Work |

MONETARY POLICY



JOHN H. DETHLEFSEN
MINISTER OF FINANCE 1967-1974



DR WAYNE ROBINSON

Senior Deputy Governor, Bank of Jamaica

Senior Deputy Governor Dr Wayne Robinson with oversight of the Research and Economic Programming Division

MONETARY POLICY

Domestic inflation remained within the Bank's target range of 4.0 to 6.0 per cent for the majority of 2025, closing the year at 4.5 per cent. This represented a deceleration from 5.0 per cent at end-2024, continuing the downward trend observed since 2022. The moderation in inflation in 2025 was influenced by the Bank's monetary policy stance, which supported a relative stability in the exchange rate and moderating inflation expectations, as well as a general decline in international commodity prices.

Inflation fell below the lower-bound of the target range on five occasions during the year, in comparison to the three upper end breaches in 2024. These breaches primarily reflected normalisation in agricultural inflation following the adverse impact of Hurricane Beryl on the sector in

2024. However, in the last quarter of the year, there was an acceleration in inflation due to the passage of Hurricane Melissa on 28 October 2025, which resulted in a rise in agricultural inflation.

Against this background, the Bank maintained its accommodative monetary policy stance throughout the year. This included: (i) a gradual reduction in the absorption of Jamaica Dollar liquidity via the use of open market operations; (ii) lowering the policy rate to 5.75 per cent; and (iii) maintaining relative stability in the foreign exchange market. The MPC noted that future monetary policy adjustments would be guided by developments in inflation relative to the target range.

BOJ maintained an accommodative monetary policy stance in 2025

In the context of a general deceleration in annual point-to-point inflation, Bank of Jamaica's MPC maintained an accommodative policy stance during 2025. The Bank's policy rate (the rate offered to DTIs on their current account balances held at BOJ) was maintained at 6.0 per cent for the first two policy decisions in 2025, before being reduced by 25 basis points (bps) to 5.75 per cent in May 2025. In the subsequent five successive meetings of the MPC the decision was taken to hold the policy rate. Notably, in March 2025, the Bank narrowed the interest rate corridor from 200 bps to 100 bps. This adjustment was intended to strengthen the signaling effect of the Central Bank's monetary policy actions and improve the alignment of short-term market rates with the policy rate. Consequently, the rate on the Bank's Standing Liquidity Facility (SLF) ended the year at 6.75 per cent per annum.

Chart 1: Policy interest rates and SLF rates (percentage rate)



Source: BOJ

Inflation remained largely within the Bank's target for most of 2025

Annual inflation remained within the Bank's target of 4.0 to 6.0 per cent on seven occasions during the year (see **Chart 2**). Inflation fell below the lower-bound of the inflation target on five occasions during the year, largely reflecting the impact of (i) improvements in agricultural supplies following the impact of adverse weather on the sector in 2024; (ii)

continued moderation in international commodity prices; (iii) a decline in inflation expectations; and (iv) a reduction in the General Consumption Tax (GCT) on electricity consumption.

As a consequence of these factors, domestic inflation decelerated throughout the year to 4.5 per cent at December 2025, relative to 5.0 per cent recorded at December 2024 (see **Chart 2**). Notwithstanding the general downward trend, the passage of Hurricane Melissa on 28 October 2025 led to an acceleration in inflation towards the end of 2025.

Underlying or core inflation (which removes the impact of changes in the prices of agricultural food products and fuel from headline inflation) was 4.2 per cent at December 2025, an acceleration from the 3.9 per cent at December 2024. The acceleration in core inflation occurred toward the end of 2025 and primarily reflected an up-tick in inflation expectations and second-round effects associated with the impact of Hurricane Melissa. Following the hurricane, inflation expectations (measured through a survey of business firms) increased to 6.8 per cent in the December 2025 quarter from 5.8 per cent in the September 2025 quarter. Notwithstanding this increase, the outturn was lower than the 7.2 per cent recorded in the December 2024 survey.

Chart 2: Inflation fell within target for majority of 2025
(annual per cent)



Source: STATIN, BOJ

Commodity prices generally trended downward during the year

Lower commodity prices contributed to subdued inflationary pressures during the year. In particular, West Texas Intermediate (WTI) crude oil prices averaged US\$64.84 per barrel in 2025, down from US\$75.78 per barrel in 2024. This decline primarily reflected increased oil production by OPEC+ and non-OPEC producers, which resulted in higher global inventories. In contrast, LNG prices increased to an average of US\$3.63 per million British Thermal Units (BTUs), compared with US\$2.42 per million BTUs in the previous year.

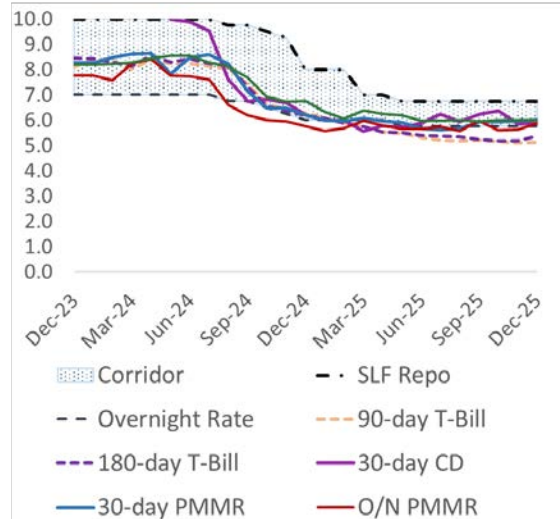
Average grains prices declined by 6.1 per cent in 2025, relative to average prices in 2024. The reduction was associated with lower prices for soybean (10.7 per cent annual decline) and wheat (7.4 per cent annual decline). The moderation in average grains prices was supported by favourable weather conditions in key producing regions and reduced production and transportation costs associated with lower crude oil prices.

Money Market rates generally converged to the policy rate

In the context of the Bank’s 25 bps reduction in its policy rate during the year, there were declines in selected market interest rates (see **Chart 3**). Specifically, at December 2025, the average 30 – day and the inter– bank private money market rates were 6.03 per cent and 6.00 per cent, respectively, representing declines of 17 bps and 75 bps, relative to December 2024. In contrast, the overnight private money market rate increased by 12 bps to 5.88 per cent at December 2025.

The average yield on the BOJ’s 30–day Certificates of Deposit (CDs) declined by 67 basis points to 5.92 per cent in December 2025, relative to the average yields in December 2024. Average yields on GOJ Treasury Bills declined across all tenors relative to December 2024, with the GOJ 90–day, 180–day and 270–day tenors recording declines of 116 bps, 81 bps and 67 bps, respectively, to 5.13 per cent, 5.37 per cent and 5.61 per cent at December 2025.

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



Source: BOJ

The weighted average deposit rate for commercial banks was 2.14 per cent at December 2025, a decrease of 57 bps, relative to December 2024. The decrease in the deposit rate largely reflected declines of 126 bps and 18 bps in time and demand deposit rates, respectively, to 4.61 per cent and 1.53 per cent in December 2025, relative to December 2024. In contrast, the savings deposit rate increased by 2 bps to 1.06 per cent. The weighted average lending rate on bank loans to the private sector was 12.44 per cent at December 2025, reflecting an increase of 9 bps, relative to December 2024.

The foreign exchange rate exhibited relative stability in 2025

The foreign exchange market remained relatively stable throughout 2025. The Jamaica Dollar depreciated on an annual average basis by 1.7 per cent against the US dollar compared to 1.4 per cent for 2024. This relative stability occurred in a context of the Bank’s continued actions 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. This was also supported by the continued sustainability of

Jamaica’s external accounts which was manifested in an estimated current account surplus for the year.

Foreign exchange market stability was supported by adequate inflows from tourism and remittances as well as measures implemented by the Bank to attenuate episodic demand pressures. BOJ provided approximately US\$1.2 billion to the system through Bank of Jamaica Foreign Exchange Intervention and Trading Tool (B-FXITT) sale operations and direct sales to key entities.¹ Of note, the Bank purchased approximately US\$2.2 billion from the system via surrenders from Authorised Dealers and cambios.

Following the passage of Hurricane Melissa, the Bank introduced special pre-emptive measures to preserve relative stability in the foreign exchange market. These measures took into consideration the extraordinary demand for foreign exchange to finance increased imports made necessary by the rehabilitation and reconstruction efforts. Consequently, the Bank sold US\$250 million into the market for the period November to December 2025. Additionally, selected players in the energy sector were directly supplied with foreign exchange to remove large purchases from the market. The Bank also re-introduced scheduled advanced notices of intervention sales in order to assure the market of adequate foreign currency liquidity.

Chart 4: Continued flexibility in the USD/JMD exchange rate



Source: BOJ

¹ The Bank augmented US dollar liquidity to the market through B-FXITT sales and direct sales to key entities amounting to US\$1.2 billion and US\$57.0 million, respectively.

Economic Highlights in 2025

Jamaica severely impacted by Category 5 Hurricane Melissa

On 28 October 2025, Jamaica's economy was severely disrupted by the impact of Category 5 Hurricane Melissa. The hurricane caused widespread devastation to the capital stock across all sectors, with estimated damage exceeding 40.0 per cent of GDP. Damage from the hurricane also undermined economic activity, which had been recovering in the aftermath of Hurricane Beryl in 2024.

Real economic activity contracted in 2025

Real economic activity is estimated to have declined by 0.5 to 1.5 per cent in 2025, largely reflecting the adverse impact of Hurricane Melissa on economic output in the December quarter. This estimated contraction followed the decline of 0.5 per cent in 2024 when the economy was adversely affected by Hurricane Beryl. The decline in these two years was in contrast to the growth that was in evidence since 2021 (see **Chart 5**).

The estimated decline for 2025 largely reflected contractions in Agriculture, Forestry & Fishing, Accommodation & Food Service Activities, Mining & Quarrying, Wholesale & Retail Trade; Repair of Motor Vehicle Installation of Machinery & Equipment as well as Electricity, Water Supply & Waste Management. The impact of the estimated declines in these industries was partly offset by assessments of growth in Manufacturing, Finance & Insurance Services, Public Administration & Defense as well as Construction.

For Agriculture, Forestry & Fishing, the estimated decline was underpinned by the adverse impact of Hurricane Melissa. Following three consecutive quarters of growth, the industry suffered a major setback in the December quarter, as severe weather conditions resulted in widespread destruction across all crop groups as well as significant losses

to livestock. The estimated contraction in Accommodation & Food Service Activities reflected a decline of 11.0 per cent in foreign national arrivals for 2025, mainly due to the closure of approximately 43.0 per cent of the total room stock following the passage of the hurricane.

Mining & Quarrying is estimated to have declined based primarily on the contractions which occurred in the June and December 2025 quarters. The decline of 4.8 per cent in the June 2025 quarter, largely stemmed from operational challenges at all plants, particularly the Ewarton plant. The industry is estimated to have contracted sharply in the December 2025 quarter following the passage of Hurricane Melissa, which halted production at all plants as well as damaged inventories and equipment.

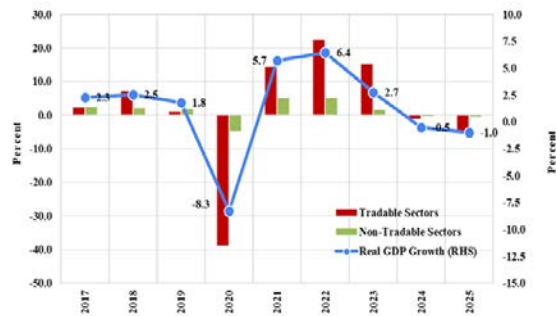
The estimated decline in Wholesale & Retail Trade was mainly attributable to the impact of Hurricane Melissa on distribution chains, on inventories and from damage to facilities. Additionally, the estimated fallout in related industries, such as Agriculture and Manufacturing, negatively impacted the sector.

For Electricity, Water Supply & Waste Management, the estimated contraction reflected declines in electricity consumption in the June and the December quarters.² The industry faced significant downward pressures in the December quarter as Hurricane Melissa severely damaged utility infrastructure.

“ On 28 October 2025, Jamaica's economy was severely disrupted by the impact of Category 5 Hurricane Melissa. ”

² In the June quarter, the industry's performance was largely influenced by a 4.7 per cent reduction in electricity consumption.

Chart 5: The Jamaican economy contracted in 2025
(percentage change in GDP)



Source: STATIN, BOJ

Jamaica's current account surplus deteriorated in 2025

Provisional data indicated that Jamaica's current account (CA) surplus deteriorated by US\$349.1 million to US\$329.7 million (1.5 per cent of GDP) in 2025 relative to US\$678.8 million (3.1 per cent of GDP) in 2024. This outturn marked a reversal in the trend improvement since 2023. The lower surplus in the CA was largely driven by a deterioration in the *Services* and *Merchandise Trade* balance, partly offset by improvements in the *Current Transfers* and *Income* sub-accounts.

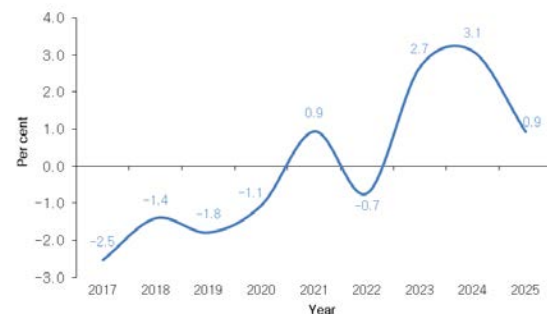
For the *Services* balance, the decline largely reflected a deterioration in travel inflows underpinned by the loss of capacity in the sector following Hurricane Melissa. The worsening in the *Merchandise Trade* balance was largely due to increased importation needed to facilitate the economy's infrastructure rebuild and the provision of relief supplies.³ In contrast, the improvement on the *Current Transfers* sub-account was due to higher GOJ insurance receipts and remittance inflows associated with the altruistic behaviour from the diaspora. The lower deficit on the *Income* sub-account was related to lower profit repatriation by

³ This was manifested in higher consumer goods, transport equipment and raw materials volumes.

⁴ 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

direct investment companies stemming from lower alumina prices.

Chart 6: Jamaica's Current Account to GDP



Source: BOJ

Unemployment recorded historic low in 2025

Labour market conditions improved in 2025, evidenced by a reduction in the unemployment rate between the January 2025 and October 2025 labour market surveys.⁴ Notably, the unemployment rate recorded historic lows of 3.3 per cent in the April, July and October 2025 surveys, respectively.⁵

● Fiscal Management

There were a series of revisions to the GOJ's budget for fiscal year (FY) 2025/26, the last one being in response to the passage of Hurricane Melissa.

The GOJ tabled its original budget for the fiscal year in February 2025, to achieve fiscal and primary balances consistent with the downward trajectory of the debt/GDP ratio to no more than 60.0 per cent of GDP by end-March 2028.⁶

On 01 July 2025, the First Supplementary Estimates were tabled which primarily reflected upward revisions to allocation of the amounts to Ministries,

market outturns for 2024 cannot be compared with prior year outturns.

⁵ The Labour Force Survey for October 2025 had a reference week of 05 – 11 October 2025, which provided a snapshot of Jamaica's labour market prior to the passage of Hurricane Melissa on 28 October 2025.

⁶ Accordingly, the focus is aimed at achieving targeted fiscal and primary balances of 0.0% of GDP and 5.1% of GDP, respectively, under the Approved Budget.

Departments and Agencies (MDAs) to facilitate the payment of wages and salaries.

The second Supplementary Estimates were tabled on 21 October 2025, principally reflecting adjustment in subjects, MDAs as well as other public bodies in a context where the budgeted Revenue & Grants was unchanged.⁷

In response to the damage associated with Hurricane Melissa, the GOJ temporarily suspended the fiscal rule, restructured its revenue forecast and enacted fiscal measures to support stabilisation and recovery over the near- and medium-term. In this context, on 02 December 2025, the Government tabled the Third Supplementary Estimates to reflect revisions to both revenues and expenditure arising from the impact of Hurricane Melissa on the economy. Specifically, tax revenues were revised downward, while non-tax revenues were adjusted upward to reflect receipts of insurance pay-outs triggered by the hurricane.⁸ The lower tax inflows were due primarily to the adverse impact of the hurricane on the economy as well as the shifting of asset tax receipts to April 2026 (FY2026/27) from March 2026.

Expenditure was revised upwards to primarily reflect increases in programmes, compensation of employees and debt service payments. The greater programme spending was due mainly to response and recovery efforts for infrastructure repairs, disaster management and social support programmes for communities affected by the hurricane. Higher compensation of employees and debt payments reflected higher costs associated with yearly salary increments and increased payments on the domestic debt, respectively.

⁷The Second Supplementary Estimates for FY2025/26 reflected structural realignments across MDAs following the general election, ensuring that parliamentary approvals matched the Government's updated organisational responsibilities, without meaningfully changing total planned spending or revenue.

⁸ Insurance payouts triggered by Hurricane Melissa amounted to US\$156.0 million from the World Bank Catastrophe Bond and US\$91.0 million from the Caribbean Catastrophe Risk Insurance Facility (CCRIF).

⁹ For comparison, the GDP used from the Approved Budget is \$3 482.4 billion.

For the period April to December 2025, Central Government's operations resulted in a fiscal deficit of 0.7 per cent of GDP, in comparison to the budgeted deficit of 1.8 per cent of GDP.⁹ The lower deficit reflected higher than budgeted Revenue & Grants, as well as lower than budgeted expenditure. For the review period, there was an improvement in revenues (primarily non-tax revenues), attributable to the securitisation of the Sangster's International Airport.¹⁰ However, within tax revenues, there was decline in the International Trade tax category given lower international trade taxes for GCT (imports) and SCT (imports).¹¹

With respect to expenditure, the decrease was primarily attributed to lower capital expenditure which was partly offset by higher programme spending and compensation of employees. The lower capital spending reflected a slower than budgeted pace of project execution. Higher programme spending reflected recovery efforts due to the impact of Hurricane Melissa. The increase in compensation of employees reflected higher wage costs associated with yearly salary increments.

Jamaica's sovereign ratings improved in 2025

For 2025, Jamaica's sovereign credit ratings from major credit rating agencies either showed improvements and or were stable. In particular, on 25 September 2025, Standard & Poor's Global Ratings (S&P) upgraded Jamaica's long-term foreign and local currency sovereign credit ratings to 'BB,' from 'BB-' while its outlook remained "Positive". The rating reflected S&P's assessment of Jamaica's strengthened institutional and policy frameworks, underpinned by broad political and

¹⁰ In August 2025, the Government of Jamaica raised approximately \$58.7 billion through the securitisation of future revenue streams of the Sangster International Airport. The funds were used primarily for general budgetary support, water infrastructure projects and funding other national initiatives, such as tax relief and road programmes, while also helping to partially refinance existing debt.

¹¹ Nominally, revenues were higher by \$6.2 billion due to the lower nominal GDP that underlies the Approved Budget. The higher revenues reflect greater inflows from the Production & Consumption category due to greater GCT (local) and Education Tax.

economic consensus on debt reduction. S&P expected the Government to remain committed to the legislated debt-to-GDP target of 60.0 per cent or less by March 2028, supported by a strong track record of sustained primary surpluses. Jamaica has been the only one of 141 rated sovereigns to record primary surpluses above 3.0 per cent of GDP for ten consecutive years, despite major shocks. The positive outlook reflected expectations that continued fiscal discipline would enable the debt target to be met earlier than planned and further reduce the debt burden.

On 18 December 2025, S&P affirmed Jamaica's long-term foreign and local currency issuer default ratings at 'BB' and revised its outlook on Jamaica from "positive" to "stable". The revised outlook reflected the view that the likelihood that Jamaica's creditworthiness could further strengthen within the next year had become more remote given the damage to the country from Hurricane Melissa. The agency expected the country's recovery process to be gradual and that the government's debt burden would rise before resuming its long-term declining trajectory.

Fitch Ratings affirmed Jamaica's long-term foreign and local currency issuer default ratings at 'BB-' but revised the outlook to "stable" from "positive" on 20 November 2025. The agency's outlook reflected the

expectation of economic contraction following significant damage inflicted on Jamaica from Hurricane Melissa. The agency expressed significant uncertainty around the pace of recovery given adverse effects that could linger for key sectors such as tourism, agriculture and mining. In addition, the agency cited that the economic contractions and fiscal deficits will interrupt the prior strong downward trend in government debt-to-GDP.

On 19 December 2025, Moody's Investors Service (Moody's) upgraded Jamaica's long-term foreign and local currency issuer default ratings to 'Ba3' from 'B1' and revised its outlook on Jamaica from "positive" to "stable". The agency's upgrade reflected its assessment of a decade of strengthened institutional and policy frameworks that have underpinned fiscal discipline and bolstered monetary credibility. Moody's noted that it expected Jamaica to remain committed to sustained primary surpluses and to return its debt to a downward trajectory following a short-term rise linked to disaster recovery spending. The agency's revised outlook to stable reflected a balance between Jamaica's strengthened credit fundamentals and its structural constraints and vulnerabilities. Moody's cited that Jamaica's small economic size, dependence on tourism, modest growth prospects and high foreign currency debt makes the country vulnerable to external and climate-related shocks.

Outlook

Inflation forecast to rise above the target range over the next two years

Bank of Jamaica's most recent macroeconomic assessment indicates that, in the context of the impact of Hurricane Melissa, headline inflation is projected to increase but remain broadly within the Bank's target range, with temporary breaches expected for a few months in 2026. The projected rise reflects short-term supply and cost pressures, including second-round effects from reconstruction activities, which are expected to increase the prices

of selected goods and services, such as routine household maintenance, transport, energy and personal care items.

Against this background, the Bank will position monetary policy to minimise such effects and to constrain increases in inflation expectations (i.e. what businesses and consumers anticipate will happen to retail prices).

The risks to the inflation forecast are balanced. On the downside, inflation could be lower due to a

slower-than-anticipated recovery in domestic demand. On the upside, higher inflation could result from adverse weather as well as higher-than-projected inflation expectations. In addition, upward price pressures may arise from increased overall domestic spending amid the post-hurricane recovery efforts. In particular, the government's temporary suspension of the fiscal rule will allow for fiscal deficits over the next three years. These deficits, in supporting higher spending in the economy, could place pressure on the country's productive capacity and contribute to higher second-round price pressures.

At its meeting in December 2025, the MPC reaffirmed its view that preserving a stable macroeconomic environment is essential to the country's recovery and reconstruction efforts. BOJ, therefore, remains committed to ensuring that the inflationary effects of the hurricane are managed to

limit hardships on vulnerable groups and to facilitate the conditions necessary for long-term economic recovery.

Real GDP expected to contract over the near-term

Over the near-term, real economic activity is forecast to decline, primarily due to a fallout in Agriculture, Forestry & Fishing, associated with the adverse impact of Hurricane Melissa on domestic crop production and animal farming. In addition, Accommodation & Food Service Activities and its allied industries are expected to contract, reflecting the projection for lower foreign national arrivals. The forecast for a decline in economic output is also based on expected contractions in Information & Communication and Education, Health & Other Services.



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/>
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<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>



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FINANCIAL SYSTEM



JOHN H. WETHERHOLT
PRESIDENT OF UNIVERSITY OF MISSISSIPPI
1968-1978



Deputy Governor Dr Jide Lewis at a Quarterly Monetary Policy press conference

FINANCIAL SYSTEM

In 2025, there were moderate risks to the financial stability of DTIs. These risks largely reflected the continued influence of geopolitical uncertainties and climate-related disruptions. Notwithstanding these challenges, the performance of DTIs remained stable, as reflected in sound key financial metrics,

including capital adequacy, liquidity and asset quality. This stability was supported by generally favourable macroeconomic conditions. The results of stress tests further affirmed the sector's resilience to contemplated adverse but plausible scenarios.

Deposit-Taking Institutions

DTIs asset growth accelerated notwithstanding the adverse impact of Hurricane Melissa

DTIs recorded strong balance sheets during 2025, notwithstanding the passage of Hurricane Melissa.¹ DTIs performance during the year occurred in the context of generally positive pre-hurricane domestic macroeconomic conditions, particularly record low unemployment levels, a low and stable inflationary environment and positive economic growth.

Against this background, the DTI sector's assets grew by 9.1 per cent (\$254.0 billion) for 2025, outpacing growth of 5.0 per cent (\$132.5 billion) recorded for 2024. This growth in assets was primarily reflected in increased holdings of investments, loans and cash and bank balances. The growth in loans was relatively moderate compared to the pace of overall balance sheet expansion, as licensees shifted toward lower risk investment assets.

Domestic currency denominated assets, which accounted for 54.5 per cent of total assets, grew by 7.4 per cent (\$138.4 billion) for 2025, slower than the previous year's increase of 8.0 per cent (\$138.6 billion). The growth in domestic currency denominated assets predominantly reflected an increase of 7.9 per cent (\$99.2 billion) in loans as

well as an expansion of 18.4 per cent (\$41.8 billion) in investments.

Foreign currency denominated assets expanded by 12.3 per cent (\$115.6 billion), in contrast to the contraction of 0.6 per cent (\$6.0 billion) in the previous year. The growth in foreign currency assets primarily reflected increases of 28.8 per cent (\$74.0 billion), 12.4 per cent (\$46.2 billion) and 1.3 per cent (\$3.2 billion) in cash and bank balances, investments and loans, respectively.²

Although asset growth is expected to moderate following the hurricane, this deceleration may not be strong as there is expected to be increased demand for credit from the construction, distribution and agricultural sectors as reconstruction and recovery efforts gain momentum.

Similar to previous years, the growth in DTIs' assets was primarily funded by customer deposits in 2025. Total deposits grew by 12.7 per cent (\$253.6 billion), faster than the growth of 7.6 per cent (\$141.4 billion) in the previous year. Borrowings, inclusive of repurchase agreements, declined by 8.1 per cent (\$24.6 billion), following the contraction of 7.8 per cent (\$25.5 billion) in the previous year as licensees reduced their exposure to higher cost funding arrangements. Notably, shareholders equity grew by 3.6 per cent (\$12.4 billion), compared with growth of 3.8 per cent (\$12.8 billion) for 2024.

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

² During 2025, the Jamaica Dollar vis-à-vis the US dollar depreciated on an annual point-to-point basis by 2.1 per cent.

As a result, the DTI sector recorded revaluation gains of \$22.1 billion on its stock of foreign currency assets, compared with revaluation gains of \$8.8 billion for 2024.

The number and composition of deposit-taking institutions operating in Jamaica at end-2025 remained at 11, comprising eight commercial banks, two building societies and one merchant bank (see **Tables 3 and 4**).

Table 3

| MARKET COMPOSITION (Number of Licensed Deposit-taking Entities) | | | | |
|--------------------------------------------------------------------|-----------|-----------|-----------|-----------|
| Supervised Entities | 2022 | 2023 | 2024 | 2025 |
| 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 25 at 31 December 2025, will result in significant expansion of the supervised deposit-taking population.

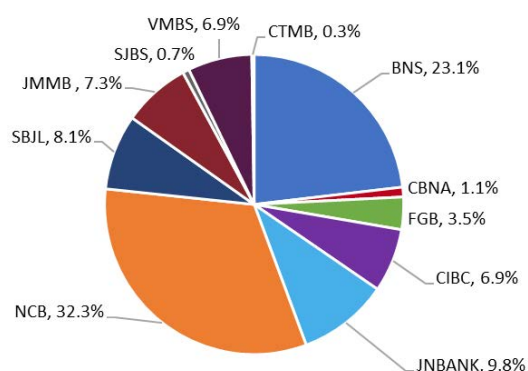
** With the passing of the Microcredit Act, 2021, Bank of Jamaica, as Regulatory Authority, is tasked with the supervision of microcredit entities, which numbered 112 at 31 December 2025.

Table 4

| LICENSED DEPOSIT-TAKING INSTITUTIONS As at 31 December 2025 | |
|----------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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 |

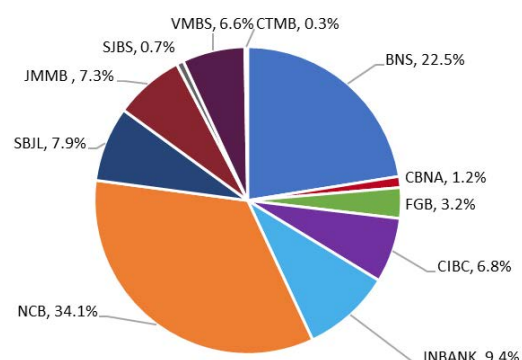
In terms of market share, the three largest DTIs held 65.2 per cent of total system assets at end-2025, largely similar to that recorded at end-2024 (66.0 per cent). Although generally unchanged, the market share of the DTI sector reflected the impact of successful growth initiatives by a few medium-sized DTIs. Larger licensees assumed more conservative positions for asset growth in light of prevailing and projected macroeconomic conditions (see **Charts 6, 7 and 8a**).

Chart 6: Market Share of Licensees in the DTI sector as at 31 December 2025



Source: BOJ

Chart 7: Market Share of Licensees in the DTI sector as at 31 December 2024



Source: BOJ

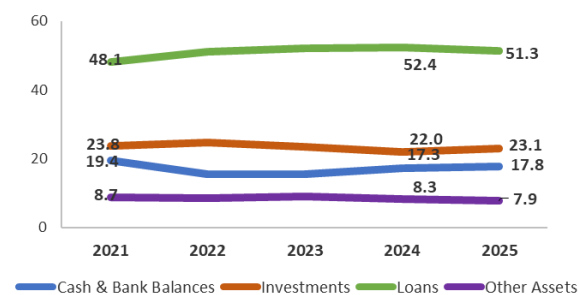
“The growth in total loans for 2025 predominantly reflected an expansion of 7.9% in domestic currency loans, relative to the previous year’s increase of 7.5%.”

Chart 8a: Dollar Value Contribution of Assets as at 31 December 2021 – 2025



Source: BOJ

Chart 8b: Percentage Share of System Assets 31 December 2021 – 2025



Source: BOJ

Growth in loans accelerated in 2025

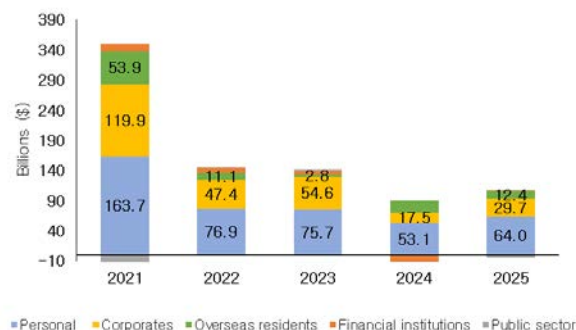
Loans and advances, net of provisions for loan losses, grew by 6.7 per cent (\$98.4 billion) during 2025, above the growth of 5.7 per cent (\$79.7 billion) for 2024. Notwithstanding this improvement,

³ Pre-pandemic, loans and advances, net of provisions for losses grew at an annual average rate of 13.6 per cent (\$86.1 billion) between 2015 and 2019.

growth during 2025 remained below pre-pandemic levels.³

By customer group, personal loans increased by 8.2 per cent (\$64.0 billion), in 2025, compared with growth of 7.3 per cent (\$53.1 billion) in 2024. The acceleration in the pace of growth of personal loans primarily reflected increased mortgages, demand and instalment credit, driven by marketing initiatives by lenders as well as a surge in new developments in the local real estate market. Similarly, corporate loans increased by 5.6 per cent (\$29.7 billion), above the growth of 3.4 per cent (\$17.5 billion) in the previous year. Notably, loans to overseas residents grew by 8.5 per cent (\$12.4 billion), lower than growth of 15.7 per cent (\$19.7 billion) in 2024, mainly on account of reduced disbursements to overseas businesses (see Chart 10).

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



Source: BOJ

The growth in total loans for 2025 predominantly reflected an expansion of 7.9 per cent (\$99.2 billion) in domestic currency loans, relative to the previous year’s increase of 7.5 per cent (\$87.5 billion). Notably, foreign currency loans increased by 1.3 per cent (\$3.2 billion), in contrast to the prior year’s contraction of 2.6 per cent (\$6.6 billion).

Despite the increased credit supply to the market, total loans as a share of total assets contracted to 51.3 per cent at end-2025, from 52.4 per cent at

end-2024, as licensees increased holdings in investments (see **Chart 8b**).

Licenseses' excess liquidity was channelled into increased investment and cash holdings

For 2025, the investment holdings of DTIs expanded by 14.2 per cent (\$88.0 billion), in contrast to the contraction of 1.7 per cent (\$10.9 billion) for 2024. The growth in investments during the year largely reflected increased acquisitions of highly liquid securities, specifically growth of 24.4 per cent (\$46.4 billion) in foreign government securities. In addition, holdings of BOJ securities (mainly domestic currency) increased by 29.0 per cent (\$28.0 billion), while that of domestic currency GOJ securities grew by 13.4 per cent (\$14.1 billion).

DTIs cash and bank balances increased by 12.1 per cent (\$58.6 billion) in 2025, relative to the growth of 17.0 per cent (\$70.3 billion) in 2024. This increase primarily reflected higher placements with overseas banks and BOJ cash reserves. Contrastingly, there was a contraction in current account balances held at BOJ.

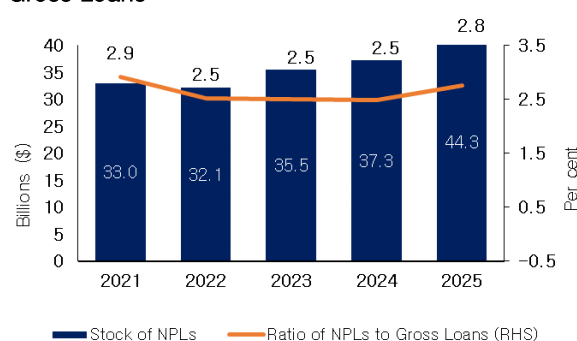
Asset quality remained within benchmark, despite some deterioration in 2025

Asset quality remained sound and well within threshold levels, despite emerging signs of stress, particularly among overseas borrowers and certain business segments. In a context where some customers were challenged in meeting repayment obligations due to high interest rates and elevated price levels, asset quality, as measured by the ratio of total non-performing loans (NPLs) to total loans, deteriorated to 2.8 per cent at end-2025, from 2.5 per cent at end-2024.

The stock of NPLs (past due 3 months and over) increased by 18.7 per cent (\$7.0 billion) to \$44.3 billion during 2025, faster than the growth of 5.1 per cent (\$1.8 billion) in 2024 (see **Chart 10**). The increase in NPLs was mainly driven by higher delinquencies among large-valued loans extended to overseas residents (mainly businesses), which grew by 74.9 per cent (\$3.3 billion), in contrast to the contraction of 18.8 per cent (\$1.0 billion) in the prior year. In addition, non-performing personal loans

(mainly non-mortgage consumer loans) grew by 11.8 per cent (\$3.3 billion), compared with the growth of 14.0 per cent (\$3.4 billion) in 2024.

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



Source: BOJ

Past due loans (PDLs) (past due 1 month to 3 months) increased by 5.8 per cent (\$2.8 billion) during 2025, lower than the growth of 7.8 per cent (\$3.4 billion) in the previous year. The slightly higher stock of PDLs was primarily reflected in higher delinquencies among some corporate facilities concentrated in the tourism sector (\$2.5 billion), the professional services sector (\$2.7 billion); offset by repayments among overseas residents (\$0.3 billion). Consequent on these outturns, the ratio of total PDLs-to-total loans remained at 3.2 per cent at end-2025, same as 2024.

Given the potential for future loan losses on account of increased past-due and non-performing loans, DTIs provisioning levels increased by 14.2 per cent (\$5.9 billion), in contrast to the decline of 2.0 per cent (\$0.8 billion) for the prior year. Notwithstanding the improved provisioning levels, the sector's coverage of NPLs, measured by the ratio of loan loss provisions to non-performing loans, contracted to 106.8 per cent, from 111.0 per cent in the previous year.

NPL ratios are projected to rise over the short-term, as economic and social dislocation, stemming from the impact of Hurricane Melissa, is expected to constrain borrowers' repayment capacity, particularly among local individuals and businesses. Under adverse scenarios, NPLs could potentially reach levels twice their current magnitude but are

projected to remain materially below the Bank's benchmark threshold of 10.0 per cent of total loans.

Capital levels remained adequate to withstand potential losses emanating from Hurricane Melissa

Against the backdrop of the ongoing transition of the sector to the revised capital framework, regulatory capital of the DTIs increased by 4.6 per cent (\$12.4 billion) during 2025, compared with the growth of 3.2 per cent (\$8.5 billion) in 2024. Capital levels were strengthened via internal transfers from profits to reserve funds as well as the down-streaming of capital from parent companies to some licensees. Consequently, at end-2025, 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 9.2 per cent and 14.8 per cent, respectively. At the institutional level, all licensees recorded capital ratios above minimum statutory requirements.

Under the Basel III framework, the system-wide CAR remained strong at 16.0 per cent at September 2025, well above the regulatory minimum, which compared with 16.4 per cent at September 2024. This CAR was further supported by the Tier 1 Capital to Risk-Weighted Assets (RWA) ratio of 15.7 per cent recorded at both September 2025 and September 2024, which underpinned the high quality of capital held by DTIs.⁴ In addition, the Common Equity Tier 1 (CET1) ratio remained strong at 15.4 per cent, largely similar to the 15.5 per cent at September 2024.⁵

With DTIs holding strong capital positions prior to the impact of Hurricane Melissa, the Bank's assessments is that licensees are sufficiently capitalised to withstand potential credit losses.

Funding was largely supported by increased deposits in the context of a reduced appetite for borrowings

In 2025, customer deposits, the primary means of funding DTI assets, grew by 12.7 per cent (\$253.6 billion), outpacing the previous year's growth of 7.6 per cent (\$141.4 billion). The acceleration in deposit growth for 2025 was attributed to an increase of 12.3 per cent (\$158.7 billion) in domestic currency deposits, compared with growth of 10.9 per cent (\$126.1 billion) in 2024. Foreign currency deposits grew by 13.4 per cent (\$94.9 billion), significantly stronger than the prior year's growth of 2.2 per cent (\$15.3 billion).

The acceleration in the overall growth in customer deposits for the review year may be attributed to the combined effect growth in nominal income in the economy in the context of remittance inflows, higher precautionary savings behaviour by households and corporates as well as generally limited investment alternatives in the local money markets. However, for the near-term, deposit growth may moderate as reconstruction activity continues following the impact of Hurricane Melissa.

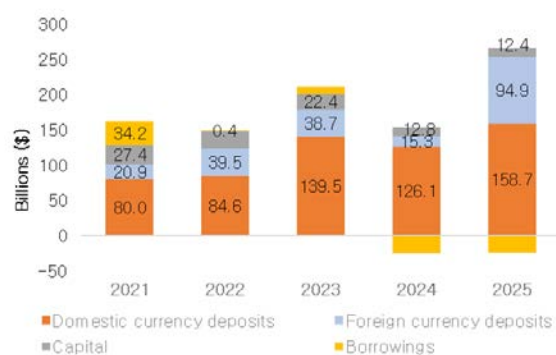
Borrowings (including securities sold under repurchase agreements) declined by 8.1 per cent (\$24.6 billion) during 2025, following the contraction of 7.8 per cent (\$25.5 billion) recorded in the previous year. The reduction in wholesale funding largely reflected declines of 12.1 per cent (\$15.4 billion) and 8.1 per cent (\$10.5 billion) in securities under repurchase agreement and foreign currency borrowings from overseas financial institutions, respectively. Borrowings from local banks expanded by 3.8 per cent (\$1.7 billion) during the review year (see **Chart 11a** and **11b**).

⁴ The Tier 1 Capital to Risk-Weighted Assets ratio measures a bank's core equity capital against its total risk-adjusted assets to evaluate financial strength and ability to absorb losses.

⁵ The Common Equity Tier 1 (CET1) ratio is a key regulatory metric measuring a bank's core equity capital (common shares,

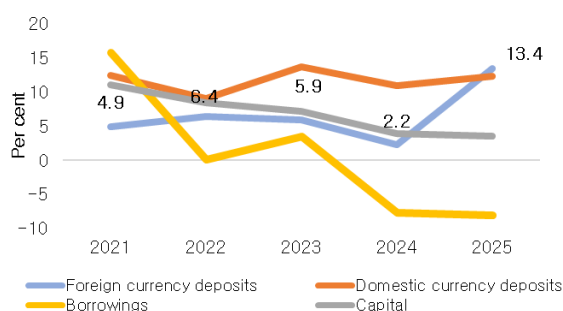
retained earnings) against its total risk-weighted assets. It signifies financial strength and ability to absorb losses during stress. A higher ratio indicates better resilience, generally required by Basel III standards.

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-2025, 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. At end-2025, the total LCR for the DTI sector was 194.1 per cent, higher than the previous year's outturn of 188.3 per cent. At the institutional level, the LCRs ranged from a low of 151.3 per cent to a high of 766.3 per cent.

The DTI sector maintained liquidity in diverse instruments, as HQLAs remained robust and continued to be concentrated in Level 1 assets. These were primarily BOJ reserves and securities as well as investments in domestic currency GOJ and foreign government securities (see **Chart 11a** and **11b**).

While DTIs may experience short-term liquidity pressures as customers drew down on deposits to support hurricane recovery efforts, the sector displayed strong capacity to meet potential liquidity stresses.

Profitability levels improved amidst increased non-interest income and slower growth in operating expenses

Pre-tax profits for the DTI sector amounted to \$52.6 billion for 2025, higher than the \$39.7 billion recorded for 2024. The outturn for 2025 represented growth in profits of 23.8 per cent (\$12.8 billion), in contrast to the contraction of 23.9 per cent (\$12.4 billion) in the prior year. The growth in pre-tax profits primarily reflected an increase of 7.6 per cent (\$22.9 billion) in operating income, compared with the increase of 7.7 per cent (\$21.4 billion) in 2024. Operating expenses grew by 2.5 per cent (\$6.8 billion) in the review year, much slower than the growth of 11.4 per cent (\$27.3 billion) for 2024.

In a context where the growth in pre-tax profits outpaced growth in operating income, the profit margin for the system increased to 16.2 per cent in 2025, from 11.3 per cent in 2024. Concurrently, the return on equity increased to 14.4 per cent, from 11.3 per cent in 2024. In addition, due to higher interest revenues from increased holdings of income-earning assets, the net interest margin for the sector was 6.5 per cent at end-2025, relative to 6.3 per cent at end-2024 (see **Table 5**).

Table 5

| SELECT PROFITABILITY INDICATORS % | | | | | |
|-----------------------------------|------|------|------|------|------|
| 31 December 2021 – 2025 | | | | | |
| | 2021 | 2022 | 2023 | 2024 | 2025 |
| Return on Equity | 16.6 | 15 | 16.1 | 11.5 | 14.4 |
| Return on Assets | 2.2 | 1.9 | 2 | 1.4 | 1.7 |
| Profit Margin | 21.5 | 19.3 | 18.7 | 13.2 | 16.2 |
| Net Interest Margin | 5.4 | 5.5 | 5.9 | 6.3 | 6.5 |

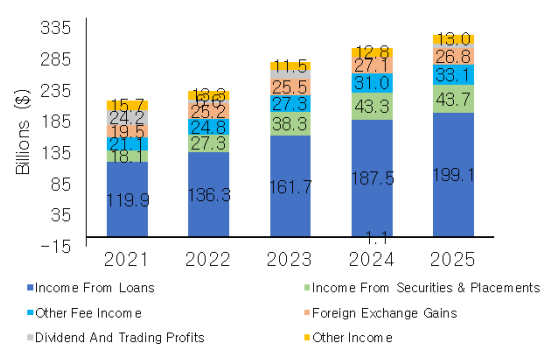
Source: BOJ

The improvement in profitability in 2025 was largely attributable to growth of 11.9 per cent (\$12.9 billion) in non-interest income, relative to the contraction of

5.4 per cent (\$6.2 billion) in the prior year. Growth in non-interest income was mainly driven by an increase of 184.7 per cent (\$6.0 billion) in trading profits on securities, which reversed trading losses experienced in 2024. The growth in non-interest income was supplemented by increased foreign currency trading gains (\$4.5 billion), dividend income (\$2.5 billion) and fee income from loans (\$2.3 billion). The impact of these gains was partially offset by a contraction in net revaluation gains (\$4.7 billion).

In addition, the higher profits during the review year, reflected an increase of 5.2 per cent (\$10.0 billion) in interest income, albeit slower than the growth of 16.8 per cent (\$27.6 billion) reported for 2024. The growth in interest income was primarily concentrated in income from loans (\$9.5 billion) and bank balances (\$1.9 billion), the impact of which was partially offset by a contraction in investment income (\$1.4 billion) (see **Chart 12a** and **Table 6**). Of note, during the review year, there was a slowdown in growth in interest income from loans, which reflected the impact of increased delinquencies in the instalment, demand and other loan segments.

Chart 12a: Composition of Annual Operating Income



Source: BOJ

Non-interest expenses, the main driver of operating costs, grew by 5.0 per cent (\$11.0 billion) during 2025, compared with growth of 10.8 per cent (\$21.4 billion) during 2024. Within non-interest expenses,

growth was recorded in staff costs (\$6.9 billion), fee expenses (\$4.1 billion) and other operating costs (\$3.2 billion). The impact of these higher expenses was partially offset by a contraction in provisions for loan and security losses (\$3.4 billion).

Table 6

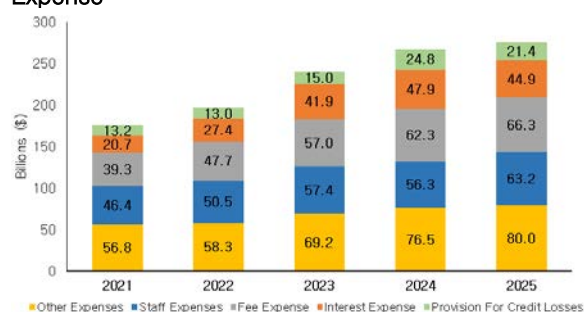
| COMPOSITION OF ANNUAL TOTAL INCOME | | | | | |
|------------------------------------------------|-------------|-------------|-------------|-------------|-------------|
| % of Total Income | | | | | |
| 31 December 2021 – 2025 | | | | | |
| | 2021 | 2022 | 2023 | 2024 | 2025 |
| Income from Loans | 54.8 | 58.4 | 57.9 | 62.6 | 61.6 |
| <i>Of which,</i> | | | | | |
| Interest Income from Loans | 43.6 | 45.1 | 45.2 | 49.5 | 48.9 |
| Fee Income from Loans | 11.3 | 13.3 | 12.7 | 13.1 | 12.7 |
| Income from Securities & Placements | 8.3 | 11.7 | 13.7 | 14.5 | 13.6 |
| Other Fee Income | 9.7 | 10.6 | 9.8 | 10.3 | 10.3 |
| Foreign Exchange Gains | 8.9 | 10.8 | 9.1 | 8.8 | 8.3 |
| Dividend Income | 8 | 1.9 | 4.5 | 0.7 | 1.5 |
| Securities Trading Gains | 3.1 | 0.9 | 0.8 | -1.1 | 0.9 |
| Other Income | 7.2 | 5.7 | 4.1 | 4.2 | 4 |
| Total Interest Income | 51.8 | 56.8 | 58.9 | 64 | 62.5 |
| Total Non-Interest Income | 48.2 | 43.2 | 41.1 | 36 | 37.5 |

Source: BOJ

For the review year, DTIs recorded a decline of 7.2 per cent (\$3.5 billion) in interest costs, contrasting with the growth of 14.2 per cent (\$6.0 billion) for 2024 (see **Chart 12b**). The contraction in interest expenses was largely driven by a decline of 14.8 per cent (\$2.8 billion) in interest costs on borrowings. In addition, interest expenses on both time deposits (\$1.4 billion) and borrowed funding (\$2.8 billion) were lower for 2025. Given the slower growth in non-interest expenses, operational efficiency improved to 74.8 per cent in 2025, from 77.2 per cent in 2024.⁶

⁶ 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.

Chart 12b: Composition of Annual Operating Expense



Source: BOJ

Financial Holding Companies

At end-2025, there were eight licensed financial holding companies (FHCs). The licensing of FHCs is consistent with the enactment of the Banking Services Act (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 2025

- 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
- Barita Financial Group Limited

Source: BOJ

Building on the completion of the licensing phase for the current FHCs, the Bank will continue to advance the framework for consolidated supervision. This framework is intended to provide the Bank with a holistic view of risks within a financial group and their potential impact on the safety and soundness of the regulated entities. These risks include those arising from contagion,

double gearing and regulatory arbitrage across entities and jurisdictions.

The Bank also transitioned towards the implementation of a risk-based supervisory (RBS) approach, supported by strengthened prudential regulations, enhanced supervisory methodologies and more proactive engagement with regional regulatory counterparts for groups with regional footprints. This approach will enable more forward-looking, proportionate and effective supervision at both the DTI and group levels.

Credit Union Sector

Ongoing consolidation in the credit union sector

During 2025, the number of credit unions declined to 23, due to the merger of Gateway Co-operative Credit Union Limited and EduCom Co-operative Credit Union Limited, effective 01 February 2025. The regulator of the sector, the Department of Co-operatives and Friendly Societies (DCFS), indicated that discussions for additional mergers are ongoing.

Credit union members were served through an expanded network of 106 branches and sub-branches at end-2025, compared to 104 at end-2024. Although branches in the western parishes were adversely affected by the passage of Hurricane Melissa in October 2025, the majority were reopened by year-end.

During 2025, there was progress in the work to establish a regulatory framework for credit unions under the Bank of Jamaica. Specifically, there were ongoing consultations with stakeholders to finalise the Credit Unions (Special Provisions) Bill, assessments of the credit unions' readiness for licensing as well as the development of corporate governance standards. Additionally, the Bank conducted another Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation Financing (AML/CFT/CPF) risk assessment of the sector.

Slowdown in loan growth for credit unions

Assets within the credit union sector grew by \$17.1 billion (8.6 per cent) to \$215.6 billion in 2025. This growth was largely in line with the \$18.1 billion (10.0 per cent) growth recorded in the prior year.⁷ Asset growth was mainly driven by the loan portfolio, which grew at a slower pace of 7.2 per cent (\$9.8 billion) to \$147.1 billion, when compared with the expansion of 12.5 per cent (\$15.2 billion) recorded in 2024. Notwithstanding the slowdown in loan growth, loans remained the dominant asset category, accounting for 68.2 per cent of total assets at end-2025, compared with 69.1 per cent recorded at end-2024.

The outlook for loan growth in the near-term is positive based on the expectation that there will be increased demand to assist with reconstruction and recovery activities arising from the passage of Hurricane Melissa.

Liquid funds held with the Jamaica Co-operative Credit Union League Limited increased by 8.5 per cent (\$1.3 billion) to total \$17.0 billion at end-2025 compared with 10.0 per cent (\$1.4 billion) in 2024.⁸ In addition, total investments increased by 8.7 per cent (\$2.2 billion) to \$27.1 billion at end-2025, in contrast to a contraction of 7.7 per cent (\$2.1 billion) in 2024.

During 2025, there was deterioration in credit quality in the sector. This deterioration was in the context of significant growth of 15.9 per cent (\$0.6 billion) in NPLs to \$4.5 billion at end-2025. The higher level of NPLs resulted in a notable increase in the ratio of NPLs to total loans to 3.1 per cent at end-2025, from 2.9 per cent a year earlier.

Loan loss provisions for the sector increased by 19.0 per cent (\$0.7 billion) to \$4.1 billion at end-2025. This resulted in an increase in the coverage of NPLs by provisions to 90.1 per cent at year-end, from 87.8 per cent at end-2024. Over the near-

term, NPLs are projected to continue to rise as borrowers' repayment capacity is expected to be impaired by dislocation caused by Hurricane Melissa.

The capital base for the sector increased by 4.7 per cent (\$1.1 billion) to \$24.3 billion during the year. This outturn was lower than the growth of 16.3 per cent (\$3.2 billion) to \$23.2 billion for 2024. The primary ratio moderated to 11.4 per cent at end-2025, from 11.9 per cent at end-2024, due to a greater than proportionate increase of 8.6 per cent in assets vis-à-vis the growth of 4.7 per cent in capital. Asset growth continued to be largely funded by saving deposits, which rose by 9.2 per cent (\$14.2 billion) to \$168.4 billion in 2025, slightly lower than the growth of 10.1 per cent (\$14.2 billion) in 2024.

Reduced profitability for credit union sector

For the 2025 financial year, credit unions' surplus declined significantly by 22.7 per cent (\$0.7 billion) to \$2.2 billion, in contrast to growth of 57.8 per cent (\$1.1 billion) in 2024. The decline in profitability was primarily due to the combined effect of increases of 14.8 per cent (\$2.2 billion) and 18.6 per cent (\$0.5 billion) in overhead expenses and interest expenses, respectively.

The growth in total expenses for 2025, outpaced revenue growth of 10.0 per cent (\$2.0 billion) to \$22.3 billion. This growth was largely influenced by a 12.1 per cent (\$1.8 billion) increase in interest income on loans to \$16.8 billion, from the 5.5 per cent (\$0.8 billion) growth recorded in 2024, tempered by a 7.1 per cent (\$0.2 billion) contraction in interest income on investments to \$2.0 billion.⁹ Non-interest income recorded a significant increase of 12.7 per cent (\$0.3 billion) to total \$2.9 billion at end-2025, compared to the contraction of 7.7 per cent (\$0.2 billion) recorded in 2024.

⁷ Data for previous periods was revised given the resubmission of prudential information by credit unions.

⁸ The Jamaica Cooperative Credit Union League Limited is a cooperative society owned by credit unions, which provides

financial, technical support and other services to the credit union sector

⁹ Interest on investments declined by 10.9 per cent or \$0.3 billion in 2024

The increase in overhead costs during the review year was largely driven by increased provisions for loan losses and administrative expenses of 45.9 per cent (\$0.7 billion) and 16.7 per cent (\$0.9 billion), respectively. These increases were largely due to the deterioration in the loan portfolio as well as increases in information technology and security costs. Staff expenses also recorded an increase of 7.9 per cent (\$0.6 billion) to \$7.9 billion. Consequently, operating efficiency deteriorated to 89.1 per cent at end-2025, from 84.3 per cent at end-2024.

In the context of the reduction in surplus, profitability indicators for the sector declined in 2025. The credit unions' net profit margin, return on equity and return on assets declined to 10.6 per cent, 6.5 per cent and 1.1 per cent, respectively, from 14.2 per cent, 9.3 per cent and 1.6 per cent in 2024. In the context of the reduction in surplus, profitability indicators for the sector declined in 2025. The credit unions' net profit margin, return on equity and return on assets declined to 10.0 per cent, 6.6 per cent and 1.1 per cent, respectively, from 14.2 per cent, 9.3 per cent and 1.6 per cent in 2024. The net interest margin remained stable at 9.0 per cent for both years, as the increase in interest income kept pace with the growth in earning assets.

Consumer Complaints

Customer complaints declined during the year

In 2025, the Office of Consumer Complaints (OCC) at the central bank received 443 complaints, representing a decline of 4.3 per cent, compared to the 463 reported at end-2024 (see **Chart 13**). The account-related category continued to account for the largest share of overall complaints, representing 45.8 per cent of total complaints in 2025, up from 41.0 per cent in 2024. Complaints in this category were largely related to challenges associated with the increased use of electronic banking channels as well as issues at ABMs. This upward trend is

consistent with that observed in the international economy, as with increased digitalisation there has been higher volumes of complaints related to digital banking services.

Notably, in December 2025, the OCC observed a temporary spike in RTGS-related complaints, accounting for approximately 29.0 per cent of all complaints for the month. The increase was caused by operational challenges experienced by DTIs during the JamClear®-RTGS transition to ISO 20022 (see **Payment System**). While the increase was an exceptional issue and not evidence of systemic misconduct, it underscored the importance of stronger change management practices among DTIs.

For 2025, the fraud/impropriety category remained the second largest source of complaints, with 93 cases (21.0 per cent of total complaints). This figure was, however, lower than the 103 complaints reported in 2024 (31.0 per cent of total complaints) (see **Chart 14**). The continued decline in this category was consistent with enhanced supervisory engagement by the BOJ in relation to licensees' AML/CFT/CPF frameworks.

There were 87 loan-related complaints in 2025 (approximately 20.0 per cent of complaints), representing a modest increase over the 2024 figure. An analysis of these complaints highlighted the need for ongoing supervisory focus on lending practices, loan restructuring and the management of repayment difficulties.

The OCC continued to facilitate the resolution of complaints submitted during the review year. Preliminary data pertaining to the resolution rate of complaints recorded an increase to 84.0 per cent at end-2025, up from 57.4 per cent at end-2024.^{10,11} This improvement reflected more consistent follow-up and clearer communication with DTI's regarding their complaint resolution rates.

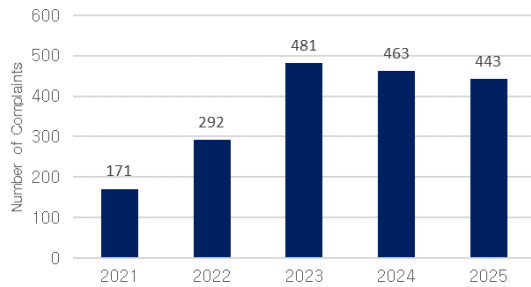
As the OCC transitions to its expanded role encompassing both complaints handling and broader market conduct supervision, the

¹⁰ This information is subject to revision as updated information becomes available from the DTIs.

¹¹ Resolution rate refers to the rate at which DTIs have successfully responded to and concluded a matter with the customer.

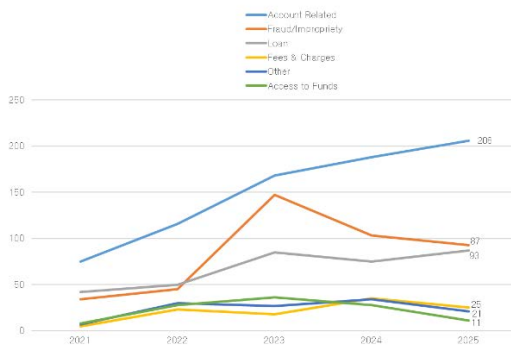
department completed two training sessions during the year. In addition, the OCC initiated a market conduct thematic review of financial offerings in October 2025.

Chart 13: Trends in Complaints Data



Source: BOJ

Chart 14: Complaints by Category



Source: BOJ

Credit Bureaus

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). There was no change to the number of credit bureaus in operation during the review year (see Table 8). In 2025, there was an increase in the number of Credit Information Providers (CIPs)

pulling data and submitting data. There were also increases in credit reports and free reports issued to the sector by the credit bureaus (see Table 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

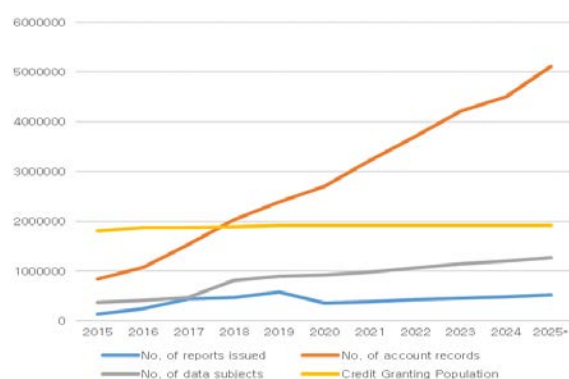
During 2025, the use of credit reports by lenders in the financial system declined by 18.3 per cent (87 278 reports) to 388 900, relative to the previous year. The number of “consumer free reports” issued in 2025 increased by 50.7 per cent (8 349 reports) to 24 827. Additionally, there was an increase of 5.5 per cent in the number of subjects in the database of the credit bureaus to 1 262 277, covering approximately 65.8 per cent of Jamaica’s adult population.¹² During the year, there was also an increase of 11.3 per cent (506 720) in the number of account records to 5 007 604, relative to 4 500 884 in 2024.

The number of CIPs pulling data in 2025 increased by seven to 97, while CIPs submitting data remained at 63. There was an increase of nine CIPs signed to credit bureaus to 154 during the year (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) increased to 91.8 per cent in 2025, from 87.5 per cent in the previous year.

¹² Jamaica’s most recent adult population aged 18 – 74 years, as estimated by the Statistical Institute of Jamaica at 2019, was 1

917 556: https://statinja.gov.jm/Demo_SocialStats/PopulationStats.aspx

Chart 15: Credit Reporting Activities 2015 – 2025



Source: BOJ

• 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 2025, four complaints were escalated to the Supervising Authority. Further, credit bureaus reported receiving 3 090 consumer complaints in 2025, a reduction of 2.3 per cent (74 complaints) when compared to 2024. These consumer complaints represented less than 1.0 per cent of the total credit reports issued in the year.

Table 9

| CREDIT REPORTING STATISTICS 2023 – 2025 | | | | | |
|----------------------------------------------------------------------------------------------|-----------|-----------|-----------|------------------------------|----------|
| Activity Indicators | 2023 | 2024 | 2025* | Change (2025 vs. 2024) | % Change |
| No. of CIPs signed with credit bureaus | 122 | 145 | 156 | 11 | 7.6 |
| No. of CIPs submitting data to credit bureaus | 65 | 63 | 61 | -2 | -3.2 |
| No. of CIPs pulling data from credit bureaus | 82 | 90 | 90 | 0 | 0.0 |
| No. of CIPs pulling data but not yet submitting to credit bureaus | 29 | 37 | 38 | 1 | 2.7 |
| No. of reports issued during the year (inclusive of free reports) | 452 468 | 476 178 | 519 098 | 42 920 | 9.0 |
| No. of consumers free reports issued per section 15(3) of CRA | 12 223 | 16 478 | 29 537 | 13 059 | 79.3 |
| No. of account records in data base of the credit bureau with the largest number at year end | 4 208 946 | 4 500 884 | 5 107 741 | 606 857 | 13.5 |
| No. of data subjects in data base of the credit bureau with the largest number at year end | 1 145 635 | 1 196 272 | 1 269 746 | 73 474 | 6.1 |

*2023 excludes data for one credit bureau (approximately less than 1 per cent of market)

Source: BOJ

Microcredit Sector

BOJ continued the issue of microcredit licences in 2025

The Bank received a total of 184 applications for licensing under the Microcredit Act between October 2021 and December 2025. The applications reflected aggregated loans amounting to \$46.1 billion, equivalent to approximately 1.3 per cent of the country's GDP.¹³ During the year, BOJ issued an additional 47 microcredit licences, increasing the total number of licensees to 112, covering approximately 99.0 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 2025, a number of key initiatives relating to the microcredit sector were accomplished including:

- (i) completion of the third-round of sectoral risk ratings in support of risk-

¹³ Aggregated loans are used as a proxy for market share.

- based supervision and the country's National Risk Assessment;
- (ii) collaboration with the Consumer Affairs Commission to host a sensitisation session on the microcredit sector's code of conduct;
- (iii) completion of six targeted risk-based examinations; and
- (iv) continued quarterly meetings with the industry through the Microcredit Association's Joint Advocacy Committee.



Senior Deputy Governor Dr Wayne Robinson and Deputy Governor Natalie Haynes at a Quarterly Monetary Policy press conference

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

Joint Prudential & Market Conduct Supervision (BOJ/FSC)

Since 2024, Bank of Jamaica (BOJ) and the Financial Services Commission (FSC) have undertaken joint prudential and market conduct examinations as a “dress rehearsal” for Jamaica’s transition to the Twin Peaks Model of financial regulation. Throughout 2025, these joint examinations strengthened inter-agency coordination and enhanced shared understanding of sector-specific risks and supervisory practice. This Twin Peaks Practice engagement will continue through further joint examinations to align supervisory approaches, facilitate the transfer of sector-specific expertise and support a seamless transition upon enactment of the enabling legislation and supervisory cut-over.

In the March 2025 quarter, the joint supervisory team completed the examination of a securities entity. This followed examinations of an insurance entity and a large deposit-taking institution (DTI), which were conducted in 2024.

Industry Consultation

In the September 2025 quarter, the Bank, in collaboration with the FSC, facilitated two virtual engagement sessions with stakeholders from the banking, insurance, pension and securities sectors. These sessions were intended to sensitise stakeholders to developments in the implementation of the Twin Peaks framework and to key elements of the proposed model. The sessions provided updates on overall project progress, the proposed high-level regulatory framework, Twin Peaks Practice developments, regulatory demarcation and coordination as well as proposed funding arrangements. Further, the sessions enabled two-way engagement through stakeholder feedback on the proposals presented. Additional engagement sessions are planned for 2026 to sustain transparency, support industry readiness and to ensure stakeholder perspectives continue to inform the transition to the Twin Peaks framework.

Strengthening Market Conduct Supervision under Twin Peaks

In parallel with Twin Peaks Practice joint examinations, preparatory work was undertaken to support consumer protection readiness under the Twin Peaks framework. This activity focused on strengthening the customer complaints intake framework as a supervisory enabler for market conduct and consumer protection oversight in anticipation of the transition of these responsibilities to the FSC.

The initiative was in response to sustained increases in complaint volumes as well as the limitations associated with manual, unstructured intake processes, which constrained timely analysis and visibility of emerging consumer risks. As part of this preparatory exercise, a structured online complaints intake mechanism will be introduced, requiring customers to submit complaints using a dedicated web-based form, rather than by written correspondence. The web-based form will initially be hosted on Bank of Jamaica’s website, for transitional purposes, with planned migration to the FSC in line with the implementation of the Twin Peaks framework.

The enhanced framework is expected to support more effective supervisory triage, improve follow-up with regulated institutions and enable data-driven insights into systemic conduct risks, including those arising from digital banking, operational disruptions and fraud-related trends, consistent with a risk-based Twin Peaks supervisory approach.

Box 2: Current Priorities in Banking Supervision

Introduction

In 2025, Bank of Jamaica continued to strengthen its regulatory and supervisory framework in alignment with international best practices.

Review and update of Standards of Sound Practice

A. Updated Standard of Sound Practice for Effective Corporate Governance of DTIs and FHCs

In November 2025, the Bank finalised the revised Standard of Sound Practice for Effective Corporate Governance of deposit-taking institutions (DTIs) and financial holding companies (FHCs). This Standard outlines the Bank's principle-based governance expectations and highlights the respective responsibilities of Boards of Directors and senior management in promoting sound risk governance, effective group oversight and institutional transparency.

DTIs and FHCs are required to ensure that their governance arrangements align with the Standard's requirements. In addition, they are encouraged to continuously strengthen their internal frameworks in line with evolving international best practice.

The Standard adopts a proportional approach, tailoring governance expectations to the regulated entity's size, complexity and risk profile. Compliance with the Standard will be a key component of the Bank's supervisory assessments. The failure of regulated entities to comply with the Standard may result in supervisory action, including the issuance of directives or restrictions.

B. Minimum Operating Standards for the Handling of Customer Complaints

During 2025, the Bank made significant progress in developing Minimum Operating Standards for the Resolution of Customer Complaints. The Standard forms part of a broader framework to strengthen market conduct, consumer protection and financial sector resilience under the forthcoming Twin Peaks regulatory framework.

The proposed Standard will establish uniform requirements for all DTIs to ensure that customer complaints are addressed fairly, transparently and promptly, supported by sound governance and accountability mechanisms. At end-2025, the internal review process of the document was completed and scheduled for issuance as a consultation paper to industry stakeholders in the first quarter of 2026.

Prudential Standards/Consultation Papers

Consultation Paper on Revised Standard of Sound Practice on the Liquidity Coverage Ratio

In March 2025, the Bank issued a consultation paper proposing updates to the Standard of Sound Practice on the Liquidity Coverage Ratio (LCR) by introducing a high-quality liquid asset (HQLA) usability framework.

Under the proposed framework, DTIs will be required to maintain a newly-established early warning threshold (EWT) of 120.0 per cent. The threshold will require DTIs to maintain a buffer of HQLA above the regulatory minimum LCR of 100.0 per cent, thereby enhancing liquidity resilience during periods of financial stress. Where a DTI's LCR position falls to, or below, the 120.0 per cent and 115.0 per cent thresholds, progressively heightened supervisory engagement by the Bank would be triggered. These actions may include enhanced monitoring, restrictions on discretionary payments and other measures deemed appropriate to safeguard

liquidity resilience.

Consultation Paper on the Prudential Framework for Consolidated Capital Adequacy

During the year, the Bank of Jamaica progressed work on developing a consultation paper on a prudential framework for consolidated capital adequacy. This initiative forms part of the Bank's ongoing efforts to strengthen consolidated supervision and enhance the oversight of financial groups operating in Jamaica. In advancing this initiative, the Bank has been considering appropriate consolidation approaches that can be applied consistently across FHCs and group structures in the domestic financial system.

The consultation paper is expected to set out proposals for capital requirements at both the FHC and consolidated group levels. These proposals are being developed to support the effective functioning of the parent entity, promote adequate capitalisation across financial groups and enhance the resilience of the financial system, taking into account the characteristics of financial groups in Jamaica. Upon completion, the consultation paper will be issued for stakeholder feedback.

Key Supervisory Projects

A. Electronic Know Your Customer/Customer Due Diligence (e-KYC/CDD) Framework

During the review period, the development of a national e-KYC/CDD framework remained a key supervisory and policy priority for BOJ. This is in the context of the framework's strategic importance to financial system efficiency, competition, financial inclusion and the modernisation of supervisory expectations around customer due diligence.

The e-KYC/CDD project is designed to support a secure, standardised and interoperable digital onboarding environment for DTIs and other regulated financial service providers. The initiative seeks to address long-standing structural frictions in customer onboarding and ongoing due diligence processes, while strengthening compliance outcomes under the anti-money laundering and counter-terrorism financing (AML/CFT) framework. Importantly, the proposed solution is designed as a consent-based intermediary that will facilitate the verification of customer identity attributes from authoritative public-sector data sources, without the centralised storage of customer data.

Significant progress was made, during 2025, across the project's governance, legal, technical and policy workstreams. During the March 2025 quarter, the Bank completed a comprehensive legal and legislative assessment, including a comparative review of selected international jurisdictions, to confirm the feasibility of the proposed operating model within Jamaica's existing legal framework. In parallel, a detailed assessment of existing onboarding and CDD practices across the banking system was undertaken, culminating in the definition of a target-state operating model for e-KYC implementation.

Stakeholder engagement remained a central feature of the project's development. Following the publication of the World Bank-supported consultation paper in 2024, the Bank issued the associated frequently asked questions in March 2025 to clarify policy intent, scope and implementation considerations. Building on this foundation, an e-KYC Operational Model Consultation Paper was published in June 2025, outlining the proposed governance structure, risk allocation, data-access principles and supervisory expectations. Feedback received from regulated institutions and digital service providers informed subsequent refinements, with additional clarifications issued later in the year.

From a supervisory perspective, particular emphasis was placed on governance, operational resilience, data protection and third-party risk considerations. During 2025, the Bank approved the key governance-related risks associated with the proposed framework, ensuring alignment with AML/CFT obligations of licensees,

developments in the payments and clearing and settlement systems and emerging expectations relating to outsourcing and reliance on third-party service providers.

The project progressed to the procurement phase during the review year. Specifically, a Request for Proposal for the provision of the e-KYC solution was approved and published in late 2025, supported by extensive market engagement and strong international interest. The procurement process was structured to ensure transparency, competitiveness and alignment with the Bank's functional, security and supervisory requirements. Phase I of the technical engagement was completed during the year, and additional specialist support was engaged to assist with evaluation and selection activities.

For 2026, further work will focus on completing the procurement process, finalising the policy framework and preparing for phased implementation and supervisory integration.

Key Developments – National AML/CFT/CPF Programme

A. Jamaica's National Risk Assessment (NRA3)

In 2025, the Bank, in collaboration with the National Anti-Money Laundering Committee (NAMLC), advanced efforts to finalise Jamaica's third iteration of the National Risk Assessment (NRA3). This represented an update to the second assessment published in August 2021. NRA3 constitutes a significant policy milestone, delivering an updated, evidence-based evaluation of Jamaica's money laundering (ML), terrorist financing (TF), and proliferation financing (PF) risks.

The assessment incorporated enhanced quantitative and qualitative inputs to evaluate the country's capacity to mitigate financial crime risks and identify sector-specific vulnerabilities. This included analysis of financial intelligence trends, supervisory effectiveness and enforcement outcomes, areas of reduced risk as well as emerging ML/TF/PF threats, including technology-enabled financial crimes.

The process was underpinned by strengthened inter-agency coordination through NAMLC, facilitating a harmonised national approach and broader cross-sectoral perspectives on risk exposure. Contributions from a cross-section of private sector stakeholders further enriched the assessment.

Key recommended actions arising from NRA3 will inform adjustments to national AML/CFT/CPF policies and programmes and guide risk-based supervisory engagement across sectors.

B. Caribbean Financial Action Task Force (CFATF) 5th Round Mutual Evaluation (MEVAL)

Preparations for the CFATF 5th Round of Mutual Evaluations advanced in January 2025, coordinated through the Bank via the Prime Contact Secretariat. The mutual evaluation will assess Jamaica's technical compliance and effectiveness in addressing money laundering, terrorist financing and proliferation financing risks, with the final report expected in 2027. Preparatory efforts commenced with targeted training for NAMLC agencies and key private sector stakeholders, supported by ongoing inter-agency coordination.

In 2025, Jamaica's reform progress was further recognised by the Financial Action Task Force (FATF) through an invitation to participate, under its own flag, in the FATF Guest Initiative for members of FATF-Style Regional Bodies. This engagement provided valuable insight into global policy deliberations and supervisory expectations, reinforcing Jamaica's standing in the international AML/CFT/CPF community.

The programme will advance in 2026 with priority placed on strengthening national coordination and sustained supervisory effectiveness. In addition to achieving a strong Mutual Evaluation outcome, the Bank also focused on ensuring a sustainable, risk-aligned AML/CFT/CPF framework that safeguards the integrity and stability of Jamaica's financial system.

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

In 2025, Bank of Jamaica continued to strengthen its supervisory efforts to ensure a robust regime for the money service business (MSB) sector. These efforts included amendments to the legal and regulatory framework as well as enhanced supervisory activities through targeted reviews in keeping with the established risk-based approach (RBA).

Bank makes progress in advancing amendments to the Bank of Jamaica Act (BOJA)

During the review period, the Bank made steady progress in relation to advancing amendments to the BOJA.

Once implemented, the amended Act will strengthen the legal framework governing MSBs and enhance the statutory oversight of the sector, thereby facilitating full compliance with Financial Action Task Force (FATF) Recommendation 14. In this regard, the implementation of the amended BOJA will:

- (i) Enhance the Bank's authority to address unlicensed Money or Value Transfer Services (MVTs) and related facilitation, by:
 - a. 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
 - b. 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 penalties for non-compliance as the current monetary sanctions are not deemed to be dissuasive.

United States of America (USA) legislates new tax on remittance flows

On 04 July 2025, the USA enacted legislation, which includes a provision imposing a 1.0 per cent excise tax on remittance transfers under Section 4475 of the 2025 Reconciliation Legislation (otherwise called the "One Big Beautiful Bill Act"). The tax became effective on 01 January 2026 and applies to qualifying remittances (cash, money order, cashier's cheque or any other physical instrument) originating from the USA. The Bank will assess the impact of the tax on remittance flows to Jamaica.

New MSB applications processed in 2025

During 2025, the Bank processed a total of 193 MSB applications. This comprised 83 applications, for which processing commenced in 2024, as well as an additional 110 new applications submitted by seven remittance entities and five cambios.

The processing of 44 applications was discontinued by the Bank due to the failure of the applicants to satisfy the Bank's eligibility requirements. A further 18 applications were withdrawn by the applicants. Of the remaining 131 applications, 98 were approved and 33 were still being processed at end-December 2025.

• Cambios

There were 43 cambio entities in operation at end-2025, compared to 44 at end-2024, in a context where one entity voluntarily surrendered its licence. During the year, operations were discontinued at 15 locations, while authorisation was granted for commencement of cambio operations at three new locations. The number of cambio locations, therefore, decreased to 126 at end-2025, from 138 at end-2024 (see **Table 11**).

Table 11

| Status of Cambio Licences as at 31 December | | |
|---------------------------------------------|------------|------------|
| | 2024 | 2025 |
| New Locations Licensed | 8 | 3 |
| Locations Closed | 12 | 15 |
| Locations Suspended | 0 | 0 |
| Total Active Locations | 138 | 126 |
| No. of Active Entities | 44 | 43 |

Source: BOJ

- **Remittance Service Providers**

At end-2025, the number of Primary Agents in operation remained at nine (see **Table 12**). During the year, 59 new remittance licences were issued while 133 were voluntarily surrendered, bringing the total number of licences issued to 768 at end-2025, from 842 at end-2024.

Table 12

| Status of Remittance Licences as at 31 December | | |
|-------------------------------------------------|------------|------------|
| | 2024 | 2025 |
| New Locations Licensed | 27 | 16 |
| Locations Closed | 49 | 66 |
| Locations Suspended | 0 | 0 |
| Total Active Locations | 492 | 442 |
| New Licences Issued | 67 | 59 |
| Licences Relinquished/Revoked | 83 | 133 |
| Total Licences Issued | 842 | 768 |
| No. of Primary Agents in Operation | 9 | 9 |

Source: BOJ

The United States of America remained the largest source market for remittance inflows to Jamaica in 2025, accounting for 68.3 per cent of total inflows.

Other significant source countries were the United Kingdom, Canada and the Cayman Islands, which contributed 11.4 per cent, 9.6 per cent and 6.3 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 2025

Moderate risks to financial stability in 2025 amid geopolitical uncertainties and weather-related shocks

The Bank's composite indicator of macro-financial conditions improved for the first three quarters of 2025, supported by favourable credit growth, low inflation volatility, declining public debt levels and improved domestic equity market performance. However, the index weakened in the December 2025 quarter due to the impact of Hurricane Melissa but remained well below the financial crisis threshold. Despite the overall positive outturn, the financial system remains vulnerable to geopolitical and weather-related shocks.

The results of routine stress tests involving simulated hypothetical shocks related to market, credit and liquidity risks indicate that the financial system remained resilient at end-2025.^{14,15} Capital levels across all sectors were sufficient to absorb the impact of these simulated shocks while still remaining above the prudential requirements. These outcomes reflected the system's strong capital position and the presence of sizeable capital buffers, which continued to provide important safeguards against adverse developments.

An assessment of DTIs' credit risk indicated a modest increase in the ratio of NPLs to total loans to 2.8 per cent at end-2025, from 2.5 per cent at end-2024. Notwithstanding this increase, the ratio remained comfortably below the prudential minimum requirement of 10.0 per cent. Stress tests further indicated that DTIs were resilient to hypothetical increases in NPLs of between 10.0 and 50.0 per cent, with all institutions maintaining

capital adequacy ratios above the regulatory minimum of 10.0 per cent.

Liquidity stress tests also indicated continued resilience for the DTI and SD sectors. At end-2025, DTIs and SDs were able to withstand a hypothetical 20.0 per cent withdrawal of deposits. Furthermore, results showed that a withdrawal of approximately 51.0 per cent of deposits would be required for the DTI sector's aggregate CAR to fall below the prudential minimum. This outturn reflected a marginal improvement relative to end-2024.¹⁶

At end-2025, the financial system demonstrated resilience to market-related shocks, including foreign exchange and interest rate risks. Financial institutions across the banking, securities and insurance sectors maintained capital levels above their respective regulatory minimum thresholds under hypothetical currency depreciation and significant interest rate increases on both domestic and foreign rate-sensitive assets and liabilities.

Simultaneous hypothetical shocks from interest rates, exchange rate depreciation, weakened credit quality and deposit outflows resulted in the aggregate post-shock CAR of the DTI and SD sectors remaining above the prudential minimum benchmark at end-2025.¹⁷



▶ 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/>

¹⁴ 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 financial system.

¹⁵ The financial system refers to DTIs, securities dealers and insurance sector.

¹⁶ At end-2024, a 50.0 per cent deposit withdrawal was required for the overall sector to breach the minimum capital benchmark.

¹⁷ 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.

Outlook

The financial sector to remain stable

The financial institutions supervised by BOJ will remain sound in 2026, notwithstanding the impact of Hurricane Melissa. The sector may face pressures over the short- to medium-term in relation to asset growth, credit quality and general risk conditions. However, the sector is expected to remain robust, supported by strong regulatory oversight as well as adequate capital buffers and liquidity coverage.

In 2026, the preparation for the Twin Peaks regulatory model will continue. The Bank will maintain close collaboration with the Financial Services Commission to conduct structured supervisory examinations in preparation for full implementation of the framework.

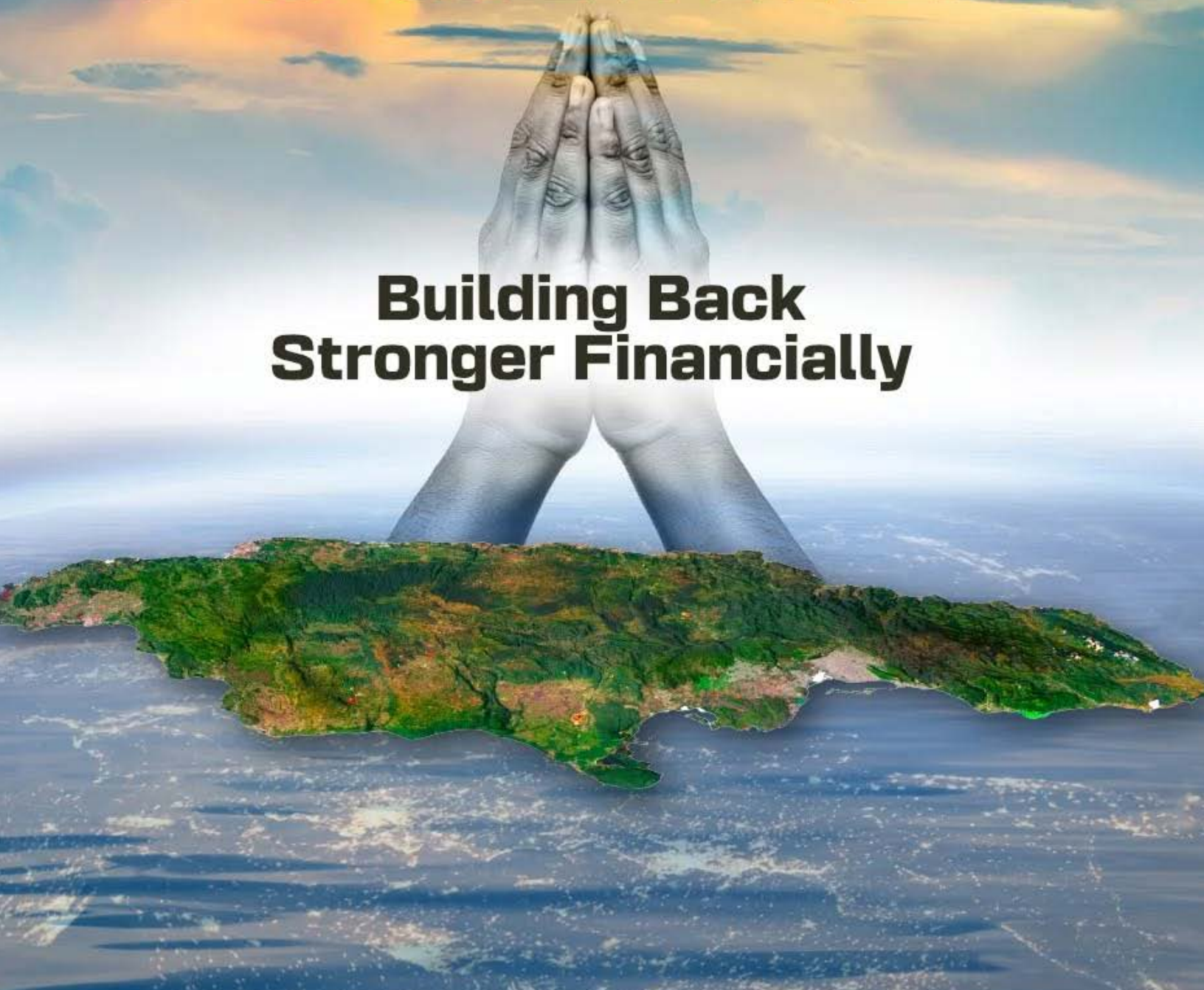
PAYMENT SYSTEM



MR. JOHN WETHERSOLL
MEMBER OF PARLIAMT 1982-1988

RECOVERING TOGETHER

**Building Back
Stronger Financially**



PAYMENT SYSTEM

During 2025, financial market infrastructures (FMIs) remained safe and operated efficiently. Several key achievements were recorded during the year, including: (i) progress in advancing proposed amendments to the Payment Clearing and Settlement Act, 2010, aimed at strengthening the Bank’s supervisory authority over Payment Service Providers (PSPs) and FMIs; (ii) the upgrade of the

JamClear®– Real– Time Gross Settlement system to the new ISO 20022 messaging standard to ensure alignment with global standards; and (iii) a partnership with Tax Administration Jamaica for the inclusion of Jamaica’s Central Bank Digital Currency – JAM–DEX® as a payment option on TAJ’s payment portal for select transaction types.

Volume of JamClear®–RTGS transactions increased while value declined in 2025

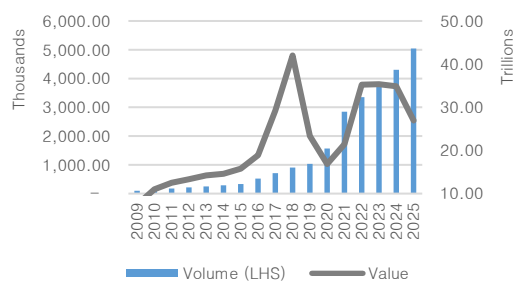
For the review year, JamClear®–RTGS processed 5 045 993 transactions (representing settlement of United States dollar (USD) and Jamaica Dollar (JMD) payments).¹ System utilisation reflected an increase of 17.2 per cent (741 678 transactions) in JMD volume to 5 043 416 transactions (see **Chart 16**). Growth in the JMD volume was largely attributed to an increase of 18.5 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 sharply by 22.7 per cent (\$7.9 trillion) to \$26.9 trillion. This decline largely reflected a 33.5 per cent (\$5.5 trillion) reduction in securities settlement transactions initiated in the JamClear®–Central Securities Depository (CSD) system, as a result of reduced demand for intraday liquidity to settle participants’ obligations.²

At end–2025, the total volume of USD transactions processed in JamClear®–RTGS amounted to 2 577, a decline of 7.1 per cent (197 transactions). The lower volume largely stemmed from a 31.4 per cent decline in JamClear®–CSD settlement transactions. The aggregate USD transaction values in the JamClear®–RTGS decreased by 32.8 per cent

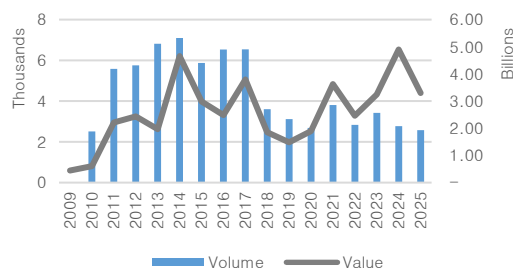
(US\$1.6 billion) to US\$3.3 billion at December 2025, from US\$4.9 billion at end–2024 (see **Chart 17**).

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 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 and value of electronic retail payment activities

In 2025, 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 182.9 million, valued at \$5.1 trillion. The volume of transactions reflected a marked increase of 15.9 per cent (25.1 million), while the value of transactions also grew significantly by 14.1 per cent (\$632.0 billion), relative to the outturns in 2024. The growth in volume and value was consistent with increased use of debit cards in financial transactions.

The number of debit cards in circulation increased by 0.5 per cent to 3.9 million in 2025, compared to the previous year. For 2025, DTIs settled approximately 76.1 million debit card transactions on their proprietary systems, which represented an increase of 32.8 per cent (18.8 million) relative to 2024.⁴ The value of these transactions increased by 42.4 per cent (\$308.0 billion) to \$1.0 trillion, relative to 2024.

Jamaica Dollar denominated credit cards in circulation at December 2025, amounted to 435 883, representing an increase of 1.2 per cent when compared to the outturn at December 2024. For the calendar year, the number of credit card transactions processed on the proprietary systems of DTIs was 35.1 million valued at \$1.5 trillion. These outturns represented increases of 11.8 per cent (3.7 million) and 13.0 per cent (\$170.0 billion) in the volume and value of transactions, respectively, when compared to the outturns for the previous year.

Transactions processed at Automated Banking Machines (ABMs) through the MultiLink network totalled 17.6 million and valued \$270.3 billion for 2025. The volume of transactions processed

declined by 1.8 per cent (326 708) while transaction values increased by 5.1 per cent (\$13.1 billion), relative to the outturns for 2024.

At December 2025, there were 34 151 Point of Sale (POS) terminals in operation, reflecting an increase of 7.3 per cent in comparison to 31 836 terminals at December 2024. The total volume of transactions processed on MultiLink POS terminals for 2025 increased by 7.8 per cent (2.5 million) to 34.4 million, in comparison to 2024. Concurrently, the value of POS transactions increased by 9.0 per cent (\$20.9 billion) to \$252.0 billion, relative to 2024.

The total number of direct debits and credits processed through the Automated Clearing House (ACH) for the review period was 14.6 million valued at \$1.2 trillion. These outturns reflected increases of 6.0 per cent and 17.4 per cent in volume and value, respectively.

Reduced use of domestic currency cheques during the year

The total number of cheques processed through the ACH for 2025 was 2.4 million, valued at \$444.0 billion. These figures represented declines of 12.6 per cent (347 075) and 6.9 per cent (\$33.0 billion) in volume and value of transactions, respectively, when compared to 2024. The decline in cheques processed may 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.⁵ Over the review period, the average transaction value of cheques processed in the ACH increased by 6.5 per cent to \$184 117.47 when compared to \$172 910.83 for 2024.

Proprietary cheque transactions amounted to 2.7 million, valued at \$453.4 billion for 2025.⁶ This

³ Electronic Retail Payment Systems comprise DTI proprietary systems, MultiLink and Automated Clearing House.

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 The ACH Value Threshold is a strategy implemented by the Bank to reduce the value of transactions processed through the

Automated Clearing House ≤ \$1 million to better manage systemic risk.

⁶ Proprietary cheques (ON-US) are cheques drawn on the institution of issue and processed within the same institution.

represented declines of 1.6 per cent and 4.3 per cent in volume and value, respectively, when compared to 2024.

Foreign currency cheques cleared through the Manual Clearing House for 2025 declined by 9.9 per cent in value when compared to the similar period in 2024. Cheques denominated in US dollars amounted to US\$1.1 billion over the review period and accounted for 99.3 per cent of the total foreign currency cheques cleared.

Volume of bill payment transactions increased in 2025

Total bill payments for 2025, amounted to approximately 29.7 million transactions valued at \$731.7 billion. These figures reflected an increase of 4.7 per cent (1.3 million) in transaction volume and an increase of 5.2 per cent (\$36.4 billion) in transaction value, relative to 2024. The dominant method for bill payments for the period was via savings/deposit accounts, which accounted for 41.2 per cent of the total volume and 59.9 per cent of the total value of bill payments.

Achievements in 2025

BOJ upgraded its JamClear® systems

During 2025, the activities related to the modernisation of the Bank's JamClear® Systems were as follows:

- (i) The JamClear® Foreign Exchange Trading Platform (FXTF) was updated during the second half of 2025 to include fixes to attain:
 - improved efficiencies in the day-to-day operation of the trading system;
 - further enhancements to the market intelligence toolkit for the foreign exchange market through changes to the requirements for reporting trades done with end-users; and
 - compliance with IMF recommendations.
- (ii) The JamClear® CSD was also upgraded in preparation for the listing of domestically issued Government of Jamaica securities on the Jamaica Stock Exchange fixed-income platform, a key component of the country's Financial Deepening agenda.

Development of an enabling regulatory framework for Payment Service Providers

The Bank continued its collaboration with the MOFPS and the Chief Parliamentary Counsel (CPC) on amendments to the Payment Clearing and Settlement Act (PCSA). The proposed amendments seek to strengthen the Bank's supervisory and regulatory authority with respect to:

- (i) the licensing and supervision of PSPs;
- (ii) regulation of payment services; and
- (iii) the establishment of offences applicable to operators of FMI and participants.

During November 2025, the Bank submitted comments on the fifth draft of the proposed legislation.

Migration to ISO 20022 MX standard

Over the review period, the Bank continued to lead the transition to the new ISO 20022 messaging standard (MX). The ISO 20022 MX, or 'Universal Financial Industry Message Scheme,' is a global financial messaging standard geared towards improving payment efficiency and promoting interoperability among financial institutions, FMIs and end-users.

On 15 December 2025, migration from the Swift Message Type (MT) standard to the new ISO 20022 standard (MX) became effective in JamClear®-RTGS. The migration timeline was extended beyond the original 30 November 2025 deadline due to operational challenges arising from the passage of Hurricane Melissa in October 2025.

The successful completion of this transition marked the culmination of three years of preparatory work and represented a major milestone in modernising the national payments infrastructure and aligning the JamClear®-RTGS platform with international standards.

Over the review period, the Bank continued to lead the transition to the new ISO 20022 messaging standard (MX).

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

Testing continued in the BOJ Fintech Regulatory Sandbox

The Fintech Regulatory Sandbox (Sandbox) continued to provide a structured environment for testing, refining and safely launching innovative financial technologies. During the review period, activities within the Sandbox remained consistent with established operational practices.

In 2025, the Bank received four new applications from three entities requesting entry to the Sandbox. This brought the total number of applications received since the Sandbox's inception in March 2020 to 50, up from 46 at end-2024. By end-2025, 29 applications had been approved for testing, covering solutions such as mobile wallets, debit cards and prepaid card offerings.

CBDC-JAM-DEX® National Roll-Out in 2025

In 2025, the Bank completed year four of its five-year National Roll-Out plan for JAM-DEX®. The following project milestones were achieved:

- (i) TAJ Pilot – The Bank, in partnership with TAJ, successfully completed a pilot to test the feasibility of using JAM-DEX® to facilitate select online transactions. These online

transactions are for the payment of property tax, fitness fees and traffic tickets. The pilot was undertaken during the period 09 April to 22 May 2025 at two collectorate locations. This option to pay with JAM-DEX® remains online and accessible to the public via TAJ's portal;

- (ii) Wallet Provider Expansion – At end-2025, there were two Wallet Providers offering JAM-DEX® to the public. JN Bank Limited launched its JN Pay digital wallet in May 2025, joining National Commercial Bank Jamaica Limited, which offers JAM-DEX® in partnership with TFOB (2021) Limited through the Lynk mobile wallet.⁷ Two additional wallet providers (commercial banks) are on track to launch their respective digital wallets by the June 2026 quarter;
- (iii) Merchant Enablement – Progress was made in retrofitting POS devices to facilitate JAM-DEX® transactions; and
- (iv) JAM-DEX® Promotion – Communication initiatives were relaunched in 2025 with promotions at local events such as Reggae Sumfest 2025. The Bank also partnered with selected vendors in the food and

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

entertainment industry, offering benefits to customers who made payments using the digital currency.

At end-2025, total JAM-DEX® minted by the Bank remained at \$276.0 million. A total of \$260.1 million of JAM-DEX® was in circulation, with \$144.4 million (55.5 per cent) in the hands of the public and \$115.7 million (44.5 per cent) held by wallet providers in their respective digital vaults.

There were 305 026 JAM-DEX® registered wallet users at end-2025, an increase of 8.1 per cent relative to end-2024.

At end-2025, total JAM-DEX® minted by the Bank remained at \$276.0 million.

Financial Deepening Developments

Increasing Transparency and Price Discovery in Markets via usage of the JSE platform to trade GOJ Bonds

During 2025, significant progress was made 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). By end-2025, overall project completion stood at approximately 93.0 per cent.

In support of the mandatory policy requirement for the use of the platform to trade GOJ bonds, additional actions were undertaken to facilitate the participation of all eligible licensees. These actions included a special designation requirement for the onboarding of DTIs to the JSE NME as well as updates to technical specifications to support aspects of their reporting requirements.

As a result of continued collaboration among key stakeholders to satisfy the technical and administrative requirements of the project, several milestones were achieved during the year, including:

- (i) The multi-phased systems correction release tests by the project teams (JSE and BOJ) were approximately 99.0 per cent complete by December 2025;
- (ii) Sensitisation and user acceptance testing (UAT) sessions for the DTIs were completed by September 2025 while the participants

already enrolled in both systems completed their remaining UAT phases by December 2025; and

- (iii) Activities related to the administrative outputs, including the operating procedures, rules and listing requirements, were 95.0 per cent complete by December 2025.

At end-2025, the approval process for the marketing plan activities was approximately 70.0 per cent complete.

▶ Additional Resources

[Payment Systems Data Bulletin](https://boj.org.jm/boj-publications/boj-monthly-reports/)
<https://boj.org.jm/boj-publications/boj-monthly-reports/>

CURRENCY



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CURRENCY

Throughout 2025, 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 characterised by the demonetisation of the old cotton banknotes, marking the country's full transition to the polymer banknote series.

Full transition to polymer banknotes

Effective 01 July 2025, the old cotton-based banknotes ceased to be legal tender and were therefore no longer valid as a means of payment for goods and services. Notwithstanding the demonetisation, members of the public were able to exchange their old cotton-based notes for polymer banknotes at their commercial banks for a designated period following the announced deadline. BOJ will facilitate the exchange of old cotton notes indefinitely.

Accordingly, the proportion of cotton-based notes in the hands of the public decreased substantially over the review year. Specifically, the value of cotton banknotes in circulation declined by 48.2 per cent to \$10.2 billion at end-2025, from \$19.7 billion at end-2024. Similarly, the volume of cotton banknotes in circulation declined by 13.8 per cent to 70.5 million pieces at end-2025, from 81.8 million pieces at end-2024.

Consistent with this transition, polymer banknotes accounted for 96.8 per cent or \$304.5 billion of the value of all banknotes in circulation at end-2025, compared to 92.9 per cent or \$259.2 billion at end-2024. In terms of volume, polymer notes accounted for 76.8 per cent of all banknotes in circulation at end-2025, compared to 71.9 per cent at end-2024.

Accelerated growth in total currency in circulation

The total value of currency in circulation was \$324.8 billion at end-2025, comprising \$324.5 billion in physical currency (banknotes and coins) and \$0.3 billion in JAM-DEX®. This represented a 12.6 per cent increase for the year, a marked acceleration relative to the 3.1 per cent growth recorded in 2024.

The expansion in currency in circulation, during 2025, was broadly in line with the five-year average annual growth rate of 14.3 per cent, indicating a return to longer-term growth trends following the subdued expansion observed in the previous year.

Slight decline in total value of currency issued

For 2025, the total value of currency issued (banknotes, coins and JAM-DEX®) amounted to \$294.7 billion, representing a decline of 2.0 per cent, relative to the \$300.7 billion issued in the previous year.

Of the total, the value of banknotes amounted to \$293.0 billion, all consisting of polymer notes. This figure reflected a decline of 2.0 per cent, relative to the previous year. Coins issued during the year were valued at \$1.7 billion, showing a modest increase of 1.0 per cent relative to the previous year. For the review year, JAM-DEX® issuance totalled \$1.6 million, relative to \$1.2 million in 2024.

Decline in the value of currency redemptions

In 2025, the total value of currency redeemed was \$258.3 billion, reflecting a decline of 11.5 per cent compared to the previous year. Banknotes redeemed accounted for \$257.2 billion of total redemptions, reflecting a decline of 11.5 per cent compared with the figure for 2024. Of this total, polymer banknotes represented \$226.6 billion or 88.1 per cent of all banknotes redeemed during the year. In terms of volume, polymer notes accounted for 86.9 per cent of the total number of banknotes redeemed during the year. The decline in the value and volume of banknotes redeemed can be attributed, in part, to a

reduction in the cotton banknote redemptions in 2025, relative to 2024.

Coin redemptions amounted to \$1.1 billion, representing a decrease of 6.6 per cent relative to 2024. There were no redemptions of JAM-DEX@ during the review period.

Fewer banknotes processed in 2025

During 2025, approximately 229.3 million pieces of banknotes valued at \$245.1 billion were processed by the Bank's banknote processing machines. This outturn reflected a decline relative to the 239.8 million pieces of banknotes valued at \$310.4 billion, which were processed in 2024. The reduction in banknote processing was consistent with the decline in redemptions recorded during the year.

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

Counterfeit data for 2025 showed that there continued to be fewer attempts made at counterfeiting the polymer notes, relative to the attempts made at the cotton-based notes.

During the year, 69 counterfeit polymer notes valued at \$0.3 million were detected, compared with 19 counterfeit notes valued at under \$0.1 million in 2024. Meanwhile, 380 counterfeit cotton-based notes valued at \$1.0 million were detected in 2025, relative

to 348 counterfeit notes valued at \$1.2 million in the previous year. The total value of all counterfeit notes detected during 2025 amounted to \$1.4 million.

The \$5000 note remained the most targeted denomination for counterfeits for both substrates. In 2025, a total of 228 counterfeit \$5000 notes valued at \$1.1 million were detected, largely similar to the 221 notes valued at \$1.1 million in 2024.

Too early to accurately assess the durability of polymer banknotes

Although polymer banknotes have been in circulation since 15 June 2023, this time period is too short to provide reliable data for the accurate assessment of the average circulation life (ACL) of the polymer banknotes. These notes are expected to exhibit a longer ACL when compared with their cotton-based counterparts.



▶ 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



JOHN HOLT NETHERCOTT
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NATALIE HAYNES
Deputy Governor, Bank of Jamaica

Deputy Governor Natalie Haynes (Financial Markets and Payments Systems Division) at a Quarterly Monetary Policy Press Conference

FINANCIAL MARKET OPERATIONS

In support of its primary mandate to ensure price stability, BOJ maintained an accommodative monetary policy stance throughout 2025. This stance was reflected in a reduction in the policy rate in May 2025, and was complemented by the Bank's liquidity management operations, which ensured supportive monetary conditions over the year.

In this context, open market operations were conducted to ensure adequate system liquidity while supporting orderly conditions in both

money and foreign exchange markets. Following the passage of Hurricane Melissa in October 2025, the Bank took actions to limit the inflationary effects of this shock on the economy and facilitate the conditions necessary for long-term economic recovery. Accordingly, the Bank maintained its accommodative policy stance while taking special pre-emptive measures to preserve relative stability in the foreign exchange market.

Domestic Market

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

In line with the policy stance, the Bank utilised a combination of 30-day and longer-dated Certificates of Deposit (CDs) in its liquidity management strategy. The demand for BOJ 30-day CD issuances remained strong, with 49 of 52 auctions being oversubscribed. For 2025, a total of \$1 612.2 billion was issued in 30-day CDs, compared to maturities of \$1 612.9 billion, resulting in a net injection of \$0.7 billion. This outturn was in contrast to the net absorption of \$12.2 billion for 2024, which reflected total issuances of \$1 746.7 billion and maturities of \$1 734.5 billion.

Additionally, the Bank issued two fixed-rate CDs (with an average tenor of two years) as well as a new USD-Indexed Note, which cumulatively absorbed approximately \$59.3 billion from the system. Maturities on longer-dated BOJ CDs amounted to approximately \$12.6 billion. Consequently, longer-dated BOJ CDs net absorbed \$46.7 billion for the year, in comparison to the net absorption of \$22.6 billion in 2024. The impact of the increase in net absorption from longer dated instruments was offset by net FX purchases by BOJ

which injected \$163.4 billion into the system. Of note, GOJ domestic debt operations recorded a net issuance of \$47.7 billion during the year, also contributing to liquidity absorption from the financial sector.

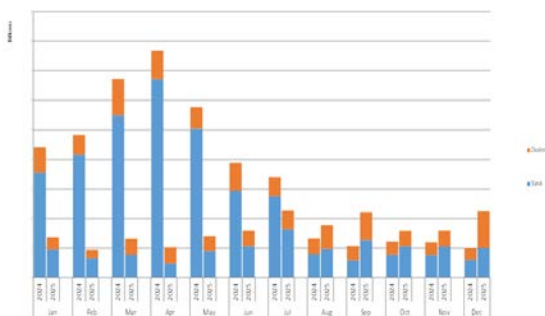
The Bank's 14-Day repurchase auction operation (repo) was offered on 50 occasions during the year, with DTIs accessing funds on 45 occasions. The average amount offered via this facility amounted to \$1.0 billion. Furthermore, the Bank continued to provide overnight liquidity assurance through the Standing Liquidity Facility (SLF) which offers unlimited liquidity support to DTIs. Utilisation of the SLF was minimal in 2025, as DTIs accessed the facility only 11 times, with a daily average of \$1.4 billion. This compared with an average daily utilisation of \$11.2 billion across 134 transactions in 2024. The minimal utilisation of the SLF during 2025 underscored the relatively comfortable liquidity conditions that prevailed.

Marginal decline in usage of Auto Repo facility

During 2025, the Bank continued to provide intraday liquidity to eligible participants through the Auto Repo Facility. The facility was accessed 2 739 times

by 13 participants during the review year, reflecting a marginal decline in usage, relative to 2 750 times by 15 participants in 2024. Concurrent with the marginal reduction in the facility's usage, there was a decline in the average value of intraday liquidity (see **Chart 19**). This decline in value was largely due to buoyant Jamaica Dollar supply conditions evidenced by the increase in DTIs current account balances during the first half of 2025.

Chart 18: Comparison of Daily Average Liquidity Utilized – 2024 & 2025



Source: BOJ

Primary Dealers decreased their participation in BOJ OMO instruments

The number of Primary Dealers (PDs) was unchanged at seven in 2025, relative to 2024.¹ Notwithstanding a year-on-year net OMO issuance of \$47.40 billion in 2025, PD’s monthly participation in OMO issues declined by 8.2 per cent to average \$142.5 billion, relative to the average of \$155.3 billion in

2024. Notably, the decline in PDs’ participation in OMO issues was primarily driven by their increased bids in GOJ issuances, which rose by \$179.4 billion in 2025 compared to 2024. This shift reflected both the availability of a higher volume of GOJ instruments and PDs’ preference for these higher-yielding securities, as they sought to lock in more attractive interest rates following the policy rate reduction in May 2025. The PDs’ preference was further reinforced by inflation outcomes that were below the Bank’s target range in some instances. Notwithstanding the PDs’ reduced demand for OMOs in 2025, they continued to exhibit more than adequate demand for these instruments, which enabled them to satisfy the minimum performance assessment score requirements.

“Concurrent with the marginal reduction in the Auto Repo Facility's usage, there was a decline in the average value of intraday liquidity.”

International Reserves

Robust growth in foreign reserve position

Jamaica’s net international reserve (NIR) recorded a noteworthy increase in 2025. More specifically, the NIR amounted to US\$6 290.3 million at end-2025, reflecting an increase of US\$706.6 million, relative to end-2024. Additionally, Jamaica’s gross foreign assets (GFA) amounted to US\$6 303.2 million at end-2025, which represented 144.7 per cent of the

IMF’s Assessing Reserve Adequacy (ARA 100%) metric.

Gross foreign assets increased year-over-year

During the year, Jamaica’s GFA increased by US\$670.2 million. The increase in the GFA primarily reflected net foreign purchases of US\$950.4 million

¹ Of note, four principals from varying PDs were assessed as ‘fit and proper’ during the year.

by BOJ, which was partly offset by net GOJ outflows of US\$598.9 million.

Notwithstanding the net GOJ outflows during the year, gross GOJ inflows during the year included receipts of US\$367.1 million from the securitisation of future earnings of the Airports Authority of Jamaica as well as a multilateral loan disbursement of US\$149.6 million. In addition, there were disaster risk financing inflows, which amounted to US\$289.3 million, reflecting payouts from the Government's Catastrophe (CAT) bond, the Caribbean Catastrophe Risk Insurance Facility (CCRIF) as well as other hurricane relief related assistance.²

Full repayment of IMF's Rapid Financing Instrument (RFI)

Total foreign liabilities declined by US\$36.3 million during the year to US\$12.9 million at end-2025. In this context, Jamaica completed repayment of all its loan obligations under the IMF's Rapid Financing Instrument (RFI) in May 2025. Total repayments under the facility amounted to US\$127.3 million

(SDR 95.7 million) for the year.³ Additionally, repayments related to the Extended Fund Facility (EFF) with the IMF continued in 2025, amounting to US\$38.5 million (SDR 28.3 million).⁴ Consequently, total repayments to the IMF amounted to US\$165.8 million (SDR 124.0 million) during 2025 (see **Table 12**).

Table 12

| SDR DISBURSEMENTS AND REPURCHASES/REPAYMENTS CALENDAR YEAR 2025 MN | | | | |
|--------------------------------------------------------------------------|----------------------|-----------------------------|--------------------|-----------------------------|
| Date | DISBURSEMENTS SDR | USD ^{1/} Equiv. | REPURCHASES SDR | USD ^{1/} Equiv. |
| March Qtr. | 0.0 | 0.0 | 54.9 | 72.1 |
| June Qtr. | 0.0 | 0.0 | 57.3 | 77.5 |
| September Qtr. | 0.0 | 0.0 | 4.7 | 6.5 |
| December Qtr. | 0.0 | 0.0 | 7.1 | 9.7 |
| TOTAL | 0.0 | 0.0 | 124.0 | 165.8 |

Source: BOJ

Achievements in 2025

Bank increased holdings within its Yield Enhancement Sub-Portfolio Tranche

In pursuit of enhanced returns on the Bank's investment portfolios, two additional External Fund Managers (EFMs)—JP Morgan (JPM) and Citigroup (Citi)—were commissioned to the Yield Enhancement Sub-Portfolio Tranche (YEST) during 2025.⁵ This brought the total number of operationalised EFMs to four at the end of the year. In addition, approval was granted by the Bank's Executive Management to increase total holdings in the YEST to a maximum of 20.0 per cent of GFA, up from the approximate 5.0 per cent allocation in 2024. Consequently, an

additional US\$400.0 million was earmarked for allocation to this tranche in 2025.

The Bank's Investment Committee (IC) also reviewed the mandate of each YEST manager to facilitate the inclusion of additional investment strategies through credit and duration positioning.

The exercise to review and revise the Investment Policy Statement (IPS), Investment Guidelines (IG) and Strategic Asset Allocation (SAA) commenced in 2025 and is expected to be concluded in the first quarter of 2026.

² In December 2025, Jamaica received full 100 per cent payout of US\$150.0 million from the parametric catastrophe bond following the events of Hurricane Melissa. In addition, proceeds from the CCRIF amounted to US\$88.9 million.

³ The Executive Board of the 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 RFI in May 2020.

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

⁵ The YEST was designed to maximise returns on investments, within tolerable risk limits, by employing new investment strategies and allocating new instruments to enhance the yield generated from the Bank's investment portfolios.

Investment strategy geared towards portfolio optimisation

During the year, a submission was made to amend the Bank of Jamaica Act to approve the inclusion of equities. This amendment will establish the framework needed to execute alternative strategic investment options for the foreign reserves portfolio. Toward the end of the year, the IC approved a strategic shift aimed at enhancing portfolio yield and total return potential through a responsible extension of duration and a cautious expansion of credit risk within the investment-grade universe. These changes are expected to be formally incorporated into the revised IPS and IG.

From a tactical perspective, the reserves portfolio remained neutral relative to the benchmark for most of the year, reflecting heightened market uncertainty during the first nine months. Toward the end of the year, a tactical duration position was adopted in anticipation of interest rate movements, as expectations for the Federal Reserve (Fed) to cut benchmark rates manifested.

The Bank's investable yield curve reflected a bullish market environment, shifting lower across the curve toward the end of the year, compared with the previous year. While this development resulted in reinvestment risk—thereby lowering forward-looking yield and total return potential—it also generated unrealised mark-to-market gains on bond holdings. The longer end of the yield curve offered no incremental coupon income, relative to the prior year. The neutral market trading strategy employed allowed the portfolio to maintain duration broadly in line with the benchmark.

Global financial markets recorded notable gains during the year

Global financial markets recorded strong performance during 2025. This strong performance occurred in spite of heightened volatility arising from tariff developments, increased enthusiasm surrounding artificial intelligence and ongoing geopolitical risks. More specifically, the S&P 500 achieved double-digit gains for the third consecutive year, reaching new

record highs, with US technology and memory semiconductor stocks leading the advance. Additionally, international markets, particularly emerging markets, performed strongly, during the year, aided by a weaker US dollar and investor diversification. Commodities, especially precious metals, also recorded significant gains. Global bonds also generated positive returns as central banks, including the Fed, pursued cautious monetary easing cycles.

The US economy demonstrated notable resilience, in 2025, averting earlier recessionary expectations despite a government shutdown and elevated political uncertainty. Economic growth strengthened, with third-quarter GDP expanding at an annualised rate of 4.3 per cent, the strongest performance in two years. Industrial production increased by 2.5 per cent year-over-year at November, the highest growth rate recorded since late 2022. The Fed reduced its federal funds rates on three occasions, by a cumulative 75 basis points to a target range of 3.50 per cent to 3.75 per cent by year-end. However, US inflation remained elevated, with the November Consumer Price Index at 2.7 per cent, above the Fed's 2.0 per cent target. Meanwhile, US labour market conditions softened, with job growth slowing to its weakest pace since 2003, excluding pandemic-related disruptions.

Foreign assets under management increased during 2025

For 2025, the Bank's foreign assets under management (AUM) increased, when compared with the previous year, with all Tranches recording year-over-year growth. This increase was largely attributable to receipts from market purchases, which primarily drove the expansion of the portfolio to US\$6 303.2 million. This outturn represented an increase of US\$670.3 million or 11.9 per cent in gross foreign assets. **Table 14** details the composition of the portfolio at 31 December 2025, relative to end-2024.

Table 14

| Distribution of Foreign Assets For Years Ended 31 December 2025 and 2024 | | | | |
|-----------------------------------------------------------------------------|----------------|---------------|----------------|---------------|
| Assets | 2025 | | 2024 | |
| | US\$MN | % of Holdings | US\$MN | % of Holdings |
| Working Capital Tranche | 986.0 | 15.6 | 850.0 | 13.5 |
| Liquidity Tranche | 2,562.2 | 40.6 | 2,505.5 | 39.7 |
| Investment Tranche | | | | |
| Capital Market Investments | 363.1 | 5.8 | 355.7 | 5.6 |
| External Funds | 2,146.9 | 34.1 | 1,636.9 | 26.0 |
| Total Funds Invested | 6 058.2 | 96.1 | 5 348.1 | 84.8 |
| Allocation of Special Drawing Rights | | | | |
| Rights | 245.0 | 3.9 | 284.8 | 4.5 |
| Total | 6 303.2 | 100.0 | 5 632.9 | 89.4 |

Source: BOJ

Foreign investment income declined during the year

The average income earning assets for the year amounted to US\$5 791.0 million, representing an increase of US\$724.0 million (14.3 per cent), relative to 2024. At end-2025, total income, on an accrual basis, of US\$225.9 million was US\$1.7 million (0.8 per cent) lower than in 2024. This lower income occurred in the context of the average returns on the portfolio declining to 3.9 per cent per annum in 2025, 0.59 percentage point lower than the figure for 2024 (see Table 15).

Table 15

| Foreign Investment Income For Years Ended 31 December 2025 and 2024 | | | | |
|------------------------------------------------------------------------|-----------------|---------------|-----------------|---------------|
| Assets | 2025 | | 2024 | |
| | Earnings US\$MN | % of Earnings | Earnings US\$MN | % of Earnings |
| Working Capital Tranche | 27.4 | 12.1 | 45.2 | 20.0 |
| Liquidity Tranche | 110.4 | 48.9 | 130.8 | 57.9 |
| Investment Tranche | | | | |
| Capital Market Investments | 14.8 | 6.6 | 12.3 | 5.4 |
| External Funds | 66.9 | 29.6 | 36.5 | 16.2 |
| SDR Holdings | 6.4 | 2.8 | 2.8 | 1.2 |
| Total | 225.9 | 100 | 227.6 | 101 |
| Average Income Earning Assets | 5 791 | | 5 067 | |
| Rate of Return (%) | 3.90 | | 4.49 | |

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/>

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Dr. Andre Murray (Head – Financial Stability and Financial Inclusion)
speaks at launch of digital educational game 'Money Quest'

AMBRA

FINANCIAL INCLUSION

Bank of Jamaica continued to advance its financial inclusion objectives through the ongoing implementation of initiatives aimed at promoting financial literacy and inclusion during 2025. In this regard, the Bank's financial literacy communication campaign continued to generate tailored content for dissemination across both traditional and social media channels, which enhanced public awareness and understanding of

financial concepts. The Bank also continued to track, collate, measure and report on key financial inclusion indicators to monitor progress and inform policy formulation. Additionally, the Bank participated in a number of seminars and outdoor broadcasts focused on financial inclusion and literacy, with the objective of reducing information asymmetries and empowering individuals to make informed financial decisions.

Achievements in 2025

Bank made progress in its financial literacy communication campaign

BOJ continued its engagement with financial institutions and the public on financial literacy concepts during 2025. The financial literacy communication programme continued to focus on the following key messages:

- (i) the application of simplified customer due diligence requirements makes 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) awareness of financial institutions regulated by Bank of Jamaica; and
- (vi) effective goal-setting and financial planning to support long-term financial well-being.

a series of educational video segments. The production, entitled **Common Cents with BOJ**, was designed to address key financial literacy themes and common consumer challenges, including:

- (i) limited awareness of customer rights;
- (ii) risks associated with accessing loans from unregulated financial institutions;
- (iii) consumer vulnerability to financial scams and fraud; and
- (iv) knowledge of the appropriate institutions and procedures for submitting consumer complaints.

The series is comprised of twelve episodes depicting real-life scenarios in four dynamic spaces (i.e. office, market, farm and salon/barber shop). Eleven episodes were completed and originally scheduled for release in October 2025. However, due to the passage of Hurricane Melissa and its associated national impact, the Bank deferred the launch. The series is tentatively scheduled to be released in the first quarter of 2026.

Financial literacy enhanced through "Common Cents" video series

In 2025, the Bank continued to strengthen its financial literacy outreach through the production of



Gamification project being used to boost financial literacy among students

BOJ is in the process of developing a digital educational game titled **Money Quest**. The game is designed to promote financial literacy among students in Grades 4 to 6 at primary and preparatory schools and is aligned with the national curriculum and the Primary Exit Profile (PEP) examination framework.

The Bank also developed complementary gamification content aimed at evaluating the knowledge and impact of its financial literacy programmes among younger demographics. A beta test of the platform was successfully administered on 18 July 2025, involving 84 students drawn from primary and preparatory schools across all 14 parishes. Participating schools were selected on a random basis. As with other financial literacy initiatives, the official launch of the project was delayed due to the impact of Hurricane Melissa. The official launch was tentatively rescheduled for the first quarter of 2026.

BOJ participates in the Teachers' Synergy Conference 2025

On 04 March 2025, Bank of Jamaica delivered a presentation at the Beginning Teachers' Synergy Conference 2025 under the theme "Financially Literate Teachers are Architects of Economic Growth." The conference was attended by approximately 1 200 final-year students from teacher training institutions across Jamaica. The engagement provided an opportunity to promote financial literacy among future educators, with the objective of equipping them to impart sound financial practices to future generations. This initiative supports the broader goal of fostering entrepreneurship, economic empowerment and increased participation in the formal financial system.

Update of National Financial Inclusion Strategy (NFIS) Impact Indicators

During 2025, the Bank continued to compile and publish select financial inclusion indicators under the themes – financial access and usage, financing

for growth and financial resilience. Some of the indicators monitored included:

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



► 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 \(March 2025\)](https://e2gobqetsqs.exactdn.com/wp-content/uploads/2025/07/Financial-Inclusion-Impact-Indicators-March-2025.pdf)
https://e2gobqetsqs.exactdn.com/wp-content/uploads/2025/07/Financial-Inclusion-Impact-Indicators-March-2025.pdf
- [Financial Inclusion Impact Indicators \(June 2025\)](https://e2gobqetsqs.exactdn.com/wp-content/uploads/2025/09/Financial-Inclusion-Impact-Indicators-June-2025.pdf)
https://e2gobqetsqs.exactdn.com/wp-content/uploads/2025/09/Financial-Inclusion-Impact-Indicators-June-2025.pdf
- [Financial Inclusion Impact Indicators \(September 2025\)](https://e2gobqetsqs.exactdn.com/wp-content/uploads/2026/01/Financial-Inclusion-Impact-Indicators-September-2025.pdf)
https://e2gobqetsqs.exactdn.com/wp-content/uploads/2026/01/Financial-Inclusion-Impact-Indicators-September-2025.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



Bank of Jamaica

Financial inclusion is vital

for a thriving economy,
such as Jamaica's as it:



boosts
economic
growth



promotes
stability



empowers
individuals

CORPORATE RISK MANAGEMENT



JOHN H. WETHEROLE
PRESIDENT OF WETHEROLE 1982-1988



Mr Odean White (Chief Risk Officer)

CORPORATE RISK MANAGEMENT

Bank of Jamaica continued to identify, assess, monitor, manage and report on its key risk exposures during 2025, even as the risk landscape intensified, particularly in the global financial market. Maintaining a strong risk culture and ensuring effective risk oversight remained central to the Bank's risk management framework. As a result, the Bank's overall risk profile remained within its approved risk appetite for the year. Given the increasing complexity and ongoing evolution of the

risk landscape, particular emphasis will continue to be placed on the management of cybersecurity, business continuity, information technology (IT), and third-party risks. Ongoing stakeholder engagement, supported by targeted training and continuous monitoring of divisional Risk Control Self-Assessments (RCSAs), will remain integral to ensuring the effective management of risks across the organisation.

Achievements in 2025

BOJ strengthens its financial risk management

During the review year, Bank of Jamaica maintained a conservative approach in the management of its financial risk profile, ensuring material risk exposures remained within established limits and thresholds. Notably, the Bank maintained strict adherence to approved policies, procedures and best practices, in the pursuit of its strategic and operational objectives.

To keep pace with developments in the global financial landscape, the Bank engaged third-party subject matter experts and reputable multilateral agencies to bolster its foreign reserves risk management framework, particularly in the areas of financial risk identification, assessment and mitigation.

Accordingly, the management of the foreign reserves portfolio, including the pursuit of improved risk-adjusted returns within one investment sub-tranche, was supported by enhanced monitoring and surveillance mechanisms. These measures ensured that the Bank's conservative risk posture was maintained, amidst heightened uncertainties and bouts of volatility in global financial markets.

In relation to other financial risk exposures, the Bank made steady progress in building out an integrated climate risk framework. This framework is intended to inform guidelines concerning the management of climate-related risk exposures for the Bank as well as the financial sector. During 2025, a project steering committee was established to oversee Phase II of the climate risk initiative, which commenced in 2024.

BOJ's operational and compliance risks within approved tolerance levels

The Bank's operational and compliance risks profile remained within the organisation's established risk appetite, as key exposures continued to be managed within established risk tolerances. Key activities that ensued during the year were as follows:

- (i) Risk Control Self-Assessments (RCSA)

Periodic independent reviews of RCSAs and treatment plans for all business units were conducted to ensure risk owners continually reviewed and updated their risk profiles to reflect and keep pace with the evolving risk landscape. These reviews culminated with the Bank's annual enterprise risk management seminar in October

2025, which facilitated the annual review of the organisation's corporate risk register and treatment plan. The register was last approved by the Board in May 2025.

(ii) Operational Risk Management

Efforts to strengthen the Bank's enterprise risk management and business continuity frameworks continued throughout the year, particularly in response to heightened operational risks arising from extreme weather events and an outbreak of leptospirosis in the latter part of the year. Additionally, the process to identify, assess and monitor third-party risks was streamlined to leverage the capabilities of the Bank's Enterprise Risk Management (ERM) IT platform. This will allow for more proactive risk management and improved due diligence of new and existing third parties, once the third-party management module within the platform is fully implemented.

(iii) Compliance Risk Management

During 2025, progress was made in the Bank's operationalisation of its legislative compliance policy, through documentation of the related procedures and ongoing engagement of key stakeholders. Further, consistent with its commitment to good corporate governance practices and adherence to legislative obligations, progress was also made in the implementation of a corporate compliance index. When fully implemented, the index will support consistent compliance with statutory obligations and clarify accountability across business units.

The Bank continued to prudently manage strategic, IT and business continuity risks

(i) Strategic Risk Management

The Bank's strategic risk profile remained within approved tolerance levels throughout 2025. Key risks were primarily associated with factors affecting

the timely execution of strategic initiatives, including delays in legislative reform associated with the Twin Peaks framework and heightened global economic uncertainty.

Notwithstanding these challenges, performance against strategic objectives remained broadly in line with the Bank's internal benchmark of 80.0 per cent.

(ii) IT/Cybersecurity Risk Management

Rapid technological advancements, including the increased use of artificial intelligence (AI), continued to shape the cybersecurity landscape. While these technologies can facilitate detection of, defence against and effective response to cyber-attacks, they can also cause serious risk events such as data breaches, financial losses and reputation damage, if misused or exploited by bad actors.

During the year, the Bank strengthened its cybersecurity posture through continued review of its cyber risk framework and enhancements to incident response arrangements. A defence-in-depth approach remained central to cybersecurity management and included staff awareness initiatives, periodic phishing simulations and continuous monitoring of emerging threats.

(iii) Business Continuity Risk Management

While the Bank's operations were not materially disrupted by the passage of Hurricane Melissa, the event informed further enhancements to the business continuity management framework to strengthen resilience in the event of future severe weather events.

Based on the timely restoration of normal operations, business continuity risk was assessed as low and within acceptable tolerance levels.

Data Privacy Risk Management

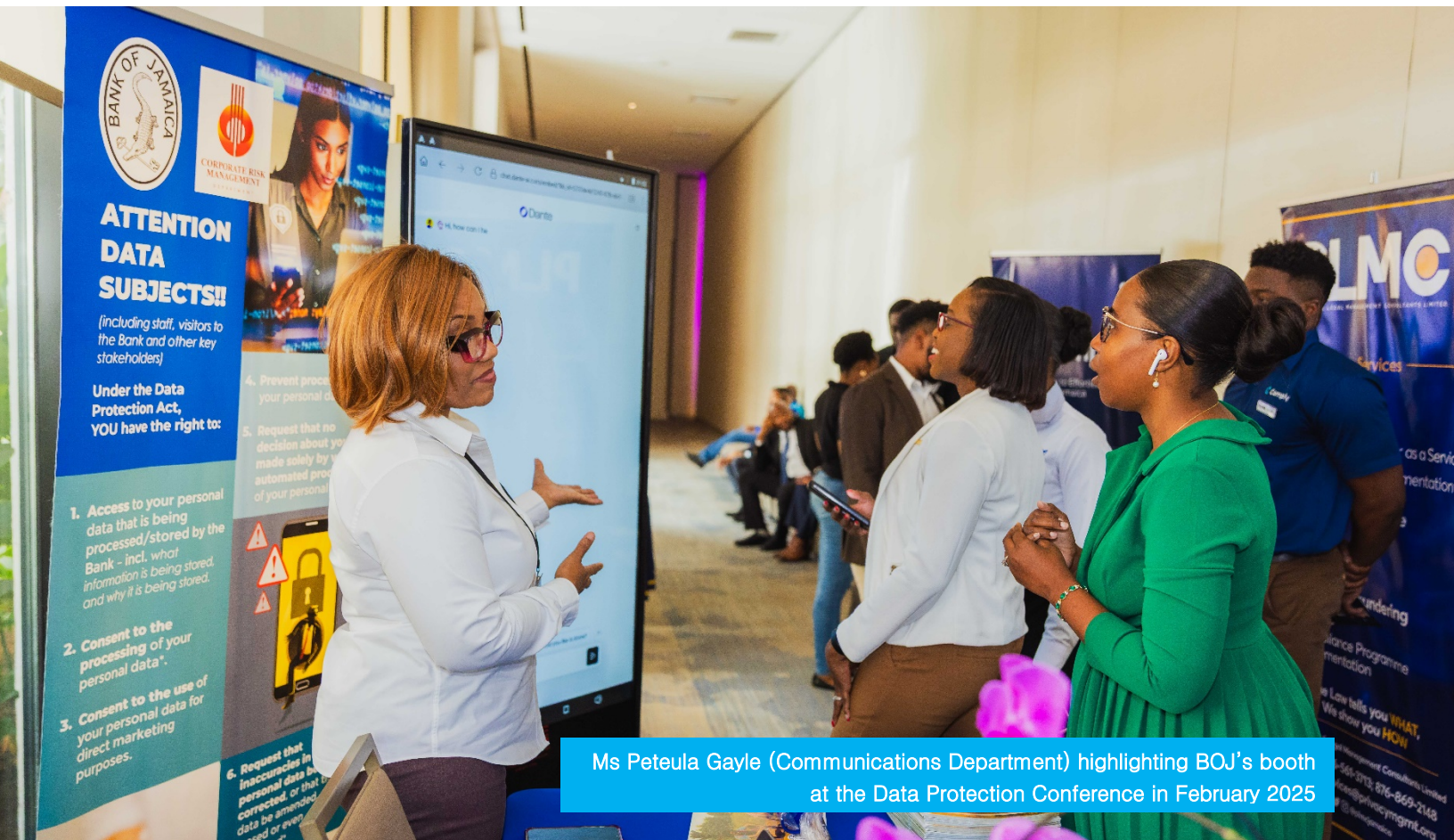
During the review year, the Bank made significant strides in the ongoing implementation of its data

protection programme, under the stewardship of the Chief Privacy Officer and prudent oversight of the Bank's Data Protection Programme Steering Committee. Training and sensitisation sessions were conducted at all levels of the Bank to ensure the organisation's full compliance with the Data Protection Act (DPA). Additionally, the Bank undertook the following activities to strengthen the programme and increase data protection awareness amongst staff.

- (i) Review of relevant Bank policies and procedures to ensure alignment with DPA requirements;
- (ii) Review of data inventory and Record of Processing Activities (RoPA) to ensure completeness and ongoing relevance;
- (iii) Enhancement of procedures, protocols and mechanisms to treat with data privacy breaches and data subject access requests;
- (iv) Review of the Bank's third-party personal data processors database and third-party management policy;

- (v) Implementation of a data protection training plan and awareness campaign for staff and other key stakeholders;
- (vi) Conducting preparatory work to inform the completion of an enterprise-wide Data Protection Impact Assessment (DPIA);
- (vii) Conducting a legitimate interest assessment exercise to validate the Bank's legal bases for processing personal data outlined in the RoPA;
- (viii) Review of project and procurement documentation to ensure the application of privacy-by-design principles; and
- (ix) Establishment of key risk and performance indicators to ensure ongoing compliance with data protection laws and best practices.

These activities enabled steady progress in the data protection programme's maturity level, while ensuring staff are equipped with the knowledge, skills and abilities to identify and manage the Bank's exposures to data privacy risk.



Ms Peteula Gayle (Communications Department) highlighting BOJ's booth at the Data Protection Conference in February 2025

Hurricane Melissa Relief Efforts



The passage of Hurricane Melissa, on 28 October 2025, which particularly devastated the western region of Jamaica, brought together employees from across the Bank, united by a shared commitment to national recovery and community care. In this context, the Bank amassed significant disaster-relief donations from staff. In addition, a team of staff volunteers assisted with the packing and preparation of essential relief items destined for households most adversely affected by the hurricane. Special effort was also made to bring joy to the children in the worst affected areas, particularly in the holiday period. The initiatives highlighted BOJ's commitment to good corporate social responsibility. By investing time and resources, the Bank demonstrated the power of collective action in supporting Jamaica's recovery and rebuilding efforts.

BOJ DONATIONS ASSIST INDIVIDUALS IN WORST HIT REGIONS OF JAMAICA

The Bank organised an initiative which facilitated internal donations of key items to support hurricane relief efforts.



Through this initiative, staff members packaged 500 JAM-DEX® branded care packages and 500 additional personal care packages, which were delivered to the largest charity organisation in Jamaica, Food For The Poor (FFP) Jamaica, for distribution to the most adversely affected communities.

BOJ MOBILISES RECORD-BREAKING VOLUNTEER EFFORT

Staff members of the Bank volunteered over two consecutive weekends with FFP Jamaica, lending their time and energy to prepare care packages to support families and communities impacted by Hurricane Melissa. Specifically, on 29 November 2025, the BOJ volunteer team assembled 1 400 care packages. This was followed by another exceptional performance on 06 December 2025, which set a record of assembling 2251 care packages in a single session by an organisation, underscoring the team's dedication, teamwork and efficiency.

The care packages contained essential household items designed to provide immediate relief to families during the recovery process.



BRINGING JOY TO CHILDREN

The Bank also paid special attention to children who were adversely affected by the hurricane. Specifically, the Accounting Services Department of the Bank took the lead in packing and gift-wrapping toys, which were donated to FFP Jamaica for distribution to children in the most affected communities. This initiative was aimed at bringing comfort, joy and a sense of normalcy to children during the holiday period at the end of the year. Bank of Jamaica will continue to assess and lend support to Jamaica's hurricane recovery programme as the country rebuilds even stronger from this devastating event.



COMMUNICATIONS & CORPORATE SOCIAL RESPONSIBILITY



MR. JOHN WETHERSOLL
FOUNDER OF WETHERSOLL
1914-1998



A visitor admires the beautiful works of art on display at the BOJ's 'Golden Treasures' Art Exhibition in the BOJ Auditorium in May 2025

COMMUNICATIONS AND CORPORATE SOCIAL RESPONSIBILITY

Bank of Jamaica recognises that effective communication on monetary policy and financial stability is essential to fulfilling its mandate. Accordingly, clear and consistent communication remained a central pillar of the Bank's proactive policy actions and its moral suasion efforts during the year. This was aimed at achieving the Bank's mandate of promoting low, stable and predictable

inflation and supporting a sound financial system. Throughout the year, the Bank implemented initiatives across multiple communication channels to strengthen its policy effectiveness. In addition, the Bank continued to undertake outreach programmes that promote education and the arts, consistent with its longstanding belief in the importance of service to community.

BOJ continued communication and engagement surrounding its mandate

● Quarterly Monetary Policy Report Press Conference

During the review year, the Bank scheduled and executed quarterly press conferences and other special press briefings in a hybrid format, utilising both in-person and virtual interfaces. Recordings of the quarterly press conferences were made accessible to both the media and the general public via the Bank's YouTube channel. In addition to outlining the monetary policy decision, the press conferences provided brief analyses of recent economic developments as well as updates on the Bank's near- and medium-term forecasts of macroeconomic variables in the international and domestic economies.

The Bank's Quarterly Monetary Policy Report (QMPR) was also made available at each press conference. 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](#)).

Efforts to expand engagement with the public and business communities were disrupted by the passage of Hurricane Melissa in October 2025.



● Schedule for Policy Rate Announcements

The Bank reaffirmed its commitment to transparency by publishing its schedule for its eight announcements of monetary policy decisions for 2025 on its website. These announcements took the form of a press release, which outlined the policy rate decision, the rationale for monetary policy actions as well as the key risks to the inflation forecast, thereby supporting public understanding of the policy stance (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 the year, issues related to financial system stability were communicated through the annual Financial Stability Report and the Quarterly Macro-Prudential Report. The reports conveyed the Bank's assessment of the condition, resilience and vulnerabilities of Jamaica's financial system and highlighted the policy actions taken by the Bank to safeguard financial system stability. 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

During the year, Bank of Jamaica continued to play a critical role in Jamaica's nation-building agenda. While its core mandate remained the preservation of price and financial system stability, the Bank also placed strong emphasis on direct public engagement through outreach programmes. These efforts were designed to promote transparency, increase accountability, improve public understanding of the Bank's roles and responsibilities while deepening relationships with communities and key stakeholders across the island through educational and creative art engagements.

● 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 and is a popular destination for schools, tourists, community groups and corporate institutions. In 2025, approximately 3 500 persons visited the museum to view its two galleries which focus on money from a global perspective and the history of Jamaican money. Bank of Jamaica also participated in the annual Seville Heritage Expo in St. Ann where the Museum mounted an interactive exhibition on the history of Jamaican money.

● Support for the Arts

Bank of Jamaica made a significant contribution to arts and culture through its participation in the Kingston Creative's Adopt A Block initiative in the Kingston Art District. In this regard, the Bank sponsored the mural, 'The Arches of Cultural Wealth' by artist Pamella Chang, which was unveiled on 20 June 2025.

In May 2025, the Bank also hosted a landmark art exhibition, Golden Treasures: Hidden Gems of Bank of Jamaica's Art Collection. Members of the public visited the Bank's auditorium to view the display of over 100 pieces of fine art.

● Lunch Hour Concerts

Bank of Jamaica continued to stage free lunch hour concerts, in 2025, which provided a respite for patrons to enjoy high-quality entertainment in all areas of the performing arts. A highlight for the year was the concert staged in May in recognition of Jamaica's celebration of 'Child Month'. At the concert, students at the primary and secondary level thrilled the audience with their artistic talents.



BOJ staff participate in a Beach clean up initiative on the Palisadoes corridor

● An Evening with The University Singers

On 17 December 2025, Bank of Jamaica hosted its annual staging of An Evening with the University Singers concert at the University Chapel, UWI, Mona Campus. Patrons packed the chapel and an outdoor tent to enjoy the musical talents of the renowned singers, directed by Mr. Franklyn Halliburton. A recording of selections from the live concert was aired on Television Jamaica (TVJ) on 25 December 2025.

● Support for Education

Bank of Jamaica's Schools' Education Programme is one of its longest running initiatives to reinforce the study of economics in high schools. During 2025, secondary level students from across the island visited the Bank to participate in this programme, which is aimed at facilitating a deeper understanding of the Bank's role and functions and monetary policy formulation.

In 2025, Bank of Jamaica's Lunch and Learn Programme, which commenced in 2024, expanded its reach from its headquarters in Kingston. Students from Rusea's High School, based in the western parish of Hanover, were the second set of participants in this programme. This initiative is geared towards teaching students about the role and functions of the central bank and give insight into the career opportunities available at the Bank, while they enjoyed a delicious meal.



North Street Primary School, an institution serving students from inner-city communities of Denham Town, Hannah Town and Tivoli Gardens, benefitted from several outreach initiatives during the review year. In particular, the Bank hosted a table etiquette class and luncheon for the female students in observance of Girls' Day and facilitated an all-day football training session at Football Factory for male students on Boys' Day. As a result of the initiative, four boys received scholarships to join the Total Football Academy for the 2025/26 football season.

In an effort to improve literacy outcomes at North Street Primary School, the Bank sponsored a literacy assessment to determine the students' reading levels. Based on the findings, the Bank engaged an educator to design and implement a targeted curriculum aimed at bringing students to age-appropriate literacy standards. Students also benefitted from a back-to-school initiative where they received essential school supplies, including books and backpacks.

● 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 2025 G. Arthur Brown Memorial Scholarship to Ms. Lashuana Colquhoun. However, unfortunately, the Colin Fitz-Herbert Bullock Scholarship was not awarded in 2025, given staffing constraints within the Economics department at UWI, Mona campus.

● Christmas Treat at St Michael's Primary School

To close out the year, the Bank shared the spirit of Christmas with the students and teachers of St. Michael's Primary School in a day filled with joy, laughter and cheer. The Bank organised all-day entertainment and exciting rides for the children, ensuring they had a memorable experience. In addition, the Bank provided delicious Christmas fruit cakes to the principal and teachers as a token of appreciation for their service.

Achievements in 2025

Bank of Jamaica in the Media

In 2025, the Bank's website recorded approximately 3.5 million page-views from over 985 000 unique users. The most frequently visited pages and top Google search results included the Home Page, Demonetisation of Old Cotton Notes, Foreign Exchange Rates and the Careers page. Other highly accessed sections included Currency, Financial System Regulation, Statistics, Legislation and Contact information.

As the Bank's primary digital platform, the website continued to undergo development to incorporate new features and enhanced functionality. These activities were undertaken to ensure that the website remains modern, up-to-date and user-friendly.

The Bank's social media presence expanded steadily throughout the year. Specifically, in 2025, the Bank's YouTube channel surpassed 3 100 unique subscribers, while its Facebook page increased to over 2 300 followers. In addition, the Bank's Instagram page had in excess of 10 000

followers. Of note, the Bank's account on 'X' (formerly known as Twitter) continued to be the Bank's primary means of communication, surpassing 16 500 followers.

During the year, the Bank continued its production of [Inflation Watch](#), its monthly YouTube series highlighting the main factors influencing price movements in Jamaica based on data provided by the Statistical Institute of Jamaica. The programme was refreshed to a more concise format while maintaining the same quality of information delivered. Visual and audio excerpts from the programme were featured in the business news segments on local radio and television stations.

To further strengthen its communication efforts, the Bank introduced a short explainer series named [Snapshot](#) which presented key takeaways from the Quarterly Monetary Policy Report in under 60 seconds. A new animated series called [Let's Talk about Inflation](#) was also published on the Bank's YouTube channel.



BANK OF JAMAICA

Centrally
Speaking 

with your hosts
Anna & Sheena

Tune in to 

Tuesdays at 8:35 P.M.

FINANCIAL STATEMENTS



JOHN H. WETHERHOLT
FOUNDER OF HANSON 1952-1998





BANK OF JAMAICA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in Jamaican Dollars)



The better the question. The better the answer.
The better the world works.



**Shape the future
with confidence**

BANK OF JAMAICA

YEAR ENDED DECEMBER 31, 2025

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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, 2025, the statement of changes in equity, statement of income, statement of comprehensive income, and statement of cash flows for the year then ended, and notes, comprising material accounting 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, 2025, 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"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information included in the Bank's 2025 Annual Report

Other information consists of the information included in the Bank's 2025 Annual Report but does not include the financial statements and our auditors' report thereon. Management is responsible for the other information. The Bank's 2025 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.



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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management and the Board of Directors 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.

The Board of Directors is responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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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)

- ▶ 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 Board of Directors 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.

Ernst & Young

Chartered Accountants
Kingston, Jamaica

March 4, 2026

BANK OF JAMAICA

Statement of Financial Position

As at December 31, 2025*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*

| | Notes | <u>2025</u> | <u>2024</u> |
|--------------------------------------------|-------|-----------------------------|-----------------------------|
| | | J\$'000 | J\$'000 |
| <u>ASSETS</u> | | | |
| Foreign assets: | | | |
| Notes and coins | | 35,153 | 55,813 |
| Cash and cash equivalents | 4 | 165,585,141 | 132,405,270 |
| Securities held in funds managed by agents | 5 | 341,801,218 | 254,038,795 |
| Investment securities | 6 | 469,291,830 | 448,959,518 |
| International Monetary Fund - | | | |
| Holding of Special Drawing Rights | 7 | 32,858,318 | 38,743,305 |
| Quota subscription | 8 | <u>5,952,122</u> | <u>5,545,193</u> |
| Total foreign assets | | <u>1,015,523,782</u> | <u>879,747,894</u> |
| Local assets: | | | |
| Notes and coins | | 198,493 | 194,747 |
| Resale agreements | 9 | 4,000,000 | - |
| Investment securities | 10 | 216,197,319 | 246,351,285 |
| Property and equipment | 12 | 15,689,983 | 9,939,686 |
| Intangible asset | 13 | 769,661 | 664,901 |
| Employee benefits asset | 14(a) | 140,000 | - |
| Other | 15 | <u>8,288,493</u> | <u>6,706,495</u> |
| Total local assets | | <u>245,283,949</u> | <u>263,857,114</u> |
| Total assets | | <u><u>1,260,807,731</u></u> | <u><u>1,143,605,008</u></u> |

The notes on pages 9 to 77 are an integral part of these financial statements.

BANK OF JAMAICA

Statement of Financial Position

As at December 31, 2025

(Presented in thousands of Jamaica Dollars unless otherwise indicated)

| | Notes | 2025 \$'000 | 2024 \$'000 |
|-----------------------------------------------------------------------|------------|----------------------|----------------------|
| <u>LIABILITIES, CAPITAL AND RESERVES</u> | | | |
| Liabilities: | | | |
| Notes, coins and CBDC in circulation | 16 | 322,300,533 | 286,082,917 |
| Deposits and other demand liabilities | 17 | 392,718,587 | 388,917,451 |
| Open market liabilities | 18 | 332,423,183 | 285,720,278 |
| International Monetary Fund - Allocation of Special Drawing Rights | 19 | 136,808,722 | 127,455,513 |
| Foreign liabilities | | 3,946 | 6,035 |
| Due to government and government agencies | 11 | 1,383,675 | 1,842,722 |
| Employee benefits obligation | 14(a), (b) | 3,920,300 | 7,199,300 |
| Lease liability | 20(ii) | 171,343 | 197,968 |
| Other | 21 | 5,848,855 | 4,028,423 |
| Total liabilities | | <u>1,195,579,144</u> | <u>1,101,450,607</u> |
| Capital and reserves: | | | |
| Share capital | 22 | 20,577,000 | 20,577,000 |
| General reserve fund | 23 | 35,539,116 | 25,693,875 |
| Special stabilisation account | 24 | 2,458,798 | 2,323,351 |
| Other reserves | 25 | 6,653,673 | (6,439,825) |
| Total capital and reserves | | <u>65,228,587</u> | <u>42,154,401</u> |
| Total liabilities, capital and reserves | | <u>1,260,807,731</u> | <u>1,143,605,008</u> |

The financial statements were approved for issue and signed on March 4, 2026, on behalf of the Board of Directors by:

Governor

Richard Byles

Deputy Governor

E. George Roper

Financial Controller

Ian O. Williams

The notes on pages 9 to 77 are an integral part of these financial statements.

BANK OF JAMAICA

Statement of Profit or Loss and Other Comprehensive Income

Year ended December 31, 2025*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*

| | Notes | 2025 | 2024 |
|----------------------------------------------------------------------------------------------------------------------|---------------------|--------------------------|-------------------------|
| | | J\$'000 | J\$'000 |
| Operating income: | | | |
| Interest, calculated using the effective interest method | 26 | 44,736,837 | 53,190,083 |
| Interest income from financial instruments designated at FVTPL | 26 | 11,351,378 | 6,574,118 |
| Foreign exchange gain, net | 27 | 10,128,830 | 1,415,522 |
| Gain on securities measured as FVTPL | | 2,948,378 | - |
| Other | | 794,576 | 664,819 |
| Total operating income | | <u>69,959,999</u> | <u>61,844,542</u> |
| Operating expenses: | | | |
| Interest on deposits and open market liabilities | 28 | 32,028,495 | 32,164,847 |
| Interest on IMF deposits | | 3,350,605 | 2,134,231 |
| Interest on lease liability | 20(iii) | 51,081 | 9,387 |
| Staff costs | 29 | 12,081,222 | 10,680,003 |
| Currency expenses | | 1,202,308 | 812,116 |
| Depreciation and amortisation | | 1,070,127 | 1,159,329 |
| Other property expenses | | 1,839,616 | 1,497,509 |
| Other operating expenses | 30 | 2,423,878 | 1,758,806 |
| Expected credit loss | | 215,941 | 4,464 |
| Change in remeasurement of staff loans | | 365,466 | 85,459 |
| Loss on securities measured as FVTPL | | - | 2,035,237 |
| Total operating expenses | | <u>54,628,739</u> | <u>52,341,388</u> |
| Operating profit | | 15,331,260 | 9,503,154 |
| Other operating income: | | | |
| Gains on disposal of property and equipment | | 16,278 | 22,622 |
| Profit for the year transferred to general reserve fund | 23(a) | <u>15,347,538</u> | <u>9,525,776</u> |
| Other comprehensive income/(loss): | | | |
| Item that will never be reclassified to profit or loss: Remeasurement of employee benefits asset and obligation, net | 14(a)(iv), (b)(iii) | 4,578,000 | (4,992,000) |
| Gains on revaluation of property and equipment | | 5,667,706 | - |
| Item that is or will be reclassified to profit or loss: Change in fair value of securities at FVOCI | 25(a) | <u>2,847,792</u> | <u>963,720</u> |
| Other comprehensive income/(loss) for the year | | <u>13,093,498</u> | <u>(4,028,280)</u> |
| Total comprehensive income for the year | | <u><u>28,441,036</u></u> | <u><u>5,497,496</u></u> |

The notes on pages 9 to 77 are an integral part of these financial statements.

BANK OF JAMAICA

Statement of Changes in Capital and Reserves

Year ended December 31, 2025

(Presented in thousands of Jamaica Dollars unless otherwise indicated)

| | Share capital | General reserve fund | Special Stabilisation account | Other reserves | Total |
|----------------------------------------------------------------|----------------------|-------------------------|-------------------------------------|----------------------|-------------|
| | J\$'000 (Note 22) | J\$'000 (Note 23) | J\$'000 (Note 24) | J\$'000 (Note 25) | J\$'000 |
| Balances at December 31, 2023 | 20,577,000 | 20,885,172 | 2,211,496 | (1,887,545) | 41,786,123 |
| 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 at FVOCI | - | - | - | (63,111) | (63,111) |
| Unrealised gains on fair value of securities at FVOCI | - | - | - | 1,026,831 | 1,026,831 |
| | - | - | - | 963,720 | 963,720 |
| Remeasurement of pension asset and obligation, net | - | - | - | (4,992,000) | (4,992,000) |
| Other comprehensive loss | - | - | - | (4,028,280) | (4,028,280) |
| Total comprehensive income | - | 9,525,776 | - | (4,028,280) | 5,497,496 |
| Other changes in reserves: | | | | | |
| Due to consolidated fund [note 11(b)] | - | (5,129,218) | - | - | (5,129,218) |
| Transfer to special stabilisation account (note 24) | - | (111,855) | 111,855 | - | - |
| Transfer of surplus on defined benefit pension scheme | - | 524,000 | - | (524,000) | - |
| | - | (4,717,073) | 111,855 | (524,000) | (5,129,218) |
| Balances at December 31, 2024 | 20,577,000 | 25,693,875 | 2,323,351 | (6,439,825) | 42,154,401 |
| Total comprehensive income for the year 2025: | | | | | |
| Profit for the year | - | 15,347,538 | - | - | 15,347,538 |
| Other comprehensive income: | | | | | |
| Realised gains on fair value of securities measured at FVOCI | - | - | - | 13,761 | 13,761 |
| Unrealised gains on fair value of securities measured at FVOCI | - | - | - | 2,834,031 | 2,834,031 |
| | - | - | - | 2,847,792 | 2,847,792 |
| Revaluation of property and equipment | - | - | - | 5,667,706 | 5,667,706 |
| Remeasurement of pension asset and obligation, net | - | - | - | 4,578,000 | 4,578,000 |
| Other comprehensive income | - | - | - | 13,093,498 | 13,093,498 |
| Total comprehensive income | - | 15,347,538 | - | 13,093,498 | 28,441,036 |
| Other changes in reserves: | | | | | |
| Due to consolidated fund [Note 11(b)] | - | (5,351,289) | - | - | (5,351,289) |
| Prior year adjustments | - | (15,561) | - | - | (15,561) |
| Transfer to special stabilisation account (note 24) | - | (135,447) | 135,447 | - | - |
| | - | (5,502,297) | 135,447 | - | (5,366,850) |
| Balances at December 31, 2025 | 20,577,000 | 35,539,116 | 2,458,799 | 6,653,673 | 65,228,587 |

The notes on pages 9 to 77 are an integral part of these financial statements.

BANK OF JAMAICA

Statement of Cash Flows Year ended December 31, 2025

(Presented in thousands of Jamaica Dollars unless otherwise indicated)

| | Notes | 2025 J\$'000 | 2024 J\$'000 |
|--------------------------------------------------------------------------------------|--------|-----------------|-----------------|
| Cash flows from operating activities: | | | |
| Profit for the year | | 15,347,538 | 9,525,776 |
| Adjustments for: | | | |
| Depreciation – property and equipment | 12 | 806,169 | 933,254 |
| Amortisation – intangible asset | 13 | 263,958 | 226,075 |
| Gain on disposal of property and equipment | | (16,278) | (22,623) |
| Write-off of coins in circulation | | 135,448 | (11,855) |
| Employee benefits, net | | 1,158,999 | 524,000 |
| Unrealised exchange gain | | (20,713,153) | (4,836,973) |
| Unrealised exchange (gain)/loss on International Monetary Fund Quota Subscription | 8 | (406,929) | 120,852 |
| Unrealised exchange loss/(gain) on International Monetary Fund - Allocation of SDR's | | 9,353,209 | (2,777,775) |
| Impairment of financial assets | | 215,941 | 4,464 |
| Interest income | 26 | (56,088,215) | (59,764,201) |
| Interest expense | | 35,430,181 | 34,308,465 |
| | | (14,513,132) | (21,870,541) |
| Changes in: | | | |
| Securities held in funds managed by agents | | (81,985,106) | (60,124,093) |
| Foreign currency denominated investments | | (11,548,069) | (23,476,641) |
| Local currency denominated investments | | 32,785,333 | 2,558,900 |
| Notes and coins in circulation | | 36,217,616 | 8,781,680 |
| Deposits and other demand liabilities | | 7,432,056 | 45,777,213 |
| Open market liabilities | | 46,702,905 | 39,171,536 |
| International Monetary Fund - Holding of Special Drawing Rights | | 5,884,987 | (26,357,188) |
| Other assets | | (1,323,690) | 897,274 |
| Other liabilities | | 1,031,753 | (27,668) |
| Due to Government and Government agencies | | (145,698) | 157,144 |
| Resale agreements | | (4,000,000) | 21,100,000 |
| | | 16,538,955 | (13,412,384) |
| Interest received | | 55,911,436 | 61,781,241 |
| Interest paid | | (34,590,422) | (33,918,754) |
| Net cash provided by operating activities | | 37,859,969 | 14,450,103 |
| Cash flows from investing activities: | | | |
| Additions to property and equipment | 12 | (947,003) | (1,808,518) |
| Additions to intangible asset | 13 | (368,718) | (407,863) |
| Proceeds from disposal of property and equipment | | 55,998 | 60,451 |
| Net cash used in investing activities | | (1,259,723) | (2,155,930) |
| Cash flows from financing activities: | | | |
| Repayment of foreign liabilities | | (2,210) | (4,034) |
| Payment of lease liability | 20(iv) | (59,182) | (18,288) |
| Distribution to Government | | (5,894,036) | (4,661,547) |
| Net cash used in financing activities | | (5,955,428) | (4,683,869) |
| Net increase in cash and cash equivalents | | 30,644,818 | 7,610,304 |
| Cash and cash equivalents at beginning of year | | 132,655,830 | 124,478,942 |
| Effect of exchange rate fluctuation on cash held | | 2,518,139 | 566,584 |
| Cash and cash equivalents at end of year | | 165,818,787 | 132,655,830 |
| Comprising: | | | |
| Foreign cash and cash equivalents | 4 | 165,585,141 | 132,405,270 |
| Foreign notes and coins | | 35,153 | 55,813 |
| Local notes and coins | | 198,493 | 194,747 |
| | | 165,818,787 | 132,655,830 |

The notes on pages 9 to 77 are an integral part of these financial statements.

BANK OF JAMAICA

Notes to the Financial Statements

Year ended December 31, 2025

(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 IFRS Accounting Standards (IFRS) 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, 2025*(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 reasonably 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, 2025*(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, 2025*(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, 2025*(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, 2025*(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, 2025*(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, 2025*(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, 2025*(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, 2025*(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, 2025*(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, 2025*(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 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, 2025*(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, 2025*(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, 2025*(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, 2025*(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, 2025*(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, 2025*(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, 2025*(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) New and amended standards**(i) Currently effective standards:**

The following amended standard was effective during the financial period however, there was no impact to the Bank's financial statements.

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

**Effective Date
1 Jan 2025**

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.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2025*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*3. Material accounting policies (continued)

(n) New and amended standards (continued)

(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.

- **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.

- **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 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, 2025*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*3. Material accounting policies (continued)

(n) Amended standards (continued)

(ii) Forthcoming standards (continued):

- **Translation to a Hyperinflationary Presentation
Currency – Amendments to IAS 21** **Effective Date
1 Jan 2027**

In November 2025, the Board issued Translation to a Hyperinflationary Presentation Currency – Amendments to IAS 21. The amendments require translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate.

- **Annual Improvements to IFRS Accounting
Standards — Volume 11** **Effective Date
1 Jan 2027**

In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards — Volume 11, effective for annual periods beginning on or after 1 January 2026. These include:

- IFRS 7 Financial Instruments: Disclosures
- IFRS 9 Financial Instruments
- IFRS 10 Consolidated Financial Statements
- IAS 7 Statement of Cash Flows

- **IFRS 18 – Presentation and Disclosure
in Financial Statements** **Effective Date
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.

Statement of profit or loss

An entity will be required to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. In addition, IFRS 18 requires an entity to present subtotals and totals for ‘operating profit or loss’, ‘profit or loss before financing and income taxes’ and ‘profit or loss’.

Main business activities

For the purposes of classifying its income and expenses into the categories required by IFRS 18, an entity will need to assess whether it has a ‘main business activity’ of investing in assets or providing financing to customers, as specific classification requirements will apply to such entities. Determining whether an entity has such a specified main business activity is a matter of fact and circumstances which requires judgement. An entity may have more than one main business activity.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2025

*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*3. Material accounting policies (continued)

(n) Amended standards (continued)

(ii) Forthcoming standards (continued):

- **IFRS 18 – Presentation and Disclosure in Financial Statements (continued)**

Effective Date
1 Jan 2027

Management-defined performance measures

IFRS 18 introduces the concept of a management-defined performance measure (MPM) which it defines as a subtotal of income and expenses that an entity uses in public communications outside financial statements, to communicate management's view of an aspect of the financial performance of the entity as a whole to users. IFRS 18 requires disclosure of information about all of an entity's MPMs within a single note to the financial statements and requires several disclosures to be made about each MPM, including how the measure is calculated and a reconciliation to the most comparable subtotal specified by IFRS 18 or another IFRS accounting standard.

Location of information, aggregation and disaggregation

IFRS 18 differentiates between 'presenting' information in the primary financial statements and 'disclosing' it in the notes, and introduces a principle for determining the location of information based on identified 'roles' of the primary financial statements and the notes. IFRS 18 requires aggregation and disaggregation of information to be performed with reference to similar and dissimilar characteristics. Guidance is also provided for determining meaningful descriptions, or labels, for items that are aggregated in the financial statements.

Consequential amendments to other accounting standards

Narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method from 'profit or loss' to 'operating profit or loss'. The optionality around classification of cash flows from dividends and interest in the statement of cash flows has also largely been removed.

New requirements have been added to IAS 33 Earnings per Share that only permit entities to disclose additional amounts per share, if the numerator used in the calculation meets specified criteria. The numerator must be:

- An amount attributable to ordinary equity holders of the parent entity; and
- A total or subtotal identified by IFRS 18 or an MPM as defined by IFRS 18.

Some requirements previously included within IAS 1 have been moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which has been renamed IAS 8 Basis of Preparation of Financial Statements. IAS 34 Interim Financial Reporting has been amended to require disclosure of MPMs.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2025*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*4. Cash and cash equivalents

| | <u>2025</u> | <u>2024</u> |
|-------------------------------------------------------|--------------------|--------------------|
| | J\$'000 | J\$'000 |
| Current accounts and money at call with foreign banks | 163,007,493 | 131,340,000 |
| Current accounts with local banks | <u>2,577,648</u> | <u>1,065,270</u> |
| | <u>165,585,141</u> | <u>132,405,270</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 Union Bank of Switzerland (UBS) Asset Management, J.P. Morgan Investment Management Inc. and CitiGroup Global Markets Inc. 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>2025</u> | <u>2024</u> |
|-----------------------|--------------------|--------------------|
| | J\$'000 | J\$'000 |
| Units in pooled funds | 3,530,516 | 3,269,991 |
| Sovereign bonds | 204,482,473 | 180,026,095 |
| Corporate bonds | <u>133,788,229</u> | <u>70,742,709</u> |
| | <u>341,801,218</u> | <u>254,038,795</u> |

6. Investment Securities

| | <u>2025</u> | <u>2024</u> |
|-------------------------------------------------------------------------------|--------------------|--------------------|
| | J\$'000 | J\$'000 |
| Securities measured at fair value through other comprehensive income (FVOCI): | | |
| USD Bonds issued primarily by specialised financial corporations | <u>57,425,685</u> | <u>54,840,137</u> |
| Securities measured at amortised cost: | | |
| Short-term deposits with foreign banks | 411,928,205 | 394,178,788 |
| Less allowance for ECL on investments at amortised cost | <u>(62,060)</u> | <u>(59,407)</u> |
| | <u>411,866,145</u> | <u>394,119,381</u> |
| | <u>469,291,830</u> | <u>448,959,518</u> |

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2025*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*7. International Monetary Fund – Holding of Special Drawing Rights

| | <u>2025</u> | <u>2024</u> | <u>2025</u> | <u>2024</u> |
|-------------------------|----------------|----------------|-------------------|-------------------|
| | SDR'000 | SDR'000 | J\$'000 | J\$'000 |
| Amount held by the Bank | <u>150,984</u> | <u>191,090</u> | <u>32,858,318</u> | <u>38,743,305</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>2025</u> | <u>2024</u> |
|------------------------------------------------------------------------------------|----------------|-------------------|-------------------|
| | | J\$'000 | J\$'000 |
| Amount subscribed by the Government of Jamaica (substituted by promissory notes) * | 355,550 | 77,377,584 | 72,087,506 |
| Amount subscribed by the Bank (net of reserve tranche of J\$Nil) | <u>27,350</u> | <u>5,952,122</u> | <u>5,545,193</u> |
| Total quota | <u>382,900</u> | <u>83,329,706</u> | <u>77,632,699</u> |

* Amount included for disclosure purposes only as required by the IMF.

| | SDR'000 | <u>2025</u> | <u>2024</u> |
|--------------------------------------|---------------|------------------|------------------|
| | | J\$'000 | J\$'000 |
| Amount subscribed by the Bank: | | | |
| At beginning of year | 27,350 | 5,545,193 | 5,666,045 |
| Effect of exchange rate fluctuation* | <u>-</u> | <u>406,929</u> | <u>(120,852)</u> |
| At end of year | <u>27,350</u> | <u>5,952,122</u> | <u>5,545,193</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, 2025*(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, 2025, resale agreements held by the Bank \$4,000,000,000 (2024: nil) were collateralised by securities with fair value of \$4,290,423,000 (2024: nil).

10. Investment Securities

| | <u>2025</u> | <u>2024</u> |
|-----------------------------------------------------------------------------------------|--------------------|--------------------|
| | J\$'000 | J\$'000 |
| Securities at FVOCI: | | |
| Jamaica Government securities: | | |
| Variable rate benchmark investments | 27,619,083 | 61,034,017 |
| Fixed rate benchmark investments | <u>97,749,205</u> | <u>95,813,067</u> |
| | <u>125,368,288</u> | <u>156,847,084</u> |
| Securities at amortised cost: | | |
| Jamaica Government securities: | | |
| Fixed rate accreting notes (“FRANs”) [See note on National Debt Exchange (“NDX”) below] | 91,171,693 | 89,707,126 |
| Less allowance for ECL on investments at amortised cost | <u>(342,662)</u> | <u>(202,925)</u> |
| | <u>90,829,031</u> | <u>89,504,201</u> |
| | <u>216,197,319</u> | <u>246,351,285</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, 2025*(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 (to)/from Government and Government Agencies

| | 2025 | | | |
|-----------------------------------------------------------------------------------------|---------------------------------------|-------------------------------------------------|-----------------------|---------------------------------|
| | Movements during the year | | | |
| | At beginning of year J\$'000 | Advances/ (distributed profit) J\$'000 | Settlement J\$'000 | At end of year J\$'000 |
| Withholding tax refund due [see note (c)] | (430,329) | - | (5,310) | (435,639) |
| Accrued interest on Government securities | 4,882,457 | - | (78,390) | 4,804,067 |
| Net (profit)/loss (payable to)/ receivable from Consolidated Fund [see (b)] | (6,294,850) | (5,351,289) | 5,894,036 | (5,752,103) |
| | <u>(1,842,722)</u> | <u>(5,351,289)</u> | <u>5,810,336</u> | <u>(1,383,675)</u> |
| | 2024 | | | |
| | Movements during the year | | | |
| | At beginning of year J\$'000 | Advances/ (distributed profit) J\$'000 | Settlement J\$'000 | At end of year J\$'000 |
| Withholding tax refund due [see notes (c)] | (273,186) | - | (157,143) | (430,329) |
| Accrued interest on Government securities | 4,867,317 | 15,140 | - | 4,882,457 |
| Net (profit)/loss (payable to)/ receivable from Consolidated Fund [see (b) below] | (5,827,178) | (5,493,223) | 5,025,551 | (6,294,850) |
| | <u>(1,233,047)</u> | <u>(5,478,083)</u> | <u>4,868,408</u> | <u>(1,842,722)</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, 2025*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*11. Due (to)/from 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 2025 and 2024.

- (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>2025</u> J\$'000 | <u>2024</u> J\$'000 |
|----------------|------------------------|------------------------|
| 1-6 months | (143,655) | (141,904) |
| Over 12 months | <u>(291,984)</u> | <u>(288,425)</u> |
| | <u>(435,639)</u> | <u>(430,329)</u> |

BANK OF JAMAICA**Notes to the Financial Statements (Continued)****Year ended December 31, 2025***(Presented in thousands of Jamaica Dollars unless otherwise indicated)***12. Property and equipment**

| | Freehold land and buildings | Leasehold property | Furniture, plant and equipment | Motor vehicles | Work in progress | Total |
|-------------------------|-----------------------------------|-----------------------|--------------------------------------|-------------------|------------------------|-------------------|
| | J\$'000 | J\$'000 | J\$'000 | J\$'000 | J\$'000 | J\$'000 |
| Cost or valuation: | | | | | | |
| 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 | 9,747,933 | 437,412 | 4,008,627 | 866,499 | 655,484 | 15,715,955 |
| Revaluation adjustments | 4,135,395 | - | - | - | - | 4,135,395 |
| Additions | 211,381 | 5,177 | 250,849 | 276,733 | 202,863 | 947,003 |
| Disposals/write-offs | - | (18,523) | - | (136,260) | - | (154,783) |
| December 31, 2025 | <u>14,094,709</u> | <u>424,066</u> | <u>4,259,476</u> | <u>1,006,972</u> | <u>858,347</u> | <u>20,643,570</u> |
| Depreciation: | | | | | | |
| 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 | 2,142,344 | 196,779 | 3,070,279 | 366,867 | - | 5,776,269 |
| Adjustments | (52,210) | (54,378) | (5) | - | - | (106,593) |
| Charge for the year | 413,792 | 53,790 | 251,300 | 193,880 | - | 912,762 |
| Revaluation adjustment | (1,532,311) | - | - | - | - | (1,532,311) |
| Elimination on disposal | - | - | - | (96,540) | - | (96,540) |
| December 31, 2025 | <u>971,615</u> | <u>196,191</u> | <u>3,321,574</u> | <u>464,207</u> | <u>-</u> | <u>4,953,587</u> |
| Net book values: | | | | | | |
| December 31, 2025 | <u>13,123,094</u> | <u>227,875</u> | <u>937,902</u> | <u>542,765</u> | <u>858,347</u> | <u>15,689,983</u> |
| 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> |

*During the year, the Bank updated its lease arrangements that resulted in a reduction to right of use assets of \$18,523,000 (2024: \$16,150,000 addition), which is a non-cash transaction and therefore excluded from 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 as at 31 December 2025 by Archstone Real Estate Company Limited.

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, 2025*(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> | |
|--------------------------|--------------------------|-----------------------|
| | 2025 | 2024 |
| | J\$'000 | J\$'000 |
| Cost: | | |
| At the beginning of year | 2,311,853 | 1,903,990 |
| Additions | 368,718 | 407,863 |
| At end of year | <u>2,680,571</u> | <u>2,311,853</u> |
| Amortisation: | | |
| At the beginning of year | 1,646,952 | 1,420,877 |
| Charge for the year | 263,958 | 226,075 |
| At end of year | <u>1,910,910</u> | <u>1,646,952</u> |
| Net book value | <u><u>769,661</u></u> | <u><u>664,901</u></u> |

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2025*(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 9.5% in 2024 to 10% in 2025. 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>2025</u> | <u>2024</u> |
|--------------------------------------------------|------------------|------------------|
| | J\$'000 | J\$'000 |
| Employee benefits (asset)/liability [note 14(a)] | (140,000) | 3,192,000 |
| Employee benefits obligation [note 14(b)(i)] | <u>3,920,300</u> | <u>4,007,300</u> |
| | <u>3,780,300</u> | <u>7,199,300</u> |

(a) Pension asset/(liability) recognised:

| | <u>2025</u> | <u>2024</u> |
|-------------------------------------|-------------------|--------------------|
| | J\$'000 | J\$'000 |
| Present value of funded obligations | (24,820,800) | (27,161,800) |
| Fair value of plan assets | <u>24,960,800</u> | <u>23,969,800</u> |
| Recognised asset/(liability) | <u>140,000</u> | <u>(3,192,000)</u> |

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2025*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*14. Employee benefits (continued)

(a) Pension asset/(liability) recognised (continued):

(i) Movements in the present value of defined benefit obligations

| | <u>2025</u> | <u>2024</u> |
|--------------------------------------------------------------------------------|--------------------------|--------------------------|
| | J\$'000 | J\$'000 |
| Balance at beginning of year | 27,161,800 | 21,514,800 |
| Benefits paid | (1,144,000) | (1,269,000) |
| Service cost | 737,000 | 594,000 |
| Interest cost | 2,527,000 | 2,299,000 |
| Remeasurement (gain)/loss on obligation included in other comprehensive income | <u>(4,461,000)</u> | <u>4,023,000</u> |
| Balance at end of year | <u><u>24,820,800</u></u> | <u><u>27,161,800</u></u> |

(ii) Movements in plan assets

| | <u>2025</u> | <u>2024</u> |
|--------------------------------------------------------------------|--------------------------|--------------------------|
| | J\$'000 | J\$'000 |
| Fair value of plan assets at beginning of year | 23,969,800 | 23,132,800 |
| Contributions paid | 291,000 | 264,000 |
| Interest income on plan assets | 2,238,000 | 2,491,000 |
| Benefits paid | (1,144,000) | (1,269,000) |
| Remeasurement loss on assets include in other comprehensive income | <u>(394,000)</u> | <u>(649,000)</u> |
| Fair value of plan assets at end of year | <u><u>24,960,800</u></u> | <u><u>23,969,800</u></u> |

Plan assets consist of the following:

| | <u>2025</u> | <u>2024</u> |
|-----------------------------------------|--------------------------|--------------------------|
| | J\$'000 | J\$'000 |
| Government of Jamaica securities | 19,365,000 | 19,670,000 |
| Bank of Jamaica certificates of deposit | 1,380,000 | 1,236,000 |
| Real estate | 2,752,000 | 1,543,000 |
| External Managed Securities | 1,010,000 | 867,000 |
| Other | 453,800 | 653,800 |
| | <u><u>24,960,800</u></u> | <u><u>23,969,800</u></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, 2025*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*

14. Employee benefits (continued)

a. Pension asset/(liability) recognised (continued):

(iii) Amounts recognised in profit or loss

| | <u>2025</u> | <u>2024</u> |
|------------------------------|--------------------|--------------------|
| | J\$'000 | J\$'000 |
| Current service cost | 737,000 | 594,000 |
| Interest cost on obligations | 2,527,000 | 2,299,000 |
| Interest income on assets | <u>(2,238,000)</u> | <u>(2,491,000)</u> |
| | <u>1,026,000</u> | <u>402,000</u> |

(iv) Items recognised in other comprehensive income

| | <u>2025</u> | <u>2024</u> |
|---------------------------------------------------|------------------|--------------------|
| | J\$'000 | J\$'000 |
| Remeasurement loss on obligation and plan assets: | | |
| Change in financial assumptions | 1,347,000 | (5,000,000) |
| Experience adjustment | <u>2,720,000</u> | <u>328,000</u> |
| | <u>4,067,000</u> | <u>(4,672,000)</u> |

(v) Principal actuarial assumptions at the reporting date (expressed as weighted averages)

| | <u>2025</u> | <u>2024</u> |
|--------------------------|-------------|-------------|
| | % | % |
| Discount rate | 10.0 | 9.50 |
| Future pension increases | 4.25 | 4.25 |
| Future salary increases | <u>5.50</u> | <u>9.00</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>2025</u> | | | <u>2024</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, 2025, the weighted average duration of the defined benefit obligation was 28 years.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2025*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*

14. Employee benefits (continued)

(a) Pension asset/(liability) 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:

| | 2025 | |
|-------------------------|--------------------------------|--------------------------------|
| | 1 percentage point increase | 1 percentage point decrease |
| | J\$'000 | J\$'000 |
| Discount rate | (2,921,000) | 3,625,000 |
| Future rate of pension | 2,906,000 | (2,453,000) |
| Future salary increases | 645,000 | (583,000) |
| Life expectancy | 421,000 | (430,000) |
| | <hr/> | <hr/> |
| | 2024 | |
| | 1 percentage point increase | 1 percentage point decrease |
| | J\$'000 | J\$'000 |
| Discount rate | (3,520,000) | 4,448,000 |
| Future salary increases | 3,325,000 | (2,793,000) |
| Future rate of pension | 949,000 | (846,000) |
| Life expectancy | 456,000 | (467,000) |
| | <hr/> | <hr/> |

(b) Obligations for post-retirement life insurance and medical benefits:

(i) Liability recognised in statement of financial position

| | 2025 | 2024 |
|------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| | J\$'000 | J\$'000 |
| Balance at beginning of year | 4,007,300 | 3,301,300 |
| Current service cost | 122,000 | 96,000 |
| Interest cost | 377,000 | 359,000 |
| Benefits paid | (75,000) | (69,000) |
| Remeasurement (gain)/loss on obligation, included in other comprehensive income [note 14(b)(iii)] | (511,000) | 320,000 |
| Balance at end of year | <hr/> 3,920,300 <hr/> | <hr/> 4,007,300 <hr/> |

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2025*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*14. Employee benefits (continued)

(b) Obligations for post-retirement life insurance and medical benefits (continued):

(ii) Expense recognised in profit or loss:

| | <u>2025</u> | <u>2024</u> |
|------------------------|----------------|----------------|
| | J\$'000 | J\$'000 |
| Current service cost | 122,000 | 96,000 |
| Interest on obligation | <u>377,000</u> | <u>359,000</u> |
| | <u>499,000</u> | <u>455,000</u> |

(iii) Items in other comprehensive income

| | <u>2025</u> | <u>2024</u> |
|-----------------------------------------|----------------|------------------|
| | J\$'000 | J\$'000 |
| Change in financial assumptions | 292,000 | (819,000) |
| Experience adjustment | <u>219,000</u> | <u>499,000</u> |
| Remeasurement (gain)/loss on obligation | <u>511,000</u> | <u>(320,000)</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>2025</u> | |
|-----------------------|----------------------------------------|----------------------------------------|
| | <u>1 percentage point increase</u> | <u>1 percentage point decrease</u> |
| | J\$'000 | J\$'000 |
| Discount rate | (512,000) | 645,000 |
| Medical claims growth | 650,000 | (521,000) |
| Life expectancy | <u>113,000</u> | <u>(114,000)</u> |
| | <u>2024</u> | |
| | <u>1 percentage point increase</u> | <u>1 percentage point decrease</u> |
| | J\$'000 | 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> |

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2025*(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>2025</u> | <u>2024</u> |
|-------------------------|-------------|-------------|
| | % | % |
| Discount rate | 10.0 | 9.50 |
| Future salary increases | 5.50 | 9.00 |
| Medical claims growth | <u>7.00</u> | <u>7.00</u> |

Assumptions regarding future mortality are based on the GAM94S [2024: GAM 94S] mortality table for pensioners (British mortality tables), but with each age rated down by five (2024: five) years.

(c) The Bank expects to pay J\$322,000,000 (2024: J\$288,000,000) in contributions to the scheme.

15. Other assets

| | <u>2025</u> | <u>2024</u> |
|---------------------------------------|------------------|------------------|
| | J\$'000 | J\$'000 |
| Inventory of unissued notes and coins | 1,953,762 | 1,091,998 |
| Staff loans, gross | 4,359,184 | 3,507,992 |
| Ex-staff loans, gross | 25,221 | 25,263 |
| Accrued interest receivable | 2,711,528 | 2,452,642 |
| SDR equalisation provision | - | 115,308 |
| Salaries and wages paid in advance | 176,516 | 184,424 |
| Stock of souvenir coins | 70,334 | 73,719 |
| Other | 321,926 | 222,163 |
| | <u>9,618,471</u> | <u>7,673,509</u> |
| Less: | | |
| Remeasurement of staff loans | (1,307,846) | (941,744) |
| Allowance for ECL: ex-staff loans | <u>(22,132)</u> | <u>(25,270)</u> |
| | <u>8,288,493</u> | <u>6,706,495</u> |

Other assets are shown as current and non-current as follows:

| | <u>2025</u> | <u>2024</u> |
|-------------|------------------|------------------|
| | J\$'000 | J\$'000 |
| Current | 5,255,648 | 4,032,422 |
| Non-current | <u>3,032,845</u> | <u>2,674,073</u> |
| | <u>8,288,493</u> | <u>6,706,495</u> |

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2025*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*16. Notes, coins and CBDC in circulation

| | <u>2025</u> | <u>2024</u> |
|-------------------------------|--------------------|--------------------|
| | J\$'000 | J\$'000 |
| Notes | 314,664,085 | 278,854,413 |
| Central Bank Digital Currency | 260,053 | 258,452 |
| Coins | <u>7,376,395</u> | <u>6,970,052</u> |
| | <u>322,300,533</u> | <u>286,082,917</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, 2025, were 3.13 (2024: 3.06) 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 \$9,835,193,000 (2024: \$9,293,403,000).

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>2025</u> | <u>2024</u> |
|--------------------------------------------------------------------------|--------------------|--------------------|
| | J\$'000 | J\$'000 |
| Government and Government agencies | 122,307,618 | 111,312,317 |
| Commercial banks and specified financial Institutions [see (b) below] | 252,819,112 | 258,337,486 |
| International Monetary Fund [see (d) below] | 2,186,630 | 7,919,805 |
| Others | <u>15,405,227</u> | <u>11,347,843</u> |
| | <u>392,718,587</u> | <u>388,917,451</u> |
| | <u>2025</u> | <u>2024</u> |
| | J\$'000 | J\$'000 |
| Jamaica dollar equivalent of foreign currency deposits | 160,482,818 | 156,499,987 |
| Jamaica dollar deposits | <u>232,235,769</u> | <u>232,417,464</u> |
| | <u>392,718,587</u> | <u>388,917,451</u> |
| Due within 12 months | 205,083,213 | 216,226,437 |
| Due over 12 months | <u>187,635,374</u> | <u>172,691,014</u> |
| | <u>392,718,587</u> | <u>388,917,451</u> |

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2025*(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 \$186,471,092,000 (2024: \$167,395,959,000) 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 | |
|-----------------------------|---------------|---------------|------------------|------------------|
| | 2025 | 2024 | 2025 | 2024 |
| IMF Account # 1 | 10,124 | 38,444 | 2,175,971 | 7,909,602 |
| IMF Account # 2 | 50 | 50 | 10,659 | 10,203 |
| 2013 Extended Fund Facility | <u>10,714</u> | <u>38,494</u> | <u>2,186,630</u> | <u>7,919,805</u> |
| Total IMF liability | <u>10,714</u> | <u>38,494</u> | <u>2,186,630</u> | <u>7,919,805</u> |

(ii) Amounts held by the Government of Jamaica (GOJ)

| | | | | |
|---------------------------------------------------|----------------|----------------|--------------------|--------------------|
| 2020 Rapid Financing Instrument | - | 95,725 | - | 19,694,921 |
| 2023 Resilience and Sustainability Facility (RSF) | 574,350 | 574,350 | 123,449,228 | 118,169,530 |
| Total IMF liability | <u>574,350</u> | <u>670,075</u> | <u>123,449,228</u> | <u>137,864,451</u> |

(iii) 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 ended May 19, 2025.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2025*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*17. Deposits and other demand liabilities (continued)

(d) IMF related information (continued)

- (iv) The following reconciliation shows the total IMF liability converted at the SDR to J\$ exchange rates prevailing at April 30 and December 31.

| | <u>2025</u> | <u>2024</u> |
|----------------------------------------------------------------------------------------------|------------------|------------------|
| | J\$'000 | J\$'000 |
| At the December 31 SDR rate: | | |
| Amount at which the loan is carried by the Bank | 2,214,002 | 7,804,497 |
| Effect of exchange rate appreciation/depreciation between April 30 and December 31 (note 21) | <u>(27,372)</u> | <u>115,308</u> |
| At the April 30 SDR rate: | | |
| Amount at which the loan is carried by the IMF [per (a) above] | <u>2,186,630</u> | <u>7,919,805</u> |

The Bank is holding promissory notes on behalf of the IMF of \$194,644,527,000 (2024: \$211,077,350,000) 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.

- (v) The following table shows the rate of exchange of J\$1 for SDR at April 30 and December 31.

| | <u>2025</u> | <u>2024</u> |
|-------------|-----------------|-------------|
| | SDR | SDR |
| April 30 | J\$1 =0.0046525 | 0.0048604 |
| December 31 | J\$1 =0.0045950 | 0.0049322 |

As at March 4, 2026, the date of approval of these financial statements, the exchange rate was J\$1 = SDR 0.0046503.

- (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.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2025*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*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>2025</u> | <u>2024</u> |
|---------------|--------------------|--------------------|
| | J\$'000 | J\$'000 |
| Within 1 year | 273,937,769 | 147,978,347 |
| Over 1 year | <u>58,485,414</u> | <u>137,741,931</u> |
| | <u>332,423,183</u> | <u>285,720,278</u> |

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>SDR</u> | <u>2025</u> | <u>2024</u> |
|-------------------------------------|----------------|----------------|--------------------|--------------------|
| | 2025 | 2024 | 2025 | 2024 |
| | '000 | '000 | J\$'000 | J\$'000 |
| At beginning of year | 628,636 | 628,636 | 127,455,513 | 130,233,288 |
| Effect of exchange rate fluctuation | - | - | 9,353,209 | (2,777,775) |
| At end of year | <u>628,636</u> | <u>628,636</u> | <u>136,808,722</u> | <u>127,455,513</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 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>2025</u> | <u>2024</u> |
| | J\$'000 | J\$'000 |
| Balance at January 1 | 169,455 | 185,565 |
| Additions during the year | - | 16,150 |
| Adjustments during the year | (18,523) | - |
| Depreciation charge for the year | <u>(32,828)</u> | <u>(32,258)</u> |
| | <u>118,104</u> | <u>169,457</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, 2025*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*20. Leases (continued)

(ii) Lease liability:

| | <u>2025</u> | <u>2024</u> |
|-------------------------------------------|----------------|----------------|
| | J\$'000 | J\$'000 |
| Undiscounted cashflows of lease liability | | |
| Less than one year | 54,835 | 51,728 |
| One to five years | 128,335 | 166,573 |
| More than five years | 9,420 | 16,956 |
| | <u>192,590</u> | <u>235,257</u> |
| Less future interest expense | (21,247) | (37,289) |
| Carrying amount of lease liability | <u>171,343</u> | <u>197,968</u> |
| Current | 45,283 | 38,088 |
| Non-current | 126,060 | 159,880 |
| | <u>171,343</u> | <u>197,968</u> |

(iii) Amounts recognised in profit or loss

| | <u>2025</u> | <u>2024</u> |
|-----------------------------|---------------|--------------|
| | J\$'000 | J\$'000 |
| Interest on lease liability | <u>51,081</u> | <u>9,387</u> |

(iv) Amounts recognised in statement of cashflows

| | <u>2025</u> | <u>2024</u> |
|-------------------------------|---------------|---------------|
| | J\$'000 | J\$'000 |
| Total cash outflow for leases | <u>59,182</u> | <u>18,288</u> |

21. Other liabilities

| | <u>2025</u> | <u>2024</u> |
|---------------------------------------------|------------------|------------------|
| | J\$'000 | J\$'000 |
| Interest payable | 3,260,744 | 2,472,066 |
| Staff and staff-related expenses | 1,748,433 | 1,272,076 |
| SDR equalisation provision [note 17(d)(iv)] | 27,372 | - |
| Other | 812,306 | 284,281 |
| | <u>5,848,855</u> | <u>4,028,423</u> |

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2025*(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 (2024: J\$20,577,000,000). Securities amounting to J\$20,000,000 (2024: J\$43,951,000) are outstanding.

| | <u>2025</u> | <u>2024</u> |
|--------------------|-------------------|-------------------|
| | J\$'000 | J\$'000 |
| Authorised capital | <u>20,577,000</u> | <u>20,577,000</u> |
| Paid-up capital | <u>20,557,000</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, 2025*(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>2025</u> | <u>2024</u> |
|-----------------------------------------------|--------------------|--------------------|
| | J\$'000 | J\$'000 |
| Securities revaluation reserve [see (a)] | (3,965,454) | (6,813,246) |
| Property revaluation reserve [see (b)] | 13,240,427 | 7,572,721 |
| Pension equalisation reserve [see (c)] | 875,000 | (3,192,000) |
| Employee benefit obligation reserve [see (c)] | <u>(3,496,300)</u> | <u>(4,007,300)</u> |
| | <u>6,653,673</u> | <u>(6,439,825)</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 \$2,847,792,000 (2024: \$963,720,000).
- (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 other comprehensive income are transferred to these reserves.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2025*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*26. Interest income

(a) Interest income calculated using the effective interest method comprises:

| | <u>2025</u> | <u>2024</u> |
|-----------------------------------------------------------------------|-------------------|-------------------|
| | J\$'000 | J\$'000 |
| Assets at amortised cost: | | |
| Cash and cash equivalents | 4,352,387 | 6,980,850 |
| Investment securities | 27,719,346 | 30,550,198 |
| Resale agreements | 129,117 | 638,632 |
| Other | 1,272,928 | 1,047,573 |
| Securities at FVOCI: | | |
| Investment securities | <u>11,263,059</u> | <u>13,972,829</u> |
| Total interest income calculated using the effective interest method. | 44,736,837 | 53,190,082 |

(b) Interest income from financial instruments designated at FVTPL:

| | | |
|-----------------------|-------------------|-------------------|
| Investment securities | <u>11,351,378</u> | <u>6,574,118</u> |
| | <u>56,088,215</u> | <u>59,764,200</u> |

(c) Analysed as follows:

| | | |
|----------------------------------------|-------------------|-------------------|
| Government of Jamaica [note 31(c)(ii)] | 19,368,682 | 22,388,928 |
| Other sources | 19,368,686 | 16,537,946 |
| Open market | 129,117 | 638,632 |
| International | <u>17,221,730</u> | <u>20,198,694</u> |
| | <u>56,088,215</u> | <u>59,764,200</u> |

27. Foreign exchange gain, net

| | <u>2025</u> | <u>2024</u> |
|--------------------------------------------------------------------------------------------------------------------------|-------------------|------------------|
| | J\$'000 | J\$'000 |
| Net gain on translation and settlement of foreign currency assets and liabilities, other than on IMF deposit liabilities | 11,529,680 | 1,749,390 |
| Loss on translation and settlement of IMF deposit liabilities | (549,590) | (31,124) |
| Realised exchange loss on purchases and sales of foreign currencies | <u>(851,260)</u> | <u>(302,744)</u> |
| | <u>10,128,830</u> | <u>1,415,522</u> |

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2025*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*28. Interest on deposits and open market liabilities

| | <u>2025</u> | <u>2024</u> |
|---------------------------------------------------------|-------------------|-------------------|
| | J\$'000 | J\$'000 |
| Certificates of deposit - Open market liabilities | 21,836,494 | 21,267,435 |
| Deposits: | | |
| - Government and Government agencies [note 31(c)(ii)] | 6,174,874 | 7,663,325 |
| - Commercial banks and specified financial institutions | 3,462,094 | 2,646,932 |
| - Other | 555,033 | 587,155 |
| | <u>32,028,495</u> | <u>32,164,847</u> |

29. Staff numbers and costs

| | <u>2025</u> | <u>2024</u> |
|--------------------------------------------|-------------|-------------|
| Number of employees at the end of the year | | |
| Full-time | 529 | 522 |
| Contract | 201 | 202 |

The related costs for these employees were as follows:

| | <u>2025</u> | <u>2024</u> |
|---------------------------------|-------------------|-------------------|
| | J\$'000 | J\$'000 |
| Salaries and wages | 8,291,973 | 7,646,378 |
| Statutory payroll contributions | 654,460 | 603,145 |
| Uniforms | 39,335 | 25,998 |
| Staff development | 319,616 | 399,769 |
| Subsidy on canteen operations | 203,094 | 195,261 |
| Staff welfare | 951,023 | 943,743 |
| Pension fund related costs | 1,621,721 | 865,709 |
| | <u>12,081,222</u> | <u>10,680,003</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>2025</u> | <u>2024</u> |
|---------------------------------------|------------------|------------------|
| | J\$'000 | J\$'000 |
| Communication | 121,005 | 98,288 |
| Travelling and motor vehicle expenses | 93,697 | 77,944 |
| Commission paid to commercial banks | 29,157 | 27,844 |
| Auditor's remuneration | 30,475 | 28,750 |
| General office expenses | 414,327 | 242,336 |
| Fees on investment managed portfolio | 295,772 | 155,085 |
| Other administrative expenses | 1,439,445 | 1,128,559 |
| | <u>2,423,878</u> | <u>1,758,806</u> |

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2025*(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, 2025*(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>2025</u> | <u>2024</u> |
|-------------------------------------------------|------------------|------------------|
| | J\$'000 | J\$'000 |
| Loans: | | |
| Executive management (included in staff loans) | 119,401 | 133,048 |
| Amounts receivable from: | | |
| Financial Services Commission (FSC) | 39,841 | 39,048 |
| Deposits: Executive management and Pension fund | 348,216 | 765,692 |
| Open market liabilities: Pension fund | <u>1,593,064</u> | <u>1,196,363</u> |

The executive management team consists of twenty-one (21) persons [2024: 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>2025</u> | <u>2024</u> |
|----------------------------------------------------------------------|----------------|----------------|
| | J\$'000 | J\$'000 |
| Directors' fees | 5,789 | 6,190 |
| Interest expense: | | |
| Government and Government agencies (note 28) | 6,174,874 | 7,663,325 |
| Pension Fund | 82,721 | 97,586 |
| Executive management and Pension Fund (current accounts) | 30,576 | 33,479 |
| Interest income: | | |
| Government of Jamaica [note 26(c)] | 19,368,682 | 22,388,928 |
| Executive management | 4,810 | 4,561 |
| Pension contribution and other benefits | 150,453 | 96,085 |
| Property rental payments to Pension Fund | <u>7,536</u> | <u>7,536</u> |
| Executive management compensation, included in staff costs (note 29) | 636,074 | 657,993 |
| Post-employment compensation | <u>52,482</u> | <u>30,805</u> |
| | <u>688,556</u> | <u>688,798</u> |

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2025*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*32. Commitments

Capital commitments are as follows:

| | 2025 | 2024 |
|-------------------------------|------------------|------------------|
| | J\$'000 | J\$'000 |
| Authorised and contracted | 962,436 | 2,384,817 |
| Authorised but not contracted | 1,355,288 | 453,820 |
| | <u>2,317,724</u> | <u>2,838,637</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, 2025, there are lawsuits pending against the Bank. There are personal injury matters (covered by insurance limits) and a claim for damages for breach of contract. 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, 2025*(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

| | 2025 | | |
|------------------------------------------------------------------|---------|-------------|-------------|
| | Level 1 | Level 2 | Total |
| | J\$'000 | J\$'000 | J\$'000 |
| Securities at FVOCI: | | | |
| USD Bonds issued primarily by specialised financial corporations | - | 57,425,685 | 57,425,685 |
| Government of Jamaica securities | - | 125,368,288 | 125,368,288 |
| Securities at FVTPL: | | | |
| Securities included in funds managed by agents | | | |
| - Units in pooled funds | - | 3,530,516 | 3,530,516 |
| - Sovereign bonds | - | 204,482,473 | 204,482,473 |
| - Corporate bonds | - | 133,788,229 | 133,788,229 |
| | - | 524,595,191 | 524,595,191 |

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2025

*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*34. Fair value of financial instruments (continued)

(a) Securities measured at fair value (continued)

| | 2024 | | |
|---------------------------------------------------------------------|----------------------|----------------------|--------------------|
| | Level 1 (J\$'000) | Level 2 (J\$'000) | Total (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 | - | 70,742,709 | 70,742,709 |
| | - | 465,726,016 | 465,726,016 |

(b) Financial assets not carried at fair value, which fall in Level 2:

| | 2025 | | 2024 | |
|---------------------------------------------|-----------------------------|-------------------------|-----------------------------|-------------------------|
| | Carrying value (J\$'000) | Fair value (J\$'000) | Carrying value (J\$'000) | Fair value (J\$'000) |
| Securities at amortised cost: | | | | |
| Government of Jamaica securities (FRANs) | 90,829,031 | 106,028,651 | 89,504,201 | 108,857,810 |

(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, 2025*(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, 2025*(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.

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Notes to the Financial Statements (Continued)

Year ended December 31, 2025*(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, 2025*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*35. Financial risk management (continued)

(b) Credit risk (continued)

(ii) Exposure to 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:

| | 2025 | 2024 |
|------------------------|----------------------|----------------------|
| | (J\$'000) | (J\$'000) |
| Caribbean | 228,387,679 | 251,559,759 |
| North America | 742,579,215 | 550,990,405 |
| Europe | 273,034,919 | 336,394,960 |
| Total financial assets | <u>1,244,001,813</u> | <u>1,138,945,124</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.

| | 2025 | 2024 |
|---------------------------------------------------------|--------------------|--------------------|
| | J\$'000 | J\$'000 |
| | Stage 1 | Stage 1 |
| Foreign currency denominated securities at FVTPL | | |
| Rated AAA | <u>341,801,218</u> | <u>254,038,795</u> |
| Foreign currency denominated securities at FVOCI | | |
| Rated AAA | <u>57,425,685</u> | <u>54,840,137</u> |
| Loss allowance | <u>(299)</u> | <u>(11,407)</u> |

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2025*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*35. Financial risk management (continued)

(b) Credit risk (continued)

(iii) Credit quality analysis (continued)

| | 2025 | 2024 |
|------------------------------------------------------------------|--------------------|--------------------|
| | J\$'000 | J\$'000 |
| | Stage 1 | Stage 1 |
| Foreign currency denominated securities at amortised cost | | |
| Rated AAA | 265,882,178 | 328,832,041 |
| Rated AA- to AA | 104,205,956 | 36,547,977 |
| Rated A | 41,840,071 | 28,798,770 |
| | <u>411,928,205</u> | <u>394,178,788</u> |
| Loss allowance | (62,060) | (59,407) |
| Carrying amount | <u>411,866,145</u> | <u>394,119,381</u> |
| | | |
| | 2025 | 2024 |
| | J\$'000 | J\$'000 |
| | Stage 1 | Stage 1 |
| Local currency denominated securities at FVOCI | | |
| Rated BBB | 125,368,288 | 156,847,084 |
| Loss allowance | <u>(436,230)</u> | <u>(348,433)</u> |
| | | |
| | 2025 | 2024 |
| | J\$'000 | J\$'000 |
| | Stage 1 | Stage 1 |
| Local currency denominated securities at amortised cost | | |
| Rated BBB | 91,171,693 | 89,707,126 |
| Loss allowance | (342,662) | (202,925) |
| | <u>90,829,031</u> | <u>89,504,201</u> |
| | | |
| | 2025 | |
| | J\$'000 | J\$'000 |
| | Stage 1 | Stage 3 |
| | J\$'000 | J\$'000 |
| | Total | |
| Other assets – staff loans receivable | | |
| Low risk | 4,359,184 | - |
| Doubtful | - | 25,221 |
| | <u>4,359,184</u> | <u>25,221</u> |
| Loss allowance | - | (22,132) |
| | <u>4,359,184</u> | <u>3,089</u> |
| | <u>4,359,184</u> | <u>4,362,273</u> |

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2025

*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*35. Financial risk management (continued)

(b) Credit risk (continued)

(iii) Credit quality analysis (continued)

| | 2024 | | |
|----------------------------------------------|--------------------|--------------------|------------------|
| | J\$'000 Stage 1 | J\$'000 Stage 3 | J\$'000 Total |
| Other assets – staff loans receivable | | | |
| Low risk | 3,507,992 | - | 3,507,992 |
| Doubtful | - | 25,263 | 25,263 |
| | <u>3,507,992</u> | <u>25,263</u> | <u>3,533,255</u> |
| Loss allowance | (7) | (25,263) | (25,270) |
| | <u>3,507,985</u> | <u>-</u> | <u>3,507,985</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, 2025*(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, 2025*(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, 2025*(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, 2025*(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 1.15 (2024: 1.22) (weighted average adjusted factor) as shown below:

| 2025 | | | | |
|------------------------------|-------------|---------------|-----------------|--------------|
| <i>Variables</i> | <i>Base</i> | <i>Upside</i> | <i>Downside</i> | <i>Score</i> |
| US Real GDP | 0.18 | 0.18 | 0.48 | 0.84 |
| US Inflation | 0.16 | 0.06 | 0.16 | 0.38 |
| Unemployment | 0.28 | 0.15 | 0.40 | 0.83 |
| Federal Reserve Rate | 0.28 | 0.15 | 0.40 | 0.83 |
| Credit Rating | 0.11 | 0.06 | 0.16 | 0.33 |
| SCORE | 1.01 | 0.60 | 1.60 | 3.21 |
| Probability of impact | 70% | 10% | 20% | |

| 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 |
| SCORE | 1.26 | 1.20 | 1.00 | 3.46 |
| Probability of impact | 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, 2025

*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*35. Financial risk management (continued)

(b) Credit risk (continued)

(iii) 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 1.29 (2024: 0.97) (weighted average adjustment factor) as shown below:

| 2025 | | | | |
|------------------------------|-------------|---------------|-----------------|--------------|
| <i>Variables</i> | <i>Base</i> | <i>Upside</i> | <i>Downside</i> | <i>Score</i> |
| Real GDP | 0.40 | 0.15 | 0.40 | 0.95 |
| Inflation | 0.11 | 0.06 | 0.16 | 0.33 |
| Unemployment | 0.11 | 0.06 | 0.16 | 0.33 |
| Policy Rate | 0.28 | 0.15 | 0.40 | 0.83 |
| Credit Rating | 0.33 | 0.18 | 0.48 | 0.99 |
| SCORE | 1.23 | 0.60 | 1.60 | 3.43 |
| Probability of impact | 55% | 10% | 35% | |

| 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 | 0.93 | 1.05 | 1.15 | 3.13 |
| 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, 2025*(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>2025</u> | <u>2024</u> |
|-------------------------------------|----------------|----------------|
| | (J\$'000) | (J\$'000) |
| | Stage 1 | Stage 1 |
| Securities at FVOCI: | | |
| Balance at beginning of year | 359,840 | 366,923 |
| Net remeasurement of loss allowance | 155,993 | (2,090) |
| Financial assets derecognised | (79,453) | (10,696) |
| New financial assets acquired | 150 | 5,703 |
| Balance at year end | <u>436,529</u> | <u>359,840</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>2025</u> | | | |
|--------------------------------------|----------------|----------|---------------|----------------|
| | J\$'000 | J\$'000 | J\$'000 | J\$'000 |
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Balance at January 1, 2025 | 262,338 | - | 25,263 | 287,601 |
| Net re-measurement of loss allowance | 139,730 | - | (3,131) | 136,599 |
| Financial assets derecognised | (59,406) | - | - | (59,406) |
| New financial assets acquired | 62,060 | - | - | 62,060 |
| Balance at December 31, 2025 | <u>404,722</u> | <u>-</u> | <u>22,132</u> | <u>426,854</u> |

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2025*(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):

| (c) | | 2024 | | | |
|-----|--------------------------------------|----------------|----------|---------------|----------------|
| | | J\$'000 | J\$'000 | J\$'000 | J\$'000 |
| | | Stage 1 | Stage 2 | Stage 3 | Total |
| | 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 derecognised | (56,158) | - | - | (56,158) |
| | New financial assets acquired | 59,407 | - | - | 59,407 |
| | Balance at December 31, 2025 | <u>262,338</u> | <u>-</u> | <u>25,263</u> | <u>287,601</u> |

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, 2025

(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:

| | 2025 | | | | | |
|--------------------------------------------|------------------------------|--------------------------|---------------------------|---------------------------|-------------------------------------|-------------------------------|
| | Within 1 month J\$'000 | 1-3 months J\$'000 | 3-12 months J\$'000 | Over 1 year J\$'000 | Contractual cash flow J\$'000 | Carrying amount J\$'000 |
| Deposits and other demand liabilities | 205,083,213 | - | - | 187,635,374 | 392,718,587 | 392,718,587 |
| Open market liabilities | 160,814,594 | - | 114,464,877 | 59,775,309 | 335,054,780 | 332,423,183 |
| IMF – Allocation of Special Drawing Rights | - | - | - | 137,432,165 | 137,432,165 | 136,808,722 |
| Lease liability | 4,570 | 9,139 | 41,126 | 137,755 | 192,590 | 171,343 |
| Foreign liabilities | 3,946 | - | - | - | 3,946 | 3,946 |
| Due to Government And Government agencies | 1,383,675 | - | - | - | 3,391,675 | 1,383,675 |
| Other | 5,848,855 | - | - | - | 5,848,855 | 5,848,855 |
| Commitments | - | 168,444 | 1,446,820 | 702,460 | 2,317,724 | - |
| Total | 373,138,853 | 177,583 | 115,952,823 | 385,683,063 | 874,952,322 | 869,358,311 |
| | 2024 | | | | | |
| | Within 1 month J\$'000 | 1-3 months J\$'000 | 3-12 months J\$'000 | Over 1 year J\$'000 | Contractual cash flow J\$'000 | Carrying amount 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 | - | 60,607 | 2,358,030 | 420,000 | 2,838,637 | - |
| Total | 357,905,395 | 69,228 | 15,270,262 | 440,201,664 | 813,446,549 | 808,168,390 |

(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, 2025*(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:

| | 2025 | | | | Total J\$'000 |
|-----------------------------------------------|--------------------|----------------|--------------------|---------------------|----------------------|
| | USD J\$'000 | EUR J\$'000 | GBP J\$'000 | Other J\$'000 | |
| Foreign currency assets: | | | | | |
| Notes and coins- for local sale | 25,995 | 2,604 | 11,220 | 5,103 | 44,922 |
| - for repatriation | 23,720 | 2,024 | 2,393 | 7,016 | 35,153 |
| Cash and cash equivalents | 162,418,394 | 820,710 | 1,523,280 | 822,757 | 165,585,141 |
| Interest in funds managed by agents | 338,270,702 | - | - | 3,530,516 | 341,801,218 |
| Interest receivable on BHAs | 2,553,403 | - | - | 149,750 | 2,703,153 |
| Investment securities | 469,291,830 | - | - | - | 469,291,830 |
| IMF- Holding of special drawing rights | - | - | - | 32,858,318 | 32,858,318 |
| IMF - quota subscription | - | - | - | 5,952,122 | 5,952,122 |
| | <u>972,584,044</u> | <u>825,338</u> | <u>1,536,893</u> | <u>43,325,582</u> | <u>1,018,271,857</u> |
| Foreign currency liabilities: | | | | | |
| Open market liabilities | 51,879,326 | - | - | - | 51,879,326 |
| Deposits - current accounts | 149,136,203 | 47,597 | 6,771,666 | 2,340,721 | 158,296,187 |
| Deposits - IMF | - | - | - | 2,186,630 | 2,186,630 |
| IMF - Allocation of special drawing rights | - | - | - | 136,808,722 | 136,808,722 |
| Foreign liabilities | 3,946 | - | - | - | 3,946 |
| Interest payable | 281,887 | - | 306 | 641,591 | 923,784 |
| | <u>201,301,362</u> | <u>47,597</u> | <u>6,771,972</u> | <u>141,977,664</u> | <u>350,098,595</u> |
| Net foreign currency assets/(liabilities) | <u>771,282,682</u> | <u>777,741</u> | <u>(5,235,079)</u> | <u>(98,652,082)</u> | <u>668,173,262</u> |

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2025*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*35. Financial risk management (continued)

(d) Market risk (continued)

(i) Currency risk (continued)

| | 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 | - | - | - | 5,545,193 | 5,545,193 |
| | <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 | 286,052 | - | 279 | 262,767 | 549,098 |
| | <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> |

Exchange rates at December 31:

| | 2025 | 2024 |
|-------------|--------|--------|
| USD1 to JMD | 158.91 | 155.46 |
| GBP1 to JMD | 213.74 | 194.70 |
| CDN1 to JMD | 115.93 | 108.10 |
| EUR1 to JMD | 186.63 | 160.98 |

At March 4, 2026, the date of signing of these financial statements, the exchange rates were USD1 to J\$156.42, GBP1 to J\$210.30, CDN1 to J\$114.69 and EUR1 to J\$184.69.

The exchange rate for SDR to J\$ is shown in note 17(d)(v).

Sensitivity to exchange rate movements

A 1.5 percent (2024: 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 \$10,022,599,000 (2024: \$22,493,625,000) while a 1 percent (2024: 1 percent) revaluation would have decreased profits and equity by \$6,681,697,000 (2024: \$5,623,406,000). The analysis assumes that all other variables, in particular, interest rates, remain constant, and has been performed on the same basis as for 2024.

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2025

(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.

| | 2025 | | | | | Total JS\$'000 | Weighted average interest % |
|--------------------------------------------------------------------|--------------------------------|-------------------------------|-------------------------------|-------------------------------------|-----------------------------------|----------------------|--------------------------------------|
| | Within 3 months JS\$'000 | 3 to 12 months JS\$'000 | Over 12 months JS\$'000 | Payable after notice JS\$'000 | Non-rate sensitive JS\$'000 | | |
| Assets | | | | | | | |
| Notes and coins | - | - | - | - | 233,646 | 233,646 | - |
| Cash and cash equivalents | - | - | - | - | 165,585,141 | 165,585,141 | - |
| Resale agreements | 4,000,000 | - | - | - | - | 4,000,000 | - |
| Securities held in funds managed by agents | - | - | - | 341,801,218 | - | 341,801,218 | 2.71 |
| Foreign currency denominated Investments | 294,664,270 | 135,826,954 | 38,800,606 | - | - | 469,291,830 | 3.41 |
| Local currency denominated Investments | 29,897,735 | - | 186,299,584 | - | - | 216,197,319 | 8.23 |
| Other assets | - | - | - | - | 8,288,493 | 8,288,493 | - |
| International Monetary Fund - Holding of Special Drawing Rights | - | - | - | - | 32,858,318 | 32,858,318 | - |
| Quota Subscription | - | - | - | - | 5,952,122 | 5,952,122 | - |
| Total financial assets | 328,562,005 | 135,826,954 | 225,100,190 | 341,801,218 | 212,917,720 | 1,244,208,087 | |
| Liabilities | | | | | | | |
| Notes and coins in circulation | - | - | - | - | 322,300,533 | 322,300,533 | - |
| Deposits and other demand liabilities: | | | | | | | |
| Jamaica dollar equivalent of foreign currency deposits | 54,169,543 | - | - | 106,313,275 | - | 160,482,818 | 3.74 |
| Jamaica dollar deposits | 150,913,670 | - | - | 81,322,099 | - | 232,235,769 | 6.5 |
| Open market liabilities | 160,136,795 | 113,224,947 | 59,061,441 | - | - | 332,423,183 | 7.63 |
| Due to government and gov't agencies | - | - | - | - | 1,383,675 | 1,383,675 | - |
| Foreign Liabilities | - | - | - | - | 3,946 | 3,946 | - |
| Other liabilities | - | - | - | - | 5,848,855 | 5,848,855 | - |
| Lease liability | 11,251 | 34,032 | 126,060 | - | - | 171,343 | 5.19 |
| International Monetary Fund – Allocation of Special Drawing Rights | - | - | - | - | 136,808,722 | 136,808,722 | - |
| Total financial liabilities | 365,231,259 | 113,258,979 | 59,187,501 | 187,635,374 | 466,345,731 | 1,191,658,844 | |
| Total interest rate sensitivity gap | (36,669,254) | 22,567,975 | 165,912,689 | 154,165,844 | (253,428,011) | 52,549,243 | |
| Cumulative gap | (36,669,254) | (14,101,279) | 151,811,410 | 305,977,254 | 52,549,243 | | |

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2025

*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*35. Financial risk management (continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued):

| | 2024 | | | | | Total | Weighted average interest % |
|--------------------------------------------------------------------------|--------------------|-------------------|--------------------|-------------------------|-----------------------|----------------------|--------------------------------------|
| | Within 3 months | 3 to 12 months | Over 12 months | Payable after notice | Non-rate sensitive | | |
| | J\$'000 | J\$'000 | J\$'000 | J\$'000 | J\$'000 | | |
| Assets | | | | | | | |
| Notes and coins | - | - | - | - | 250,561 | 250,561 | - |
| Cash and cash equivalents | - | - | - | - | 132,405,270 | 132,405,270 | - |
| 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 | 8.3 |
| 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 | 366,233,963 | 70,202,917 | 258,873,923 | 254,038,795 | 183,650,824 | 1,133,000,422 | |
| Liabilities | | | | | | | |
| 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 | 6.5 |
| 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 | 351,579,136 | 12,663,736 | 137,901,811 | 172,691,014 | 419,415,610 | 1,094,251,307 | |
| Total interest rate sensitivity gap | 14,654,827 | 57,539,181 | 120,972,112 | 81,347,781 | (235,764,786) | 38,749,115 | |
| Cumulative gap | 14,654,827 | 72,194,008 | 193,166,120 | 274,513,901 | 38,749,115 | | |

BANK OF JAMAICA

Notes to the Financial Statements (Continued)

Year ended December 31, 2025*(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 (2024: 25) basis points and a decrease of 25 (2024: 50) basis points in interest rates for Jamaica dollar financial instruments and an increase of 25 (2024: 25), and a decrease of 50 (2024: 50) 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 2024.

| | Increase | | Decrease | |
|--------------------------------------------|-------------------------------------|----------------------------------|-------------------------------------|----------------------------------|
| | Effect on profit/loss J\$'000 | Effect on reserves J\$'000 | Effect on profit/loss J\$'000 | Effect on reserves J\$'000 |
| | <u>2025</u> | | | |
| Fixed rate financial instruments (note 10) | - | (1,943,809) | - | 1,997,284 |
| Variable rate financial instruments | (68,908) | (13,544) | 68,908 | 13,962 |
| | <u>(68,908)</u> | <u>(1,957,353)</u> | <u>68,908</u> | <u>2,011,246</u> |
| | <u>2024</u> | | | |
| Fixed rate financial instruments (note 10) | - | (1,987,162) | - | 4,143,599 |
| Variable rate financial instruments | (152,194) | (29,538) | 304,388 | 60,927 |
| | <u>(152,194)</u> | <u>(2,016,700)</u> | <u>304,388</u> | <u>4,204,526</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 thresholds are 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, 2025*(Presented in thousands of Jamaica Dollars unless otherwise indicated)*36. IMF Quota Provision

During the period 1963 – 1984, 25% of Jamaica’s IMF Quota Subscription was paid by the Bank amounting to SDR31.125 million (J\$6.3 billion). Subsequently, these amounts were drawn down. The SDR31.125 million was carried on the Bank’s Statement of Financial Position as an asset since 1984 and substituted either by Securities or Deposits to the IMF No.1 Account. Due to the absence of sufficient evidence on the item, the Bank made a provision in the amount of the Jamaica dollar equivalent of J\$6.3 billion in its financial statements for 2024, with the aim of reversing the provision in the future once the Bank was able to obtain the relevant supporting documentation. The impact of the provision on the Statement of Financial Position for 2024 resulted in a reduction in foreign assets with a corresponding reduction in the general reserve fund within equity. This adjustment was applied retrospectively resulting in the restatement of each of the affected financial statement line items as at December 31, 2023, and January 1, 2023.

Despite carrying out significant research on the matter, the Bank was unable to obtain sufficient evidence that would allow it to reinstate the amount in the current financial year. Consequently, the Board of Directors authorised the write off against the provision in 2025. In doing so, the Board of Directors considered the fact that the IMF has confirmed that Jamaica’s quota subscription is accounted for fully.



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